



**WAGE DIGITIZATION MANUAL
FOR
READY-MADE GARMENTS FACTORIES**

Table of Contents

Chapter 1: Introduction to Sarathi- Progress through Financial Inclusion.....	2
Project Targets	2
Chapter 2: Introduction to the Manual.....	3
Who can use this manual?	3
Chapter 3: Wage Digitization	3
Who pays and who does?	3
Provide space, utility, and maintenance for ATM booths or RMG Digital Banking Booths.....	4
Advantages and Challenges of Wage Digitization.....	5
Chapter 4: Steps in wage digitization.....	9
Step 1: Partnership with banks	10
The shift from a cash-based wage system to a digitized one is driven by the commercial bank. This is why selecting and partnering with the right commercial bank is a crucial step in the process.	10
Who and how to select the partner commercial bank:	10
Things to consider during negotiation with potential partner commercial banks:	10
Step 2: Orientation and training for all relevant RMG factory staff	14
Step 3: Facilitate in-house financial literacy sessions for RMG workers.....	15
Step 4: Facilitate in-house salary camp.....	17
Step 5: Continuation of the account opening process with enrolments	18
Typical steps in the account opening process for commercial banks.....	18
Tips for ensuring quick acquisition.....	19
Step 6: Transfer salary to the bank for disbursement	19
Step 7: Plan the process of future account opening for new employees.....	20
Annex 1.....	21
Annex 2 (a)	24
Annex 2 (b)	29

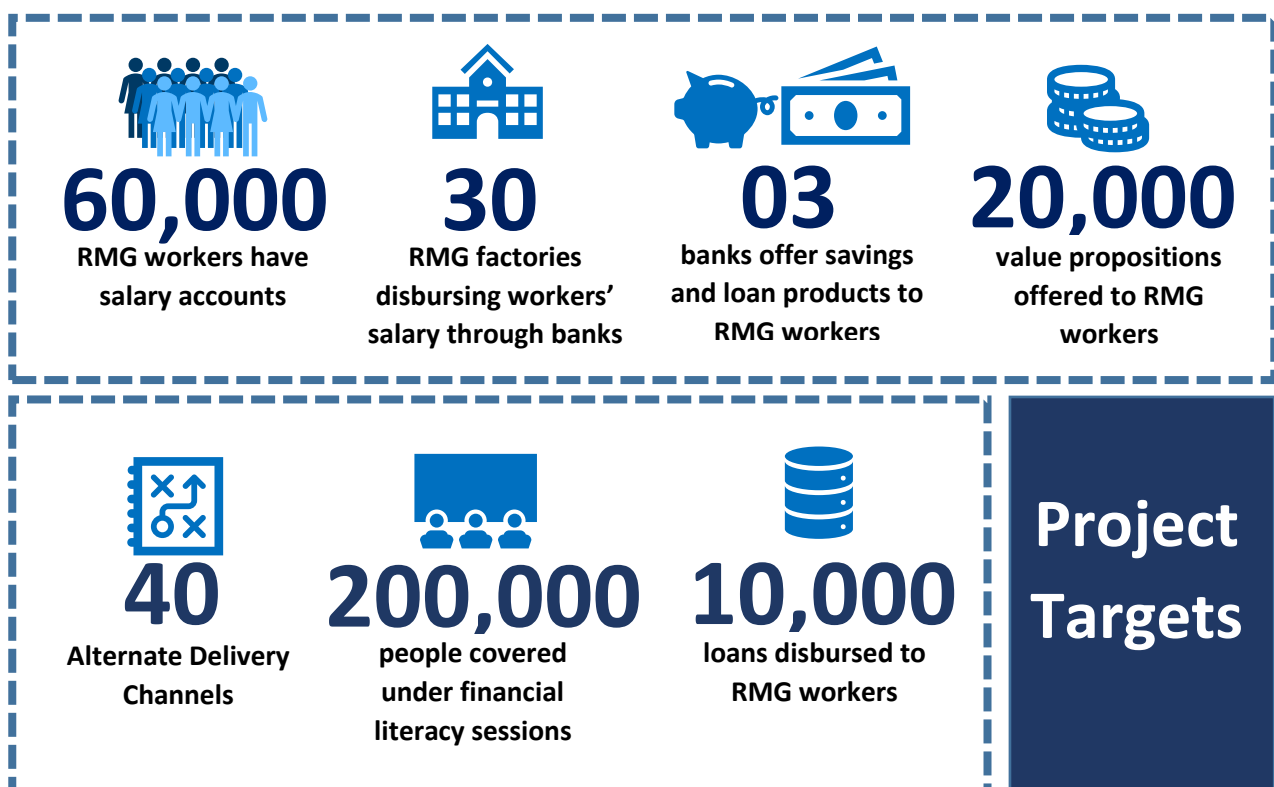
Chapter 1: Introduction to Sarathi- Progress through Financial Inclusion

Sarathi – Progress through Financial Inclusion is a 30-month project (Jan 2018-Jun 2020), jointly funded by MetLife Foundation and Swisscontact. It is working with commercial banks and Ready-Made Garments (RMG) factories in Bangladesh to bring RMG workers, especially women, within the sphere of formal banking services and to enable them to conduct financial transactions as account holders and clients. The project activities are directed to find market-based and scalable solutions that address underlying constraints such as:

- Inadequate financial literacy;
- Lack of access to formal banking services;
- Inadequate commercially viable business solutions for banks to cater to their needs.

Project Targets

Figure 1: Sarathi Project Targets



Chapter 2: Introduction to the Manual

The manual has been prepared based on the experiences of Sarathi’s work with two partner commercial banks in digitizing the wage disbursement system of seven partner RMG factories in the year 2018. The objective of this manual is to provide some effective recommendations to RMG factories that are seeking to digitize their wage disbursement system. This manual is not a strict guideline as much can change with varying context. This manual contains a detailed step-by-step guide of the digitization process and the description of the roles and responsibilities of various stakeholders involved in the processes. The challenges and possible solutions have also been illustrated with examples from Sarathi’s experience thus far.

Who can use this manual?

This manual has been prepared specifically for RMG factories. Any RMG factory with similar context and capacity as Sarathi’s partner factories can use this manual. At the same time, other financial inclusion projects can also use this manual as a primary guide for planning their activities in the RMG sector.

Chapter 3: Wage Digitization

Who pays and who does?

Wage digitization in an RMG factory requires investment. Based on the negotiations between banks and factories, the costs are borne by the banks or the factories and, in some cases, both.

When there is a development project (such as Sarathi) involved, the project also bears significant cost. However, the project is a time bound entity. Thus, it can only contribute in the two to five years project duration. It is important, therefore, to ensure any service a project finances now is planned to be taken up by either the factory or the banks or any other relevant market actor so that the service continues beyond the project period.

Table 1: Various expenses incurred during wage digitization in Sarathi partner RMG factories.

Major investment heads	During project				After project			
	Bank	Factory	Worker	Project	Bank	Factory	Worker	Project
Account opening/debit card								
RMG Acquisition team for Banks								
Capacity building of Bank staff								
Capacity building of factory staff								
Financial literacy training for RMG workers								
Machinery installations								

In the Table 1, the biggest expenses for wage digitization at Sarathi’s partner RMG factories have been listed to show who is currently paying for these services and how it will sustain beyond the project period. For example, the RMG acquisition team of commercial banks work in a factory non-stop till the acquisition of the factory is complete. Sarathi’s partner commercial banks did not have a dedicated team for RMG acquisition before partnering with Sarathi. Sarathi agreed to help set up this team by paying the first year’s salary, either partially or fully, depending on the size of the team. If wage digitization of RMG workers is proven profitable, banks will continue the operations of this team on their own beyond the project period.

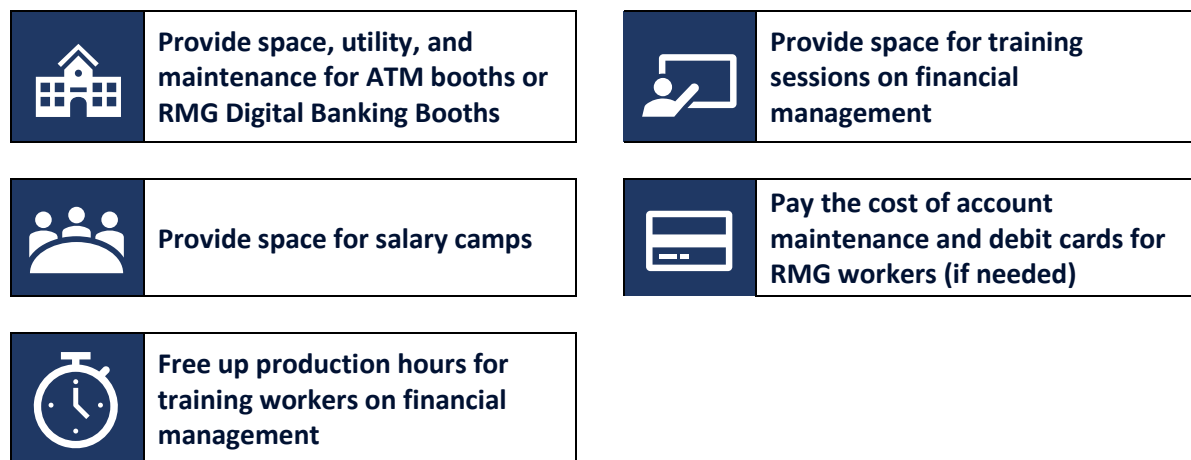
Table 2: Various services required for wage digitization in Sarathi partner RMG factories.

Major investment heads	During project			After project		
	Banks	Factories	Project	Banks	Factories	Project
Account opening						
RMG Acquisition team for Banks						
Capacity building of Bank staff						
Capacity building of RMG factory staff						
Financial literacy sessions for RMG workers						
Machinery installations						

Similarly, Table 2 shows who performs the various services required for wage digitization in an RMG factory now and how it will sustain once the project ends. Consider this example: financial literacy sessions are currently completely funded and implemented by Sarathi through a professional training agency. In the future, we expect RMG factories and commercial banks will take up this function (in some form) on their own. All these functions and services are discussed in later chapters in more details.

RMG factories have to invest in many ways (monetary or in-kind) to establish wage digitization. These costs are summarized below:

Figure 2: Investment by RMG factories on wage digitization



Advantages and Challenges of Wage Digitization

Figure 3: Advantages of wage digitization

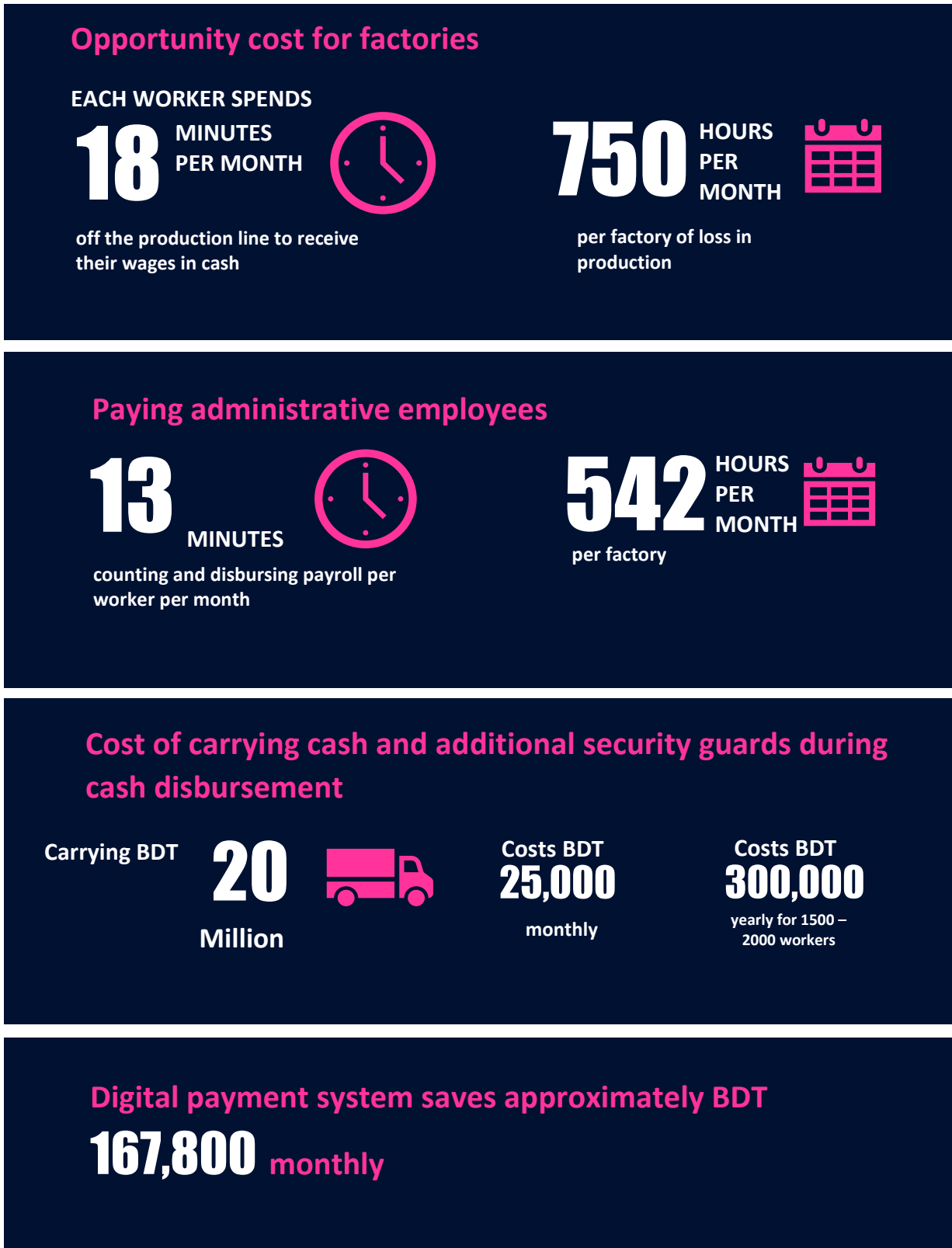


Electronic wage disbursement through bank accounts provide a solution for the constraints posed by cash-based transactions on RMG factories through mitigation of the lack of transparency and accountability, inefficiency and occurrences of human error. The benefits of wage digitization promote financial inclusion by also bringing the entire unbanked and underbanked RMG demography under formal banking services.

Cash-based method for payments poses a multitude of problems for the RMG factory owners as well as RMG workers. This method requires extensive use of human and financial resources over across a period of several days to tally the cash received and disbursed, calculating the work hours of workers and preparing salary sheets. Security concerns, stemming from susceptibility to theft and fraud along with vulnerability to incidents of violence and physical harm, remain an overarching issue for RMG factory owners and RMG factory workers respectively. These are often mitigated by the hiring of additional security guards, which impose an increased cost. RMG factory owners are also faced with the inconvenience of dealing with cuts made by mid-level management and unrest from workers waiting days at a time to receive money they desperately need.

Transactions conducted through banks are traceable, making them inherently more secure against fraud and theft. The requirement of human resource to manage the disbursement is lessened. Digital records make the process of auditing and reporting easier while preventing hidden losses from being incurred. The RMG factories also increase their adherence to compliance, strengthening the loyalty of relevant stakeholders and building better business relationships. It enhances their reputation among RMG buyers.

Figure 4: Cost of paying wages in cash



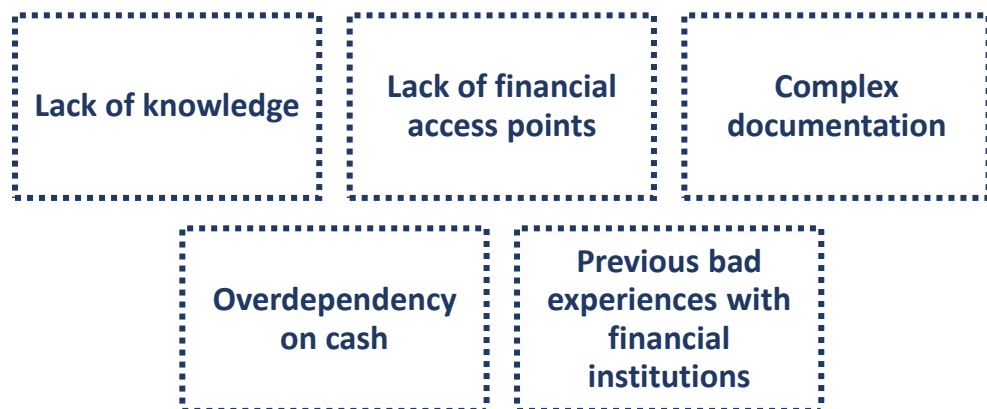


Example from Sarathi Partner

Cash-based wage disbursement is an arduous process and it costs the RMG factory time and money. In an RMG factory with 4,500 workers, around 20 staff members are involved in wage disbursement. The loss in terms of human resource for these 20 staff members, since they are unable to perform their key tasks, is around BDT 20,000 (USD 238) per month. The cash carrying and logistical costs incurred on this day is around BDT 8,500 (USD 101). Ultimately, the RMG factory incurs a cost of around BDT 3, 42, 000 (USD 4082) per year. There are also various risks involved in managing such large amounts of cash.

Sarathi’s experience in facilitating wage digitization has shown that RMG factories often face various challenges when embarking upon this process.

Figure 5: Challenges of Wage Digitization



The production cycle at RMG factories dictate how much time can be dedicated for the operational aspects of bank account opening. Both RMG factories and commercial banks must negotiate and develop a schedule that allows maximum coverage in terms of RMG workers in minimum possible time. This is especially important since the account opening process is time-consuming. RMG workers often require time to gather the required paperwork. Sarathi’s partner commercial banks have streamlined this process by making the requirements more lenient and creating provisions for alternative documents. However, verification on the banks’ part still remains a challenge.

Most commercial banks in Bangladesh do not have any prior experience in working with the RMG sector or with the RMG demography. Sarathi has facilitated its partner commercial in innovating and designing financial products and services that cater to the needs of the RMG workers specifically. However, if an RMG factory wishes to undergo wage digitization with a commercial bank that has not partnered with Sarathi and has no prior experience, the RMG factory must take the lead to negotiate the products and services that will be offered to the RMG workers.

The Human Resource and Finance departments at the RMG factories may present a challenge to the process if their incentives are not aligned. Sarathi’s experience shows that educating the RMG factory management on the benefits of wage digitization as well as providing support during the initial stages

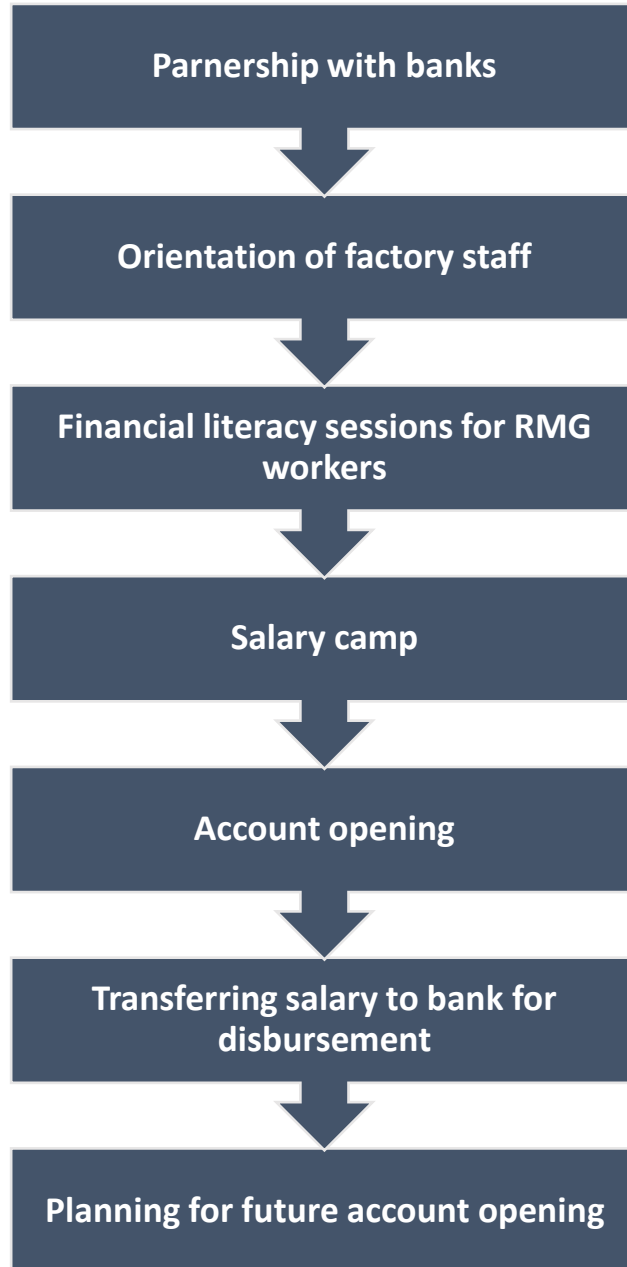


produces greater results. Once these departments are able to identify the ease an electronic disbursement system brings, the personnel grow more eager to initiate the process.

Financial literacy sessions present a solution to many of the aforementioned challenges. Sarathi provides an advanced literacy session that readies the RMG factory management and peer leaders of the RMG workers (such as operation managers) to tackle the queries and problems of the RMG workers. Sarathi also provides a basic financial literacy session for RMG workers that aid in the development of trust towards formal banking services and also provide information to the RMG workers which help them prepare for opening their bank accounts. The RMG factories can undertake similar initiatives or include modules on financial literacy in their regular training modules as a means to mitigate similar challenges.

Chapter 4: Steps in wage digitization

Figure 6: Steps in wage digitization in Sarathi partner RMG factories



Step 1: Partnership with banks

The shift from a cash-based wage system to a digitized one is driven by the commercial bank. This is why selecting and partnering with the right commercial bank is a crucial step in the process.

Who and how to select the partner commercial bank:

To begin with, the RMG factory should approach the commercial bank with which it has most of its corporate business with. This commercial bank will act on interest to anchor its relationship with the RMG factory on stronger grounds (i.e. ring fence around its high-value corporate client). As a result, the commercial bank will have the strongest business case to digitize wage payment of the RMG workers.

If the commercial bank does not show interest or have the capacity to offer this service, the RMG factory should then seek other commercial banks who already have experience in digitizing wage payment in the RMG sector. In selecting a new partner commercial bank, it is important to develop a due diligence process. The following criteria was used by Sarathi in selecting the partner commercial banks for the project (*Please see Annex 1, Sarathi's Due Diligence on Potential Partner Commercial Banks for the Scale-up Phase*)-

- Compliance to industry laws, regulations and standards;
- Level of market penetration (determined by the number of branches, ATMs, fast-tracks, agent outlets, etc. to offer sufficient financial access points in areas outside major metropolitan areas like Dhaka and Chittagong);
- Overall capacity of the commercial banks in terms of financial health;
- Market reputation;
- Willingness to digitize wage payment of RMG workers.

To evaluate the potential partner commercial banks, the RMG factories can begin with desk researches based on major newspaper coverage of the commercial banks over the past five years. The RMG factories can also utilize the quarterly/annual reports published by Bangladesh Bank (such as the following on agent banking- https://www.bb.org.bd/pub/quarterly/agent_banking/apr_jun2018.pdf)

Talking to other RMG factories who have already digitized wage payment system can help with the primary shortlisting of potential partner commercial banks. RMG factories can also get in touch with development projects working in the areas of financial inclusion of low income target groups. After shortlisting is completed, the RMG factories must conduct one-on-one meetings, discussions and negotiations to finalize the partnership.

Things to consider during negotiation with potential partner commercial banks:

- **Account opening cost:** Who will bear this cost- RMG factory, bank or RMG workers themselves? In Sarathi, we have successful examples of all three cases (two sample payroll agreements are given in Annex 2).



Example from Sarathi Partner

In Factory A-Bank X partnership agreement, the RMG factory is bearing the debit card maintenance fee of BDT 350 for the duration of any employee's employment at the RMG factory.

Bank Y, on the other hand, has subsidized all account opening costs for RMG workers, meaning it does not have an account maintenance fee and the first debit card issued for the workers is also free of charge.

In Factory B-Bank Z partnership agreement, the RMG workers are paying for account maintenance fee and the debit card (the fee is waived for the first year). If the RMG workers wish to give up the debit card and continue transactions only through biometric devices at the agent outlets, no costs remain for the usage in this case either.

In most cases, the salary accounts can be opened with nil balance. There is also annual interest on floating balance. In Sarathi's experience, the greatest difficulty in these negotiations lies in moving the commercial banks from their fixed policy of charging the account maintenance cost.



Example from Sarathi Partner

Bank X has many years of strong partnership with Factory A. They have provided seamless banking services for the RMG factory and management on both ends have a lot of trust in each other's capacities. Bank X could not waive the debit card charges completely even though Factory A is a huge client. Factory A also did not dismiss Bank X even though they had other banks offer agreements where the accounts would be free of charge.

In another case, when Bank Y pitched to Factory C with the offer to digitize their wage payment system although Factory C was not their corporate client. Factory C was looking for a feasible banking partner for wage digitization as it had been recommended by many of their top international buyers. However, the commercial bank that handles their corporate account did not have the means to digitize wage payment of all of Factory C's 17,000 RMG workers across four RMG factories. Bank Y's offer was good and held a strong reputation for good service in the market. Thus, Factory C accepted Bank Y's offer even although they have never worked together before.

- **Ensuring seamless transition:** The top management of RMG factories do not want to disrupt operation and incur losses in the production time. They also do not want to upset the workers in case of failure in service delivery (i.e. if the debit card is captured after wrong PIN is entered, ATMs do not work, ATMs run out of cash and are not re-filled in due time, etc.). It is important, thus, to negotiate the following for a seamless transition:
 - i. A dedicated RMG acquisition team (from the commercial bank) that is to be attached with the RMG factory full-time for at least three months. Based on Sarathi's experience, this is generally the duration that is required to familiarize RMG workers with the digital services

- provided for wage disbursement. The task of this team is to open RMG workers' accounts as per the RMG factory-assigned schedule; help RMG workers through the process of account opening; counsel RMG workers on maintaining DPS or other savings schemes with the bank; and help with all kinds of troubleshooting during account opening period and the first three months of salary disbursement at the RMG factory;
- ii. The number of ATMs to be deployed inside and/or outside the RMG factory. For example, Bank X provides one ATM per 1,000 workers while Bank Y provides one ATM per 2,000 workers. The cost of each ATM is approximately BDT 5-6 lakhs (could be more depending on the grade of technology). The RMG factories often request a number that is not practical for commercial banks as their concern is to ensure uninterrupted service. Commercial banks determine the number of ATMs deployed based on asset utilization efficiency. The idea is to come to an agreeable number and a process through which the commercial banks will ensure there will not be any chaos during salary disbursement.

As wage disbursement in all RMG factories is done through ATMs, it is important that the RMG factories and the commercial banks come to an agreement on the following:

- **The number of ATMs required:**

Building on the aforementioned importance of negotiating the number of ATMs to be deployed, it is essential for RMG factories to understand the rationale applied by the commercial banks. As mentioned, commercial banks assess the asset utilization efficiency. Thus, they base the decision on a number of factors such as average number of transactions on the ATM per month, potential business from the RMG factory, size of the RMG factory, distance of the ATM from the cash vault/nearest branch, etc. A concern for commercial banks is also that the pressure on the ATMs is high in the first three to four months of operation. During this period, the RMG workers tend to withdraw their entire salary on the same day as it is received in the account. This happens as they are unfamiliar with the system and do not trust it. However, once they have become accustomed to the change, the pressure on ATMs during the wage disbursement period subsides.

A key challenge for the banks, therefore, is to ensure a smooth start and gain the trust of the RMG workers. This pertains to quick troubleshooting, fast cash loading and reloading in the ATMs, etc. RMG factories must also be mindful of these to ensure a seamless transition for their RMG workers.



Example from Sarathi Partner

Bank X typically installs ATMs that have four cassettes to hold the notes. Each cassette holds 2,000 notes of BDT 1,000 or BDT 500. Thus, an ATM can hold a maximum of (BDT 1,000*2,000*4 =) BDT 8,000,000.

Bank X has three ATMs installed at Factory A's RMG Digital Banking Booth. Factory A currently disburses the wage of around 9,000 workers through Bank X. What Bank X does in practice is put two cassettes of BDT 1,000 notes and two cassettes of BDT 500 notes. They hold BDT 6,000,000 at a time. In Factory A, there are three ATMs with 12 cassettes in total, holding a maximum of BDT 18,000,000 at a time. In addition, another 12 cassettes are always kept in reserve at the Kaliakaur branch (the principal branch in the area) of Bank X. Factory A disburses wage across three days. Upon request, these are immediately dispatched for reloading the ATMs at the RMG factory site. However, during the wage disbursement period, these reserve cassettes are stored inside the RMG Digital Banking Booth vault. Whenever the ATM requires reloading, the bank staff at the booth reload the ATMs from the vault and put in the requisition for new ones.

In addition to this, there is a cash counter in the RMG Digital Banking Booth through which money can be withdrawn from 9 a.m. to 5 p.m. Initially, the long queues were difficult to manage. Bank X began operations by disbursing salaries to 4,500 RMG workers of Factory A and then gradually increased the base by 1,500 RMG workers each month. During this time, six to seven bank staff, along with RMG factory Human Resource officers, very closely observed while the RMG workers withdrew salaries from the ATMs. Now, after a few months of operation, long queues no longer form on wage disbursement days. The RMG workers have become accustomed to the system/process and the process is much more manageable for Bank X. Bank X is now able to disburse the wage of 9,000 workers (with monthly disbursement at BDT 5-8 crore) at Factory A through three ATMs and a cash counter quite seamlessly.



- **The location of the ATMs:**

ATMs can be placed inside the factory premise or in nearby locations. In most cases, RMG factories want the ATMs within their own premises. Placing the ATMs inside the RMG factory comes with the benefits of security and convenience of access. In most cases, commercial banks provide a rent for the space and a portion of the utility cost that is incurred for the ATM booths placed inside the RMG factory. Sarathi also has partner RMG factories who do not take this rent or utility charge from the commercial banks. It is determined by the negotiations between the commercial bank and the RMG factory.



Example from Sarathi Partner

Factory C has more than 4,500 workers. Bank Y installed two ATMs right next to the RMG factory's main entrance and the third ATM is planned to be located at the nearby market, frequented by RMG workers. Bank Y is paying rent for the space provided by the RMG factory.

A problem with the ATMs being placed only inside the RMG factory is that the RMG workers may not have access to the ATMs during the weekends, holidays or late at night if there is an urgent need for cash. Hence, it is recommended to have the ATMs near the main entrance of the RMG factory so that it can be accessed by RMG workers and the surrounding community alike. If such an arrangement is not possible, Sarathi suggests that the commercial bank provide an ATM nearby like Bank Y has for Factory C. Developing the infrastructure in a manner that allows one or few of the ATMs to be accessed from outside the RMG factory can also be explored.



Example from Sarathi Partner

Factory D has requested that all the ATMs be installed within their premises. Bank Y has agreed to place all four ATMs accordingly. Factory D does not take rent or utility charge from Bank Y. At the same time, Factory D has agreed to allow RMG workers to come inside the RMG factory to make transactions from the ATM even when the RMG factory remains closed. RMG workers, however, will need to show their identity card to the security guards at the gate to be allowed inside.

- **Logistics and maintenance of ATMs:**

The cash is carried from the currency vaults of banks to the ATMs, in security vans with armed escorts. As a part of ensuring seamless transactions on peak days, it is important for the RMG factory to be aware of the logistics and maintenance strategy of their partner commercial bank.



Example from Sarathi Partner

For Factory C, Bank Y coordinates all logistics and maintenance from their central Alternative Delivery Channel (ADC) Department. When the ATMs run short of cash, the ADC team coordinates with a nearby branch to arrange for the reloading. When a debit card is captured, the staff responsible for reloading collect the debit cards from the ATMs and drop them at the nearby branch. The clients/RMG workers can then go and collect the debit cards from the branch. At Bank X's RMG Digital Banking Booth, the captured debit cards can be collected immediately from the Booth.

Step 2: Orientation and training for all relevant RMG factory staff

Capacity building for factory staff is required for a smooth transition into and proper functioning of the wage digitization process. Sarathi recommends training for both RMG factories and commercial banks to develop knowledge and understanding of each other's work.

For Sarathi, integral part of making the wage digitization process sustainable within the RMG sector has been through training RMG factory staff and Human Resource/Compliance departments. The project

has conducted financial literacy training for relevant staff using a specially designed Advanced Training Module to anchor existing RMG staff in the wage digitization process. Training of RMG factory staff, including the peers of RMG workers such as supervisors, welfare officers and line managers, ensures that RMG workers continue to have support regarding the banking processes from sources that they can trust.

Although Sarathi currently bears the cost of these Advanced Training sessions, the project advocates that RMG factories make such training a part of their regular training modules. Plenty of training modules are available on the internet for free download. The partner commercial banks also help with these training in terms of developing content and implementing.

Step 3: Facilitate in-house financial literacy sessions for RMG workers

Financial literacy sessions help overcome many challenges that RMG factories and commercial banks face while introducing wage digitization for the first time. It is difficult to overcome the cynicism surrounding the banking sector among this target group. Consequently, it is very important to make sure that the modules communicate the purpose and process of wage digitization to the RMG workers. Thus, Sarathi's Basic Training Module for financial literacy trainings highlights the benefits of having a formal bank account, the account opening process, necessary precautions, nearby access points, etc.



Example from Sarathi Partner

A partner factory has observed that, as commercial ask for the national identity card or original birth certificate to open the account, many RMG workers fear that their fake documents may get them into trouble. To avoid this and hoping they can evade opening an account altogether, the RMG workers stop coming to work. Fortunately, only a few opt for this and in most cases, it can be mitigated through some counselling.

It is very important to address the RMG workers' problems head-on, break them out of their fears and guide them through the process. To give the account opening process a festive feel, Sarathi organizes a screening of the project's docudrama, folk troupe performances, etc. Nevertheless, a formal financial literacy training is necessary to get all RMG workers on-board.

The following summarizes Sarathi's strategies for and experience in conducting financial literacy sessions at RMG factories:

- **Trainers:** Sarathi hired a professional training agency to conduct the training sessions in partner RMG factories. Representatives from partner commercial banks were always present during these sessions to answer any questions raised by participants;
- **Training modules:** Sarathi has two modules for the trainings: Advanced and Basic. The training modules were prepared by the training agency with help from Sarathi, partner commercial banks and RMG factory management. These training modules are available on request;

- **Required time and class size:** The Advanced Training runs for around one hour, followed by a 30-minute Q&A session. The Basic Training takes around 30 minutes to complete and is followed by a 15-minute Q&A session. It is recommended that the class size for each training do not exceed 65-70 people to maximize impact. Often, RMG factories insist that the Basic Training be conducted with large batches of 100 RMG workers, accommodated in a factory floor. In Sarathi's experience, this makes it difficult to follow the lecture. It also becomes difficult to adequately address questions raised. To incentivise the RMG workers, Sarathi provides gifts such as coin purses, a handy booklet with key messages from the training and to record their expenditures, and a snack box;
- **Cost of training:** The cost of financial literacy trainings at Sarathi partner RMG factories is currently borne by Sarathi. The cost that the project incurred per session, with 65-70 RMG workers in attendance, is shown in detail below.

Table 1: Cost per financial literacy training incurred by Sarathi in partner RMG factories

Item	Unit	Qty.	Rate	Total (BDT)
Stationary	Set	1	300	300
Facilitator	Session	1	2,300	2,300
Logistics	Item	1	1,000	1,000
Branded Materials	Item	1	1,500	1,500
Snacks	Head	65	40	2,600
Transportation & Food	Activity	1	1,000	1,000
Supporting Resource	Man	1	600	600
Total				9,300

It is important to understand that many of these costs will not be incurred by RMG factories if their own staff conduct the sessions. This means that, if RMG factories include financial literacy trainings in their regular training programmes, the cost is minimal. In contrast, conducting the trainings through professional organizations may entail other costs in addition to the ones listed above, such as remuneration of the trainers, agency fee, etc.

Any training module developed either needs to be in conjunction with or vetted by the partner commercial bank so that all information are relevant.

- **Incentivizing RMG workers:** Sarathi organizes events to give the account opening process a festive feel. It includes a screening of the project's docudrama, folk troupe performances, etc. The advantage of such events is that a large audience can be reached through a single event. This is entirely optional. The costs vary depending on size of the RMG factory, the location, logistics involved, etc. The approximate costs incurred by Sarathi is given in the following table:

Table 2: Cost required to organize Entertainment Evenings in Sarathi partner RMG factories

Item	Unit	Qty.	Rate	Total (BDT)
Branded Materials	Item	1	1,500	1,500
Stage Preparation	Activity	1	10,700	10,700
Logistics	Item	1	5,500	5,500
Sound System	Item	1	10,000	10,000
Folk Troupe	Team	1	8,000	8,000
Transportation	Activity	1	5,000	5,000
Supporting Resource	Man	4	700	2,800

Stationery & Miscellaneous	Set	1	500	500
Total				44,000

Step 4: Facilitate in-house salary camp

Salary camps are led by the partner commercial banks although the RMG factories have a very important role to play in implementing them. The acquisition team of partner commercial bank set up stations at the RMG factory premise. From there, the acquisition teams distribute account opening forms to RMG workers, collect supporting documents, talk to RMG workers regarding any queries they may have, troubleshoot problems, etc. The camp is usually branded with the bank’s posters, banners, fliers, etc. Ideally, these camps are moved from floor to floor or section to section in an RMG factory upon completion. These operate from 9 a.m. to 5 p.m.



Figure 7 is showing a salary camp organized by a Sarathi partner commercial bank at a Sarathi partner RMG factory. The acquisition team, consisting of eight bank staff members, conducted the camp.

The commercial bank continued this camp for three months. However, when the acquisition neared completion (only 20% of the RMG workers were left), the commercial bank kept two members from the acquisition team attached to the RMG factory and sent the rest of the team to a new factory to begin acquisition.

Figure 7: A salary camp at a Sarathi partner RMG factory.

Salary camps act as a constant reminder to the RMG workers to get their accounts opened. It is also helpful that the RMG workers can simply walk to a bank staff in the camp in between work and ask any questions or resolve any issues. This is also very helpful in communicating with the RMG workers to avail savings schemes.

Step 5: Continuation of the account opening process with enrolments

Typical steps in the account opening process for commercial banks

STEPS OF ACCOUNT OPENING PROCESS



ACCOUNT OPENING FORM

Distributing account opening forms strategically, targeting lines or floors



ANNOUNCEMENT

Announcing the list of necessary documents repeatedly and sticking the list in visible areas around the factory



SETTING A DEADLINE

Setting a deadline for each segment to submit the account opening form along with all supporting documents



COLLECTION OF APPLICATIONS

Collecting applications and then sending them to the nearest bank branch for further processing the same day



VERIFICATION OF DOCUMENTS

Collected documents are sent to the bank's head office for authentication and verification the day after they are collected from the RMG factory



ACTIVATION OF ACCOUNTS

For successful applications, the account is activated in three working days and the issued debit card is delivered in seven working days. The PIN for the debit card is sent in a separate shipment a day or two after the debit card is delivered.



RETURNING DOCUMENTS

If the documents are not sufficient or the verification fails at any level, the forms are returned to the RMG factory with notes listing the missing/faulty items. The RMG factory staff then take the lead in collecting the documents and re-submitting the application

Tips for ensuring quick acquisition

Sarathi's experience has taught that several measures ensure quicker and smoother acquisition.

- **Synchronize strategically the salary camp schedules with the RMG factory's holiday calendar:** As there are some common documentation required by every commercial bank to open bank accounts, Sarathi recommends announcements be made well ahead of time so the RMG workers can prepare accordingly. Another helpful tip is making these announcements before holiday breaks so that who need to acquire the paperwork from their hometowns may utilize the break to do so.
- **Divide the acquisition plan floor by floor/section by section and appoint one responsible person for each floor/section from the RMG factory to drive the process:** Sarathi recommends RMG factories decide how to go about the acquisition process. For example, by conducting the process floor by floor, it becomes easier to ensure accounts are opened in due time. Often, RMG workers resist the account opening process due to their lack of familiarity with the banking processes. While Sarathi advocates financial literacy training for all to mitigate this, another means is conducting a pilot so an example is set within the RMG factory itself. When acquisition of one floor/section is complete, their salaries can be disbursed the following month as a test case. This allows other RMG workers to understand how the process works. This has helped Sarathi put the anxieties of RMG workers to rest. A key to achieving discipline during this process is assigning a capacitated RMG factory personnel to each floor/section to conduct follow up among workers regarding submission of paperwork. These personnel can also act as peer leaders to guide and aid the RMG workers during this process.

Step 6: Transfer salary to the bank for disbursement

Once the commercial banks complete the account acquisition process and establish financial access points, the system is considered ready for wage disbursement. RMG factories play a leading role in the process of salary disbursement:

- Designated officials from the HR or Payroll department of a factory prepare a data sheet consisting of all the necessary information (bank account details of staff and RMG workers, amount of money to be deposited for a given month, etc.);
- A printed copy approved/signed by the factory authority and an electronic copy of the data sheet are then sent to the commercial bank's respective branch;
- The responsible division of the bank branch forwards the data sheet to the Payroll Division, who then upload the data sheet to an automated electronic system;
- The total amount of money is then transferred electronically from the RMG factory's main account to the individual employee salary accounts;
- Finally, a printed salary sheet is prepared where all RMG workers of that RMG factory put their signature against their name, confirming the amount of salary they received for the month;
- With RMG factories of more than 2,000 employees, it is recommended that the salary is disbursed across multiple days rather than on a single day.

Step 7: Plan the process of future account opening for new employees

This steps starts after the completion of the digitization process at the RMG. Once RMG factory management internalize the wage digitization process, they are able to lead the account opening for the newly recruited RMG workers or staff. As digitization becomes an established practice in the RMG factory by the time this stage is reached, the documents required to open the bank account is recommended to be collected during the enrolment and orientation.

Annex 1

Sarathi's Due Diligence on Potential Partner Commercial Banks for the Scale-up Phase (January 2018 to June 2020)

Sarathi followed multiple screening processes to shortlist Partner Commercial Banks for the scale-up phase. The first step was to understand the perceived market reputation of the potential partners. For this, Sarathi began its assessment with desk researches, based on major newspaper coverage concerning the relevant entities over a period of five years. The project also utilized the quarterly report on Agent Banking published by Bangladesh Bank which can be accessed through the following link: https://www.bb.org.bd/pub/quarterly/agent_banking/apr_jun2018.pdf

Next, Sarathi conducted meetings with various industry players and stakeholders, such as RMG factory owners, Bangladesh Knitwear Manufacturers & Exporters Association (BKMEA), financial sector experts and other development organizations that have engaged with commercial banks to implement projects in the RMG sector and in the field of financial inclusion. Key Informant Interviews were held with various individuals (*Please see Table 5*) as part of the due diligence process to assess the organizational capacity, market reputation, corporate governance, etc. of the commercial banks that not only have Agent Banking licenses but are also doing business in the RMG sector.

Table 3: Key Informant Interviews Individuals for Partner Selection

Name	Designation	Organization
Mohammad Faruque Hossain	Deputy General Manager	Comfit Composite Knit Ltd
S.M Shahabuddin	Executive Director	Hameem Group (Next Collections Ltd.)
Md. Moazzem Hossain	Sr. Joint Secretary	BKMEA
Miho Okada	Managing Director	Bluenumber (TraceBlue Japan)
Sajid Amit	Director	Centre for Sustainable Development, University of Liberal Arts
Manjur Morshed	Senior Advisor, Social Compliance	GIZ
Nusrat Jahan	Advisor, Women Empowerment	GIZ
Takreem Riwan Siddiqui	Consultant	World Bank

Meeting with the Key Informants allowed Sarathi to triangulate information that came from different sources and helped the project shortlist six commercial banks (*Please see Table 6*) for consideration. From there on, the project has applied the following selection criteria to identify the commercial banks that could be the potential partners through engagement with the commercial banks:

Table 4: Selection Criteria for Partnership

	Compliance	Market Penetration	Overall Capacity	Reputation	Willingness and Ability to Share Cost with the Project
Bank Asia Limited	√√√	√√√	√√	√√√	√√√
Mutual Trust Bank Limited	√√√	√√	√√	√√√	√√√
Midland Bank	x	x	x	x	√√√
The City Bank Limited	√√√	√√	√√	√√√	√√√
Islami Bank Bangladesh Limited	√√	√√√	√√√	√√√	√√√
ONE Bank Limited	√√√	√	√√	√	√√√
Dutch Bangla Bank Limited	√√√	√√√	√√√	√√	√
Al-Arafah Islami Bank Limited	√√√	√√	√√√	√√√	√√√

√√√ - High, √√ - Medium, √ - Low, x - Non-performing

In the final step, the project visited the agent outlets of these commercial banks to understand how the commercial banks are running the business currently and if these agents are capable of handling the complexities and workload pertinent to wage digitization at RMG factories. Based on the findings, Sarathi shortlisted Bank Asia Limited, Mutual Trust Bank Limited, The City Bank Limited, Dutch Bangla Bank Limited and Islami Bank Bangladesh Limited for partnerships. Later, pursuing Islami Bank Bangladesh was discouraged by MetLife Foundation due to the recurring changes in their top management. Instead, they referred Al-Arafah Islami Bank to be considered in the selection process. All these banks have prevailed as the top performing and most compliant banks in the Bangladesh Bank's reports.

The details of our findings for the four shortlisted commercial banks are as follows:

- Compliance to regulations:** These commercial banks have been acknowledged multiple times in the last five years for their efforts in compliance to industry norms and regulations. They have won important awards in recognition for good governance. Some awards received by these institutions are: 17th Institute of Chartered Accountants of Bangladesh (ICAB) Awards for Corporate Governance Disclosure (Bank Asia); The Daily Star Awards for the Best Financial Institution (Mutual Trust Bank Limited); The Asian Banker Strongest Bank in Bangladesh Award (The City Bank Limited) and ICMAB Best Corporate Award 2015 (Al-Arafah Islami Bank Bangladesh Limited).
- Market Penetration:** The following table summarizes the delivery channels of these commercial banks across the country:

Table 5: Overview of Delivery Channels of the shortlisted Partner Commercial Banks

SL	Name of the Bank	Year of Agent Banking Approval	Number of Agent Outlets	Number of Branches	Number of ATMs
1.	Bank Asia Ltd.	2014	2,242	127	140
2.	Mutual Trust Bank Ltd.	2016	58	114	168
3.	The City Bank Limited	2017	70	105	335
4.	Dutch Bangla Bank Limited	2014	1562	180	4,467
5.	Al-Arafah Islami Bank Limited	2015	150	161	74

Source: Article on “Agent banking accounts almost double in 9 months”, Dhaka Tribune, published on 31st December, 2017, individual Bank web sites and Bangladesh Bank Agent banking report, April –June, 2018.

Dutch Bangla Bank and Bank Asia have, at present, the highest number of agent outlets and other ADCs spreading across the country. The City Bank Ltd. and Al-Arafah Islami Bank Bangladesh, beginning operations later, has 70 and 150 outlets respectively. However, they are strongly committed to establish sustainable business centering RMG industry.

- Overall Capacity and Market Reputation:** : In terms of profitability, all these banks are amongst the top 15 most profitable banks of Bangladesh, 2017, as reported by Bangladesh Bank¹. The names of these banks came as strong recommendations from RMG industry giants and potential partners, such as, Ha-Meem Group, Comfit Composite Knit Ltd., Echotex Ltd., etc. They have well-functioning relationships with these banks; trust their service deliveries and capacities. In terms of Wage Digitization, cash transactions during salary week is a challenge for most banks. Upon discussion with various factory owners, these banks were listed to be of most reliable during heavy workload.
- Willingness and Ability to Share Cost with the Project:** All of them have shown great interest in making significant investment with us in expanding Agent Banking operations in RMG industry clusters and Wage Digitization of RMG workers.

The next steps will include requesting them for detailed technical and financial proposals with specific activity targets. Their proposals will then be evaluated and scored (Please see Evaluation Sheet in Annex 1) by a team comprising members from Sarathi project and Admin and Finance unit of the Swisscontact South Asia Regional Office (SARO).

¹ “Banks' operating profits soar”, January 01, 2018, The daily Star, <http://www.thedailystar.net/business/banking/banks-operating-profits-soar-1513183>,

Annex 2 (a)

Confidential

Date: The July, 2018

To

.....

Managing Director

The Y Factory

.....

Ref: Expression of Interest- Agent Banking Relationship with The Y Factory

Dear Sir,

We take the opportunity of extending our heartfelt gratitude and sincere thanks to you for showing the interest to prolong business relationship with The X Bank, registered and operating in Bangladesh since 2018 with total support and patronage of both public and private sector enterprises. With the slogan "Making Sense of Money" we are committed to excel in rendering services, and we focus on customer satisfaction and consider it expedient to cater to all banking needs of our clients.

We hope that the basket of Products & Services with the latest offerings described below will suit your employees' needs.

Features of Salary Account with our Agent Banking:

Account Type	: Savings account for all employees
Account Opening	: Can be opened with a zero balance
Interest on Account	: Attractive rate of 4.5% (variable), paid half yearly (General Savings Account),
A/C Maintenance Fee	: No account maintenance fee is applicable
Debit Card Fee	: 1 st Debit Card Free for 1 st & 2 nd year
Debit Card Replacement	: BDT 300
ATM Withdrawal	: Maximum BDT 50,000 per day
SMS Banking	: Free
Cheque Book	: On demand as bank rule.
Internet Banking	: Best internet banking of the country ' Bank APP ' is free for your employees.
Salary Transfer	: Transferred electronically from company's current account to individual salary account maintained with X BANK for free of charges.

X BANK is offering a vast range of Loan/Credit facility to cater various needs of the employees of The Y Factory.

The key features of the loan products are as below:

Personal Loan:

Purpose	: Any valid purposes (i.e. for health, education, marriage, travel, festival, purchase of consumer goods, family care etc.).
Minimum Income	: Gross salary of BDT 20,000 per month.
Loan Amount	: From BDT 50,000 to BDT 2,000,000.
Individual Loan Amount	: Can borrow up to 8-12 times of gross monthly salary; not exceeding BDT 20 Lac.
Interest Rate	: New Loan-11.50% per annum.
Repayment Method	: Equal Monthly Installment.
Tenor	: 12 months to 60 months.
Guarantee	: A personal guarantee is required to avail loan.
Loan Processing Fee	: 0.50% +15% vat
Partial Prepayment	: 1% of partial prepayment amount (at least 30% of the outstanding loan amount).
Corporate Guarantee	: No corporate guarantee is required.
Early Settlement Fee	: 1% of the outstanding amount, if paid after 12 EMI.
Age of the Applicant	: Age should be in between 22 years to 60 years.
Down Payment	: No down payment is required.

Auto Loan:

Purpose	: Purchase of new and reconditioned vehicles for personal use only.
Minimum Income	: Gross salary of BDT 30,000 per month.
Loan Amount	: From BDT 300,000 to BDT 4,000,000.
Loan to Value Ratio	: The loan amount will not be exceeded 50% of Car value.
Interest Rate	: New Loan-11.50% per annum for (MOU vendors), and 12.50% for non (MOU vendors)
Repayment Method	: Equal Monthly Installment.
Tenor	: 12 months to 60 months.
Loan Processing Fee	: 0.50%, +15% vat for (MOU vendors), and 1.00% for non (MOU vendors)
Partial Prepayment	: 1% of partial prepayment amount (at least 30% of the outstanding loan amount).
Corporate Guarantee	: No corporate guarantee is required.
Early Settlement Fee	: 1% of the outstanding amount, if paid after 12 EMI.
Age of the Applicant	: Age should be in between 22 years to 60 years.

Home Loan & Home Credit:

Purpose	: Purchasing of new home or apartments/for renovation & construction purpose.
Minimum Income	: Gross salary of BDT 50,000 per month.
Loan Amount	: Up to BDT 12,000,000 for Home Loan & BDT 50, 00,000 for Home Credit.

Loan to Value Ratio	: The loan amount will not be exceeded 70% of the property price.
Interest Rate	: Home Loan-11.25%, Home Credit-11.25% per annum (it may differ based on client profile).
Repayment Method	: Equal Monthly Installment.
Tenor	: 1 to 25 years (it may vary based on client profile and product segment).
Guarantee	: No personal guarantee is required (if applied jointly).
Loan Processing Fee	: New loan 0.50%+ 15% vat
Partial Prepayment	: 2% during first 5 years; 1% during 5 to 10-years; 0.5% after 10 years.
Corporate Guarantee	: No corporate guarantee is required.
Early Settlement Fee	: 2% during first 5 years; 1% during 5 to 10 years; 0.5% after 10 years.
Age of the Applicant	: Age should be in between 22 years to 65 years (maximum age is 65 years or retirement age whichever is lower)

Credit Cards (AMEX-Green Blue & Gold, Visa-Silver, Gold & Platinum)

AMEX Credit Card	: 50% discount on annual charge for 1 st year for Gold and Green Blue (1 st Credit Card)
VISA Credit Card	: 50% discount on annual charge for 1 st year (1 st Credit Card) and Free Onwards if 18 POS transaction happens in a year.

Card Cheque

Processing Fee : 1.50%

Agent banking Personal Secured Facilities:

Secured Loan/Overdraft/Bullet Payment against Fixed Deposit of X BANK or other Scheduled Bank's may be issued.

X BANK's Other Unique Facilities-

Internet Banking: X Bank has launched its new internet banking service named "**Bank App**". Bank App is a full-fledged banking solution that can be downloaded into customers mobile devices like cell phones, pads and also onto laptops, desktops etc. from Android, Apple, Blackberry and Nokia apps stores. It can also be used by visiting www.Bank App.com.bd. The services of **Bank App** include real time transaction of customer's Current, Savings, Fixed Deposit Accounts; the maintenance of those accounts in real time; fund transfer from X Bank accounts to the accounts of any bank in Bangladesh; payment of Mobile Phone and Credit Card bills; online purchase of Airline Ticket in domestic routes; payment of School fees; online shopping etc. This highly secured platform allows customer to find out real time street directions for the branches and ATMs of the bank too. It also provides full-scale information of all products and services of the bank.

SMS Alert (SMS Banking): X BANK SMS Alert enables customer to know whenever there is any transaction made by his/her ATM card, any withdrawal from account or even any amount deposited in his/her account. It will automatically generate a SMS in the customer's cell phone informing about the transaction made from the client's account.

Deposit Scheme: We are also pleased to inform that X BANK has a full range of retail deposit product, where we can offer to your employee (General Savings A/C, High Value Savings A/C, Savings Delight A/C, General DPS, Insurance Baked DPS, Fixed Deposit, Monthly Interest Paying FD & Double Money FD). Besides that, we are offering Foreign Currency Accounts to our valued client.

To enable the Bank to carry out the aforementioned **Agent banking** services, we would request you to:

- **Accept Agent banking:** The Company is principally agreed on our expression of interest in writing.
- **Nominate your employee to open salary account:** The Company will provide a list detailing names of the employees for staff salary accounts and inform the Bank to assist in opening salary account.
- **Nominate a representative/coordinator:** The Company will provide a letter that empowers one/few employee(s) of your company to deal with X BANK representative regarding employee list updates and frequent communication.
- **Signatories list:** Company will nominate the 'Authorized Signatories' and will provide their Specimen Signatures of the nominated personnel who shall be signing the 'Letter of Introduction' for employees for their any kind of Credit Applications or will be the signing the request letter of 'Opening Account' under this scheme employee banking.
- **Provide Audit Report & Balance Sheet:** Audit Report & Balance Sheet will be helpful to expedite bank's categorization process which will help to prioritize any sorts of Credit application of employees under this scheme.
- **Instruction for Salary disbursement:** Company is advised to give instruction to X BANK, detailing the salary payment against individual employees on Excel spreadsheet as per X BANK format via e-mail and also advised to give the Hard Copy of the debit instruction to a branch to whom the soft e-mail has been sent.
- **Relationship Manager Acknowledgement:** X BANK will appoint a dedicated RM (Relationship Manager) for your company to serve you level best. We would request you to circulate his name and contact details to your employee for getting better services at your office premises.

Please note:

- This Employee banking offer is only for staff under payroll.
- Government Charges/ fees/levied from time to time will be applicable. All other charges will be as per existing Schedule of Charges of X BANK.
- Prior notice is to be given to X BANK in the event of employees' death, retirement, resignation, dismissal or termination from the company.
- The arrangements outlined within this offer letter remains subject to amendment / withdrawal at X BANK's sole discretion at any time and/or as per rules and regulations of Bangladesh Bank from time to time. In the event of amendment, X BANK will provide a minimum of 1 month's written notice.

Sanction of loan facilities shall be subject to due assessment of credibility of the individual employee. Loan amount may vary from employee to employee depending on individual's repayment capability and other key factors.

X BANK reserves the right to decline loan application from individual working for any of the concerns of **The Y Factory**.

- Which doesn't meet the bank's criteria or to revise downward loan amounts where the applicant cannot demonstrably meet the bank's stated debt service requirements.
- Banks keeps the right to change the above proposed interest rate for lending products at any time at its own discretion.
- Either of the parties reserves the right to terminate the contract with one month prior notice

This offer shall remain valid till **11/08/2018** unless it is revised/ revoked by the bank or by your written request. The Employee banking offer will be renewed within 30 days after the date at which agreement ends.

We look forward to building relationship with you and assure you our best services at all times.

This offer is mutually agreed by the both parties:

The X Bank.

Witness :

- 1.
- 2.

The Y Factory

Witness :

Annex 2 (b)

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“MOU”) is executed on this the day of May, 2018:

BETWEEN

Y BANK, a scheduled bank incorporated in Bangladesh under the Companies Act, 1994 and governed by the Banking Companies Act, 1991, having its Corporate Office at A Tower, Dhaka-1000, hereinafter referred to as **Y BANK** (which expression shall mean and include its successors-in-interest, legal representatives, administrators and assigns) of the **ONE PART**.

AND

Z FACTORY, a private limited company incorporated under the Companies Act, 1994 represented by its [Designation], Mr. [Name of the Key Person], having its Office at [Address], and factory at [Factory Address], hereinafter referred to as **Z FACTORY** (which expression shall mean and include its successors-in-interest, legal representatives, administrators and assigns) of the **OTHER PART**.

Each party of this Agreement shall be referred individually as “Party” and the parties of this Agreement are jointly referred to as “Parties”.

WHEREAS:

- A. **Z FACTORY** has been maintaining banking relationship with **Y BANK** for long. **Z FACTORY** approached **Y BANK** to offer Corporate benefits to **Z FACTORY** and **Y BANK** has agreed to the proposal of **Z FACTORY** to offer special services for the convenience of **Z FACTORY** such as staff salary account, privileged account maintenance charges, privileged credit card service charges, installation of ATM Booths and service centre within the premises of **Z FACTORY**;
- B. **Z FACTORY** has agreed to allocate necessary space for Service Centre and ATM Booths within the factory/office premises of **Z FACTORY** and to hand over the same within 1 (one) month from the date of execution of this MOU;
- C. The parties hereto have agreed to such terms and conditions.

NOW IT IS HEREBY AGREED AND DECLARED by and between the parties hereto as follows:-

1. **SERVICES TO BE PROVIDED BY “Y BANK”**

- a) **Y BANK** shall maintain Staff Salary Accounts of the employees of **Z FACTORY** with Bank’s MCB Banani Branch, having the following features:
 - i) Accounts needed to be opened by using NID / attested copy of Birth Certificate with photo by acceptable person;
 - ii) Debit Cards will be auto activated;
 - iii) SMS & internet banking and Y Bankance statement (twice in a year) services will be provided free of any additional cost/charge;

- iv) Account Maintenance Charge of Tk. 300.00 (three hundred) only per account;
 - v) Delivery of Cards captured in ATM Machines at the factory premises within 2 (two) working days;
 - vi) Yearly interest will be as per existing rate;
 - vii) Temporary/permanent activation/blocking of account by e-mail;
 - viii) In case of lost/stolen Debit Card transaction at ATM booths, Bank will provide photo/video-footage through e-mail, if necessary;
 - ix) Account information (Name, Mobile number etc) may be changed upon receipt of e-mail from **Z FACTORY**
 - x) Salary will be disbursed within 1 (one) day from the date of receiving instruction from **Z FACTORY** for which there will be a dedicated official of the Bank;
 - xi) Fresh and necessary number of ATM booths and network will be provided for smooth transaction;
 - xii) The employees of **Z FACTORY** shall be allowed to open Deposit Pension Scheme accounts for monthly installment of Tk 500.00 (five hundred) and above for 01 (one) year and above and shall also be eligible for Loan facilities subject to evaluation process of **Y BANK**;
 - xiii) Closure of account upon receipt of information from **Z FACTORY** that the respective account holder has ceased to be an employee of **Z FACTORY**
 - xiv) SMS notification after every transaction;
 - xv) Provision for checking and destroying fake notes found in the ATM;
 - xvi) Availability of notes for denomination of Tk. 100/- (one hundred) in the ATM machines after salary disbursement;
 - xvii) Provision for activation of Card by call from any mobile phone number;
- b) **Y BANK** shall install sufficient number of ATM booths within the factory/office premises of **Z FACTORY** for which **Y BANK** will bear the costs related to interior decoration and necessary requirements;
 - c) **Y BANK** shall establish a service centre/booth with the premises of **Z FACTORY** for providing instant/on-line banking services to **Z FACTORY** and its employees;
 - d) **Y BANK** shall maintain cleanliness of the ATM booths and service centre/booth and have its own security arrangement for which expenses will be borne by **Y BANK**;
 - e) **Y BANK** will pay electricity charges as per separate meter (installed by **Z FACTORY**) reading on a monthly basis;
 - f) **Y BANK** shall offer privileged service charge for the employees of **Z FACTORY** having Credit Cards. The Credit Card holder must be in the Payroll of **Z FACTORY**;

2. RESPONSIBILITIES OF Z FACTORY

- (i) **Z FACTORY** shall open around xxxxxx (xxx thousand) nos. of Staff Salary Accounts of its employees under the Payroll of **Z FACTORY**;
- (ii) **Z FACTORY** shall immediately inform **Y BANK** if any account holder ceased to be an employee of **Z FACTORY**
- (iii) **Z FACTORY** shall provide necessary space of 400 (four hundred) sft approx. for installation of sufficient number of ATM booths beside the main gate of the factory and space for establishing a service centre/booth within the premises of **Z FACTORY** for providing smooth banking services to **Z FACTORY** The entry of the ATM booths will be from outside and adjacent to the main gate of **Z FACTORY**
- (iv) **Z FACTORY** shall arrange required electricity connection with appropriate load capacity and a separate meter for payment of electricity bills of the ATM booths and service centres including round the clock power back-up/generator services for the ATM booths/service centre;
- (v) The floor spaces for the ATM booths and service centres/booths shall be handed over to **Y BANK** upon completion of civil construction situated within the premises of **Z FACTORY** mentioned in the schedule below;
- (vi) **Z FACTORY** will allow the **Y BANK** to place and display required number of signboards/name boards/neon-sign etc. as per requirement of **Y BANK** on its occupied space and on such part or portion of the demised premises and in such shape and size as **Y BANK** shall deem or deems fit and proper free of cost. However, the responsibility to obtain permission of regulatory authority for the purpose, if any, vests upon **Y BANK**;
- (vii) **Z FACTORY** will keep visible or hassle free of the scheduled premises for 24 (twenty four) hours, so that clients can easily access the ATM booths;
- (viii) **Z FACTORY** shall obtain necessary permission/resolution from its board of directors with regard to the above stipulations;
- (ix) **Z FACTORY** shall pay the account maintenance fee of all salary accounts of their employee from their corporate account maintained with MCB Banani Branch, Y Bank;

3. GENERAL CLAUSE :

- a) **Time frame of Agreement:** This agreement will be valid for 02 (two) years' time from the signing date.
- b) **Renewal of Agreement:** This agreement will be renewed upon mutual understanding of both parties.
- c) **Cancellation of Agreement:** This agreement can be cancelled by 02 (two) months' notice by both parties.
- d) **Arbitration:** If any litigation arises regarding this agreement, it will be settled through Arbitration Act of Bangladesh.

SCHEDULE

PREMISES OF COMFIT COMPOSITE KNIT

DESCRIPTION OF FLOOR SPACE TO BE ALLOCATED TO Y BANK

Floor space measuring more or less _____ sft for ATM Booths at the _____ floor of the Building to be constructed and separate space at a convenient location for installation of Y BANK's service centre, stand-by generator and AC outdoor units along with useable space on the roof-top for installation of antenna/tower for on-line banking.

IN WITNESS WHEREOF THE PARTIES HERETO SIGN, SEAL AND DELIVER THIS AGREEMENT ON THE DAY, MONTH AND YEAR ABOVE MENTIONED.

Signature of the **Y BANK**

Signature of **Z FACTORY**

Name:

Designation:

Name:

Designation:

In witness of

In witness of

Name:

Father's Name:

Address:

Name:

Father's Name:

Address: