**Chapter 2**

**Initial Feasibility Study**

**2.1 Introduction**

As the name implies, a feasibility study is used to determine the viability of an idea, such as

ensuring a project is legally and technically feasible as well as economically justifiable. It tells us

whether a project is worth the investment-in some cases, a project may not be doable. There can

be many reasons for this, including requiring too many resources, which not only prevents those

resources from performing other tasks but also may cost more than an organization would earn

back by taking on a project that isn’t profitable or simply the required budget for the project

exceeds the available budget of the organization.

We do the feasibility study answering some important questions. These questions are:

* What are the user’s demonstrable needs and how does a candidate system meet them?
* What resources are available for the candidate system? Is the problem worth solving?
* What are the likely impact of the candidate system on the organization? How well does it
* fit within the organization’s MIS plan?

**2.2 Initial feasibility study**

**2.2.1 Lack of capital**

Capital is the money that a bank has obtained from its shareholders and other investors and any profit that it has made and not paid out**.**

Capital is a key ingredient for safe and sound banking. Banks take on risks and may suffer losses if the risks. To stay safe and protect people’s deposits, banks have to be able to absorb such losses and keep going in good times and bad. That’s what bank capital is used for.

“Rajshahi Krishi Unnayan Bank” is a government organization. So, government fixes the budget of the capital for the bank.

The main function of the bank is to give loan to the consumers, handling deposits of the consumers. The bank has a vast number of consumers. The authorized capital of the bank is 10000 million dollar. The bank was paid up 825 million dollar. Sometimes the transactions is very large. The capital can not support the transactions. As a result, bank has to take loans from or make a financial request to the Bangladesh Bank. This causes the system to suffer losses.

If the amount of capital is increased, The bank may recover its losses and make benefits from the business.

**2.2.2 Bad debt and Slow legal process**

The term bad debt refers to an amount of money that a creditor must write off as a result of a default on the part of the debtor. In other words, Bad debt refers to loans or outstanding balances owed that are no longer deemed recoverable and must be written off.

A report from April 22, says that, RAKUB suffered Tk 1,210.09 crore in defaulted loans, which is 19.15 per cent of its Tk 6,317.76 crore outstanding loans. The amount was huge for the bank. This much loss may lead an organization to shut off.

The reasons for suffering the loss every year is the poor government policies and not getting enough legal help to recover these debt. It takes a lot of time to take legal action against the debtor. Moreover, the cases in the court run too long. The bank needs to wait too long to have a hearing. Sometimes the mortgage of the debtor can not compensate the loss.

Faster legal procedure and a planned legal policies may stop these losses to be occurred. For this, the bank can collaborate with the Ministry of Law of People,s Republic of Bangladesh to make this cases as specialized and reduce the durability of these cases. The bank should also make a proper investigation before giving loans.

If the amount of bad debt can be reduced to a significant limit, the bank if hopeful to make a very good business and comparatively higher profit.

**2.2.3 Lack of manpower**

Rajshahi Krishi Unnayan Bank (RUKUB) performs a vast procedure in the northern part of Bangladesh. It has 283 branches just only in the northern part of Bangladesh. The bank approximately has over a million consumers. It has to deals with thousand of transactions daily in every branch. But not sufficient man power of the organization limits the procedure.

Consumers who apply for loans or come to bank for transaction want a faster service. They also want fast a reliable, transparent and quality service from the bank. It is not expected to wait a long time for a loan apply to be expected or a transaction to be made. Due to lack of man power very often these process takes a longer period.

The bank has deficiency of field workers and IT experts in the branches. Due to deficiency of field workers the process of applying for loans and the loan sanctioning process and collection of regular installments takes a longer time. Sometimes, due to shortage of IT experts recording transaction or closing calculation takes a larger period of time. As a result, the system becomes slower.

If the process of application for loan and paying installment can be performed over online it may reduce the scarcity of man power of the bank. Moreover, the bank recruit more employees every year to increase the service quality. The bank should have enough field employees, system analysts, IT experts to support the bank for a increasing quality service, security etc. If the lacking of man power can be solved, the bank can provide better services to the consumers. Moreover, increasing manpower may increase the profit of the bank.

**2.2.4 Manual Procedure creating bank account and loan verification**

The main function of the bank is to give loan to the consumers and store deposits of the consumers. For creating an account, a consumer must come to the bank, take forms for suitable account, submit the form with proper documents. After that, the second officer of the bank checks the documents and records the information in the database and provides the consumer with a bank account.

In the loan giving process, a consumer applies for loan by submitting the required loan form with proper documents. The required documents are- copy of national id card, citizen certificate, land tax receipt, property documents for mortgage.

After that the bank makes an investigation if that consumers have any loan fraud, if the the land tax receipt is authentic or not. For checking loan fraud, all the banks checks an internal database of Bangladesh Bank. But for authentication of and tax they go to local land office.

Both of the processes are time consuming. If the bank develops an system to create bank account and apply for the loan online, that may reduce the duration of the processes. Moreover, the bank can take necessary step to collaborate with the Ministry of Land to have access on their database to verify the land tax receipt or check any other tax evasion.

**2.2.5 Not enough digitalized documents**

The world is now in the grasp of digitalized system. All the organizations are digitalized or in their way to become digitalized. The Rajshahi Krishi Unnayan Bank is digitalized in a great extent. But the documents they takes from the consumers for giving loans, they are not being computerized. The huge amount of documents are really difficult to computerized.

Rajshahi Krishi Unnayan Bank is one of the biggest loan giving bank in Bangladesh. A lot of documents are needed for giving loans. Consumers have to submit these documents on the branch nearby. But there is no way of submitting the documents online. Moreover, there is no way of applying for loan online or creating a bank account.

The difficulty is to store huge documents. There are lot documents which need to be digitalized. The lack of manpower can be solved by hiring some IT experts to deal with big-data. This will require a good amount of funding and budget. But the effectiveness of digitalization is also so great. To cope up with the modern era this is a must requirement for any organization.

The bank should choose a threshold year as soon as possible to start computerization of data from

that year. They should increase the no of computer specialists. The size of database also need to be

increased. They need to hire more IT experts.

**2.2.6 Dependency on third party**

In this modern era, every bank has mobile banking system. Mobile banking system reduces the consumer sufferings. Mobile banking system makes a quick transaction or installment. This process is quite helpful for the consumers. There are other things which lessen the sufferings of the consumers. They are credit card, atm card and atm booths. But Rajshahi Krishi Unnayan Bank doesn’t provide with any of them.

But RUKUB has an e-banking system. The system provides some opportunity make online transaction. But the system has many limitations. For not having own mobile banking, money can be withdrawn from the credit account through bKash, Rocket and Nagad mobile banking banking system. But making a deposit to the credit account through bKash is not possible. Again, paying installment for a loan from a credit account only possible but though bKash, Nagad and Rocket is not possible.

For mobile banking system, the bank depends on bKash, Rocket and Nagad mobile banking system. The dependency on third party may lead to some security issue. As the whole process is about transaction and money, consumers wants a reliable system. The bank should have their own mobile banking system.

The bank has their own ICT department. They should recruit more skilled developers to build a reliable mobile banking system. This may reduce the sufferings of the consumers. This will also save the money which need to be given to the third party organization.

**2.2.7 Slow Internet**

Rajshahi Krishi Unnayan Bank (RUKUB) is digitalized in a good extent. They record every transaction in their database. They process some of their functions all calculations in a computerized way. Putting every day data in the database, processing the information requires a good speed of the internet. But the internet speed is a bane in the way of performing online operations.

The bank get their internet provided by the local broadband providers. Fluctuation in the internet speed is a everyday problem. This problem is severe in the rural area branches. Due to slow internet, the process of recording data and online operations take a huge amount of time. Sometimes, the situation irritates the employees which makes a bad effect on the daily performance of the bank.

If the Bank can make an special agreement with a broadband company to supply a constant an d high speed internet, this problem can be solved. It will increase the daily performance of the bank.

**2.3 Conclusion:**

The initial feasibility is to identify the problems of existing system without proposing any other candidate system. In this chapter, we described the problems which the Rajshahi Krishi Unnayan Bank facing in their existing system. We did the initial feasibility study to ensure that we may proceed for solving these problems or not. From the study, we can say that the problems we identified are feasible and they worth solving. We can’t be sure that, all the problems are solvable but we may hope to solve the problems. To solve these problems, the organization needs sufficient budget, time, manpower and technical support. We will be analyzing the problems in Feasibility Study chapter.