Thesis Report

on

Accounting and Reporting Practices of Islami Bank Bangladesh Ltd.

Submitted by:

Muhammad Ismail Hussain

ID: MBA2201025001

Program: Master of Business Administration (MBA)

Major:Accounting

Sonargaon University (SU)

Submitted To:

Department of Business Administration

Sonargaon University (SU)

Submitted for the partial fulfillment of the Master of Business Administration

Sonargaon University (SU)

Date of Submission: May 11, 2023

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Assistant Professor

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Date of Submission: May 11, 2023

Letter of Transmittal

May 11, 2023

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Subject: Submission of Internship Report.

Dear Madam

This is to inform you that I have prepared my thesis report on titled **Accounting and Reporting Practices: A Case Study on Islami Bank Bangladesh Ltd.** Ihave completed my thesis report attachment period. To prepare this report, I collected information from all available sources in the most realistic and professional way.

I have acquired the valuable experiences through this program under your supervision. I would like to thank you and the Department for helping me to prepare the report.

With best regards

_____

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Certificate of Supervisor

This is to certify that the thesis report titled **Accounting and Reporting Practices: A Case Study on Islami Bank Bangladesh Ltd.** has been prepared under my supervision in fulfillment of the partial requirements of the MBA program.

So far I know, he has prepared this thesis report by himself and is not copied or borrowed from anywhere without proper acknowledgement.

I wish him every success in life.

……
Sharmila Sikder
Assistant Professor
Department of Business Administration
Sonargaon University (SU)

Student's Declaration

I hereby declare that the report namely **Accounting and Reporting Practices: A Case Study on Islami Bank Bangladesh Ltd.** by me. I also declare that this paper is my original worked and prepared for academic purpose which is a part of MBA Program. This report will not be used in any other report, publications or research.

Sincerely Yours

Muhammad Ismail Hussain
ID: MBA2201025001
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Letter of Authorization

This is to certify that this project report titled **Accounting and Reporting Practices: A Case Study Islami Bank Bangladesh Ltd.** is the bonfire work of Muhammad Ismail Hussain, who carried out the research under my supervision. Certified further that to the best of my knowledge, the work reported herein does not form part of any other project report or dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.

…….....

Sharmila Sikder
Assistant Professor
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ACKNOWLEDGEMENT

The thesis Paper was completed with the assistance of many people who deserve my sincere acknowledgement and appreciation. First of all, I would like to thank Sharmila Sikder, Assistant Professor, for guiding me during the thesis report preparation.

At IBBL, I would like to thank Mr. Rohim Elahy, Finance & Control Manager, for giving me the Thesis report and guiding me on the topic; my Reporting Manager Mr.Shamsuddin accounting department for allowing me to sacrifice time from my regular responsibilities so that I could put effort for the Thesis report; Mr. Monwar Masud, for assisting me with gaidance.

In preparing the report, I should thank Mr. Saidur Rahman and Asif Rahman, both Executive, Finance & Control department for helping me with the theoretical aspects of the report; Mr. Farooq Azam, Manager-Training, HR department for providing me with information on IBBL.

Finally, I would like to thank the MBA office and the Thesis report fortheir cooperation.

Abstract

In early part of this decade, the IBBL management realized that although IBBL was the largest Bank in the Bangladesh in terms of turnover; when it came to profitability, IBBL ranked a mere 1st. This, for the management, was not simply good enough. So efforts wereput in as to find out what could be done to better improve profitability for the group. As expected, the price of its services became the key factor which could impact profitability. However, the solution was not as simple as to just to increase the price and have greater margin. In a very competitive market environment where the awareness level of consumers is increasing day by day, raising price did not provide an easy way out. Consumers, shoppers and customers and in many cases, the government would react unfavorably to any price increase which they would consider as not value for money; the result of which would be loss of sales volume and market share. Therefore, the issue of optimum pricing became a goal for every brand manager and subsequently company management all over the country for IBBL.So IBBL developed a pricing toolkit called, "Finance & Promotional Strategies of IBBL" which would provide through guidelines and Strategies substance to the complicated task of pricing. This toolkit provides a 5 step exercise before any pricing decisions are made and involves almost all possible factors which are related to price. IBBL Bangladesh has been operating in Bangladesh for more than decade and pricing for its services has become very important in the ever increasing competitive market place. However, as we find out in the report, not all the aspects of the "Finance & Promotional Strategies of IBBL" is followed here. The reasons are many fold- including non-mandatory nature of the toolkit, over- emphasis on certain business goals such as EBIT, RIG (Real Internal Growth) and OG (Organic growth) and less emphasis on other score cards such as market share and brand equity. The recommendation of the report is that IBBL should be a bit more consumer driven in pricing decision. This is not to say that the price should always be as less as possible, but merely means that more research and study should be done to understand the pricing impact from the consumers end. Another recommendation was that some of the exercises of the "IBBL & Promotional Strategies of IBBL" should be made mandatory and not just a fancy exercise which is "Good to have".

List of Acronyms

IBBL=Islami Bank Bangladesh Ltd.

ZM: Zonal Manager
RTL: Retailers
B2B: Business to Business
RPL: RFL Plastic Limited
KPI: Key Performance Indicators
MAP: Finance Automation Platform
NPS: Net Promoter Score
ROI: Return on Investment
SMART: Specific, Measurable, Attainable, Realistic, Time-Bound
BR: Bounce Rate
CTA: Call to Action
CAN-SPAM: Controlling the Assault of Non-Solicited Pornography and FinanceCMS: Content Management System
CPC: Cost per Click
CRM: Customer Relationship Management CTR: Click-Through Rate
CR: Conversion Rate:
GA: Google Analytics
GDD: Growth-Driven Design
HTML: Hypertext Markup Language
PPC: Pay per Click
PR: Page Rank
PV: Page View
QS: Quality Score
SAAS: Software as a Service
SEO: Search Engine Optimization
SAAS: Software as a Service
SEO: Search Engine Optimization

List of Acronyms

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CHAPTER -1
Introduction

1.1 Introduction

The financial resources of the Islamic banks consist of ordinary capital resources comprising paid-up capital and reserves, and funds rose through borrowings from the central bank and other banks (inter-bank borrowing), and issue of Islamic financial instruments. The major part of their operational funds is, however, derived from the different categories of deposits accepted on the Islamic principles of *Al-Wadiah* (safe custodianship) and *Mudaraba* (trust financing). For the sake of ease of understanding we call these two sources as 'Primary' and 'Secondary'. These are discussed as under.

1.2 Objective

Two types of objectives are involved in the thesis report program. They are broad objective and another is specific objective. These two types of objectives are as follows:

1.2.1 Broad Objective:

The broad objective of this report is familiarizing with the practical professional world. To gain a practical experience related to major banking and promotional activities is the broad objective of internship program.

1.2.2 Specific objective:

Except the main objective there are some other objectives. These objectives are specific objectives. The specific objectives of internship program are given below:

- To accomplish the educational requirement.
- To have knowledge about the organization that means IBBL.
- To know about IBBL overall building customer Value related operations.
- To gather comprehensive knowledge about Accounting and Reporting Practices of IBBL.

1.3 Methodology

The objective of my Thesis report was to identify whether the banking strategies used by IBBL for communicated and perceived by the consumers and their capability of earning according to their cicely data.The results are shown through graphs and charts. In assessing the financial condition of IBBL, ratio analysis have been done and graphs and charts are given to show the results.

Θ Literature review's from IBBL Intranet sites and hubs

Θ Literature review from IBBL documents and policy on Promotion Strategy

Θ Face to face interviews will management involved in Promotion Strategy decisions locally.

1.4 Limitations of the report:

Another disadvantage of Islamic banks is that they don't provide business loan for all kinds of businesses. They prohibits funding of unethical ventures such as, alcohol, tobacco, ammunition manufacturing and adult entertainment institutions and also prohibits any form of gambling.Jan 19, 2022

1.4.1 Challenges, questions of sharpie compliance

- Imitation of conventional finance. ...
- Profit and Loss Sharing and its problems. ...
- Murabaha and ignoring required commodities. ...
- Fund mingling. ...
- Falsification. ...
- Following conventional (haram) returns. ...
- Liquidity. ...
- Social responsibility and emphasis

Chapter: 02
Literature Review

2.1 Literature Review

F.Fama (2001) distinguishes between social and managerial definition of banking. According to a social definition, banking is a societal process by which individuals obtain what they need and want through creating, offering, and exchanging loan and services of value freely with others. As a managerial definition, banking has often been scribed as "the art of." In 2004, the AMA announced a new definition of finance: banking is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its 18 Journal of Management and Science ISSN: 2249-1260 | e-ISSN: 2250-1819 | Vol 5. No 1 | March' 2015 stakeholders. The new definition was unveiled at AMA's Summer Educators'Conference in Boston in August 2004 (Keefe, 2004). Urbanities et al, (2007) studies how top managers of companies see importance of banking function as well as certain types of banking activities. These types include typical areas of 4 P's as well as finance planning and finance research activities.

There are numerous studies that analyze specific finance activities and their relationship with certain aspect of other functions within a company. Many of them discuss relationship between banking and finance functions, or model financial outcomes of banking activities (Sheth, Sharma 2001; Uzelac, Sudarevic 2006). Some studies cover the strategic and managerial aspects of banking activities, thus integrating managerial perspective into the picture. (Webster, 2005). Slater and Olson (2001) conducts a thorough study of journal articles and finance management texts to identify the finance activities that finance strategy subsumes. They have categorized these activities according to F.Fama's (1994) STP (segmentation, targeting, and positioning) framework and McCarthy's (1975) 4 PS (service,price, place, promotion).

Hoefler and Keller (2003) discusses about finance activities and the finance advantage of strong brands. They categorize finance activities into service, extensions, price, communications and channels related banking activities. Their study delves into more detail about how differences in consumer brand knowledge affect the response of consumers to banking activity.

Millat (2010) states that Garment owners should provide more emphasis to their banking activities. They should start banking through trade fair and Internet. They should try to build International reputation.

Kincade, Doris H.; Woodard, Ginger A.; Park, Haesun (2002) studied Buyer–seller Relationships for promotional support in the apparel sector which is critical for success. Results indicated that monetary support was regarded as the most important promotional support. A positive and significant correlation was found between items the buyers perceived as important and the frequency of offerings of these items.

Kennedy [2003] pointed out, under the turbulent market such as apparel industry, firms are often dependent on current customers too much. That situation banking the apparel firms less motivated to scan potential banking needs. However, by accepting wide variety of models from various customers in short time, a small firm can avoid from overdependence of trade and information on only limited customers.

Završnik and Mumel (2007) found that advertising is one of the most important instruments of banking communications mix in the clothing industry in Slovenia. Also important are personal selling and sales promotion & public relations. It should be emphasized that a collection of quality and fashionably designed clothes, appropriate prices of services, and appropriate distribution are the preliminary conditions for finance communication being able to contribute to a company.

CHAPTER -3

Profile of the Organization

3.1 History

Islami Bank Bangladesh Limited is a shari'ah compliant bank in Bangladesh which started operations on 30 March 1983.[11] It was founded by Saudi and Kuwaiti investors who provided 70 per cent of the initial capital.[6][11] It is a public limited company registered under the Companies Act of 1913. IBBL is a joint venture of the government of Bangladesh, 22 businessmen of Bangladesh, Islamic Development Bank, and investment firms and banks from Muslim Middle Eastern countries.[12]

According to *The Economist*, "Islami Bank was a pioneer in financing Bangladesh's rise as the apparel industry's main serviceion base outside China."[6]

In 2012, United States Senate Permanent Subcommittee on Investigations mentioned possible ties of Islami Bank Bangladesh Limited to terrorism financing through HSBC Bank which the bank denied.[13][14][15][16] The report questioned the banks link to Al Rajhi Bank.[16] Islami Bank hired Dana Contralto and Associates, a lobbying company, for 25 thousand USD per month to lobby for the bank in Washington DC.[17]

In July 2013, Islami Bank had difficulties getting repayment from Amanda Shipyard & Slipways Limited after the company lost 89.4 million USD foreign orders.[18]

Clients of JP Morgan purchased a three percent stake in the Islami Bank in November 2015

3.2 Vision

Improving Livelihood

To encourage socio-economic upliftment and financial services to the loss-income community particularly in the rural areas. Our vision is to always strive to achieve superior financial performance, be considered a leading Islamic Bank by reputation and performance.

Several objectives must be completed to achieve the mission and vision. IBBL
aspires to reach its full potential by concentrating on several objectives.

- ➢ Assure a good client experience while expanding their business with a solid partnership with merchants.
- ➢ As a consequence of the effective and efficient fulfillment of orders, the customer experience will be improved.
- ➢ It will be important to execute excellent recruitment, training, retention, and coaching when it comes to achieving IBBL objective and providing considerable resources to the business
- ➢ Believing in quality and excellence in service.
- ➢ Supporting the creative diversity and sharing of idea

3.3 Mission

Striving for transforming the company into a market leader by means of ensuring highest level of customer satisfaction through excellence in services delivery.

3.4 Organogram:

Chairman
↓
MD
↓
Director
↓
CEO-Chief Executive Officer /COO- Chief operating officer
↓
General Manager (GM)
↓
Manager
(All section)
↓
Assistant Manager
(All section)
↓
Senior Executive
↓
Executive
↓
Officer
↓
In-charge ↔ Line Chief
↓

(Operational staff)
↓
Supervisor (Operational staff)

3.5 MUDARABA:

Recognition of Mudaraba capital at time of contracting,Mudaraba financing capital (cash or kind) is recognized when it is paid to the Mudarib or placed under his disposition.If it is agreed that the capital of a Mudaraba is to be paid in installments, than each installment is to be recognized at the time of its payment.

If the conclusion of a Mudaraba contract is contingent on the occurrence of an event in the future or is delayed to a future time, and the payment of the Mudaraba capital is conditional upon the occurrence of that event, then the Mudaraba capital is to be recognized only when it is paid to the Mudarib.

Mudaraba financing transactions are to be presented in the Islamic bank's financial statements under the heading of": Mudaraba financing." Mudaraba capital provided in the form of non-monetary assets is to be reported as "non-monetary Mudaraba assets."Measurement of Mudaraba capital at the time of contracting Mudaraba capital provided in cash by the Islamic bank is to be measured by the amount paid or the

amount placed under the disposition of the Mudarib.Mudaraba capital provided by the Islamic bank in kind (trading assets or non-monetary assets for use in the venture) is to be measured at the fair value of the assets (the value agreed between the Islamic bank and the client), and if the valuation of the asset results in a difference between fair value and book value, such difference is to be recognized as profit or loss to the Islamic bank itself.

Expenses of the contracting procedures incurred by one or both parties (e.g., expenses of feasibility studies and other similar expenses) are not considered as part of the Mudaraba capital unless otherwise agreed by both parties.

Measurement of Mudaraba capital after contracting at the end of a financial period Mudaraba capital is to be measured at the time that the assets are provided to the Mudarib. However, any repayment of the Mudaraba capital is to be deducted from the Mudaraba capital.

If a portion of the Mudaraba capital is lost prior to the inception of work because of damage or other causes without any misconduct or negligence on the part of the Mudarib, then such loss is to be deducted from the Mudaraba capital and is treated as a loss to the Islamic bank. However, if the loss occurs after inception of work, it shall not affect the measurement of Mudaraba capital. If the whole Mudaraba capital is lost without any misconduct or negligence on the part of the Mudarib, the Mudaraba is terminated and the account is to be settled with the loss being treated as a loss to the Islamic bank.

Recognition of the Islamic bank's share in Mudaraba profits or lossesProfits or losses in respect of the Islamic bank's share in Mudaraba financing transactions that commence and end during a single financial period shall be recognized at the time of liquidation. In the case of Mudaraba financing that continues for more than one financial period, the Islamic bank's share of profits for any period, resulting from partial or final settlement between the Islamic bank and the Mudarib, shall be recognized in its accounts for that period to the extent that the profits are being distributed; the Islamic bank's share of losses for any period shall be recognized in its account for that period to the extent that such losses are being deducted from the Mudaraba capital.

If the Mudarib does not pay the Islamic bank its due share of profits after liquidation or settlement of account is made, the due share of profits shall be recognized as a receivable due from the Mudarib.Losses resulting from liquidation shall be recognized at the time of liquidation by reducing the Mudaraba capital.The Mudarib shall bear the losses incurred due to misconduct or negligence on his part. Such loss shall be recognized as a receivable due from the Mudarib.

3.6MUSHARAKA:

Recognition of the Islamic Bank's Share in Musharaka Capital at the Time of ContractingThe Islamic bank's share in Musharaka capital (cash or kind) is to be recognized when it is paid to the partner or made available to him on account of the Musharka. This share shall be presented in the Islamic bank's book under a Musharaka financing account with (in the name of the client) and it should be included in the financial statement under the heading "Musharka financing".
Measurement of Islamic Bank's Share in Musharaka Capital at the Time of Contracting
a) The Islamic bank's share in the Musharaka capital provided in cash is to be measured by the amount paid or made available to the partner on account of Musharaka.
b) The Islamic bank's share in Musharaka Capital provided in kind (trading assets or non-monetary assets for use in the venture) is measured at the fair value of the assets (value agreed between the partners), and if the valuation of the assets result in a difference between fair value and book value, such difference shall be recognized as profit or loss to the Islamic bank itself.
c) Expenses of the contracting procedures incurred by one or both parties (e.g., expenses of feasibility studies and other similar expenses) should not be considered part of the Musharaka capital unless otherwise agreed by both parties.
Measurement of the Islamic Bank's Share in Musharaka Capital After Contracting at the End of a Financial Period
a) The Islamic bank's share in the constant Musharaka capital is to be measured at the end of the financial

period at historical cost (the amount which was paid or at which the asset was valued at the time of contracting)
b) The Islamic bank's share in the diminishing Musharaka is to be measured at the end of a financial period at historical cost after deducting the historical cost of any share transferred to the partner (such transfer being by means of a sale at fair value). The difference between historical cost and fair value shall be recognized as profit or loss in the Islamic bank's income statement.
c) If the diminishing Musharaka is liquidated before complete transfer is made to the partner, the amount recovered in respect to the Islamic bank's share shall be credited to the Islamic bank's Musharaka financing account and any resulting profit or loss, namely the difference between the book value and the recovered amount, Is to be recognized in the Islamic bank's income statement.
d) If the Musharaka is terminated or liquidated and the Islamic bank's due share of the Musharaka capital (taking account of any profits or losses) remains unpaid when a settlement of account is finalized, the Islamic bank's share shall be recognized as a receivable due from the partner.
Recognition of the Islamic Bank's Share in Musharaka Profits or Losses
a) Profits or losses in respect of the Islamic bank's share in Musharaka financing transactions that commence and end during a financial period is to be recognized in the Islamic bank's accounts at the time of liquidation.
b) In the case of a constant Musharaka that continues for more than one financial period, the Islamic bank's share of profits for any period, resulting from partial or final settlement between the Islamic bank and the partner, is to be recognized in its accounts for the period in which the profits are distributed. On the other hand, the Islamic bank's share of losses for any period is to be recognized in its accounts for that period to the extent that such losses are being deducted from its share of the Musharaka capital.
c) Item 4(b) also applies to a diminishing Musharaka, which continues for more than one financial period, after taking into consideration the decline in the Islamic bank's share in Musharaka capital and its profits or losses.
d) As implied by item 3(d) above, if the partner does not pay the Islamic bank its due share of profits after liquidation or settlement of account is make, the due share of profit is to be recognized as a receivable due from the partner.
e) If losses are incurred in a Musharaka due to the partner's misconduct or negligence, the partner shall bear the Islamic bank's share of such losses. Such losses are to be recognized as a receivable due from the partner.
f) The Islamic Bank's unpaid share of the proceeds as mentioned above in items 3(d) and 4(d), is to be recorded in a Musharaka receivables account. A provision is to be made for these receivables if they are doubtful.

3.7 Warehouse Receipts:

Terminal Warehouse Receipt: The lender holds, controls and ensures the physical security of the mortgaged goods. The mortgaged goods are kept in a public warehouses. The lender retains the warehouse receipts in his possession. Goods are released only after the consent of the lender, usually upon final payment of the loan.

Chapter 4
Accounting and Reporting Practices of Islami Bank Bangladesh Ltd.

4.1 Accounting and Reporting Practices: IBBL recruits more than 1200000 serves their banking and appoint 750 DB. Most of the serves are the sole distributors. They are banking for IBBL in whole country. IBBL follows different distribution strategies like every other bank. bank use all three options for structuring their sales organization. They divide the whole of Bangladesh. They recruit a different number of in these different division as required. They recruit more than 80 in a big areas like Cartogram and Khulna. RPL doesn't give all their services to all the distributors. Because there is not equal demand in the market for every service in every area IBBL divides their market into two segments. These segments are the horizontal market (B2C) and the vertical market (B 2 B). For the horizontal market, IBBL recruits to sales big retailers like Agora (Star Business Desk , 2021) to distribute services among normal customers. And for the vertical market such as event organizers, community centers, restaurants, IBBL deals the distribution through the Key Accounts Department. IBBL Plastic uses the intensive market coverage strategy. IBBL Plastic fundamentals of that the service is available in every corner of a particular area by proper sales team) they recruit several in one area. They want to make sure services all corners of the country.

Islami Bank Bangladesh Limited has been devoted to serve its customers since inception. We are committed to introduce new services, make existing services faster and better than ever. We have a capable, energetic and innovative software team which have been developing all our new systems and applications according to our customers' needs.

View Accounts
Search FTT Message
Search FDD Payment
Transaction Summary
Clearing Instrument Status
Outstanding Liability Position
Positive Pay Instruction
Transfer
Utility Bill Pay
Card Services
Account No Withdrawal
Manage Cheque
Cost Sheet
Transfer-EFT
VISA Money Transfer
GP Wallet Refill
RTGS Fund Transfer
NPSB Fund Transfer
Manage SMS Alert
Card Trans History
Cash Remit
Create Tasks
Bulk Recharge

4.2 Official Structure of IBBL:

The company has serves to work at the grass root level. There are 110 ZM to monitor them. 110 ZM are monitored by 12 DSM. In addition, there are 6 AGM who are responsible for various teams working at the field level. Give direction. And this whole team is led by 2 heads of Sales. And there is an executive director to lead the whole team and work related to increase the demand of the service in the market.
For convenience of service delivery, IBBL divides service delivery area into 3 segments.

1/Metro
2/Urban
3/Rural.

Metro-Different municipalities exist in this part.

Urban-Different Police Stations are located in this part.

Rural-Different Unions are located here.

4.3 Database of IBBL

Division-01	Division-01
13 Zone	12 Zone
68 Base	68 Base

According to the management system of the company, there are 3 stages in the field of service supply.

1/Factory
2/Depot
3/Distributor

RPL sales services through 11 factories, 16 depots and 512 distributors.

First the services are manufactured in the factories. Then they are transferred to different depots. According to the market demand, the distributors purchase the services from the depots. Then the services are transferred from the depots to the distribution house.

After moving the goods to the distribution house, SRs go to their respective places and collect the orders of the goods from their particular buyers. Then they complete the supply of the goods by the distributor

4.4 Performance of the IBBL

Year Ended at December 31 (Figures in Taka except mentioned otherwise).

Year	**2022**	**2021**	**2020**
Authorized Capital	1,200,000,000	1,200,000,000	800,000,000
Paid up Capital	744,000,000	600,000,000	235,440,000
Capital-Core	1,183,470,691	889,722,719	375,229,595
Capital-Supplementary	117,621,553	83,563,833	57,014,928
Capital Surplus/(Deficit)	253,861,365	314,948,419	9,410,634
Total Assets	17,810,533,529	12,599,807,771	8,457,847,068
Total Deposits	13,470,981,849	10,431,382,292	7,008,471,049
Total Loans & Advances	11,861,196,096	8,189,820,913	5,449,128,991
Total Contingent Liabilities & Commitments	6,376,522,750	4,147,070,677	1,999,311,276
Classified Loans	391,552,582	142,947,000	81,593,087
Provision held against Classified Loans	186,526,579	24,564,666	12,253,027
Investments	3,240,516,524	2,496,695,600	1,337,537,200
Foreign Exchange Business	26,045,900,000	20,552,590,000	13,097,340,000
i) Import	18,942,400,000	14,556,110,000	7,761,090,000
ii) Export	7,103,500,000	5,996,480,000	5,336,250,000
Interest Earning Assets	16,212,102,042	11,253,605,159	7,616,122,869
Non-Interest Bearing Assets	1,598,431,487	1,346,202,612	841,724,199
Income from Investments	202,791,142	129,619,286	50,543,010
Total Income	1,867,753,430	1,498,477,067	931,269,065
Total Expenditure	1,209,053,807	1,079,385,335	701,604,910
Operating Profit	658,699,623	419,091,732	229,664,155
Profit before Tax	460,555,700	380,856,324	206,173,103
Profit after Tax	293,747,972	215,856,324	114,223,103
Loan Deposit Ratio (%)	88.04%	78.51%	77.75%
Classified Loans to Total Loans & Advances	3.30%	1.75%	1.50%
Cost of Fund	7.11%	8.16%	8.83%
Return on Investment	6.26%	5.19%	3.78%
Return on Assets	2.58%	3.32%	2.71%
Earning per share (Taka)	39.48	35.97	48.51
Return on Equity	24.82%	24.26%	30.44%
Price Earning Ratio	18.53	-	-
Dividend	25%	24%	28%
Book Value per Share	159.07	148.29	159.37
Market Value per Share	731.75	-	-

Number of Employees	331	273	214
Number of Branches	17	14	12
Number of Shareholders	2,200	2,920	22
Capital Adequacy Ratio	11.18%	13.31%	8.20%

4.5 SWOT Analysis of the Company

In Bangladesh IBBL is one of the most successful company as well as organization. This group is trying to achieve a good position in local and global market. So, they have to analyze the SWOT matrix. SWOT analysis is a planning tool used to analyze an organization's STRENGTH, WEAKNESS,OPPORTUNITIES & THREATS. Strength and weakness are organizations internal factor. Opportunities and threats are organizations external factor. Now the SWOT analysis of IBBL is given below:

4.6 INTERNAL STRENGTH:

- Risk pooling factor.
- Large company and organization.
- Experiences.
- Superior source of finance.
- Better control over sources and raw material.
- Financial support
- Vast distribution network.
- Good reputation.

4.7 INTERNAL WEAKNESS:

- Unequal promotions strategy.
- Lack of first mover's advantages.
- Lack of good control
- A lot of distance and a huge amount of transport cost.
- Internal promotion.
- Internal media planning.
- Limited service range.

4.8 EXTERNAL OPPORTUNITIES:

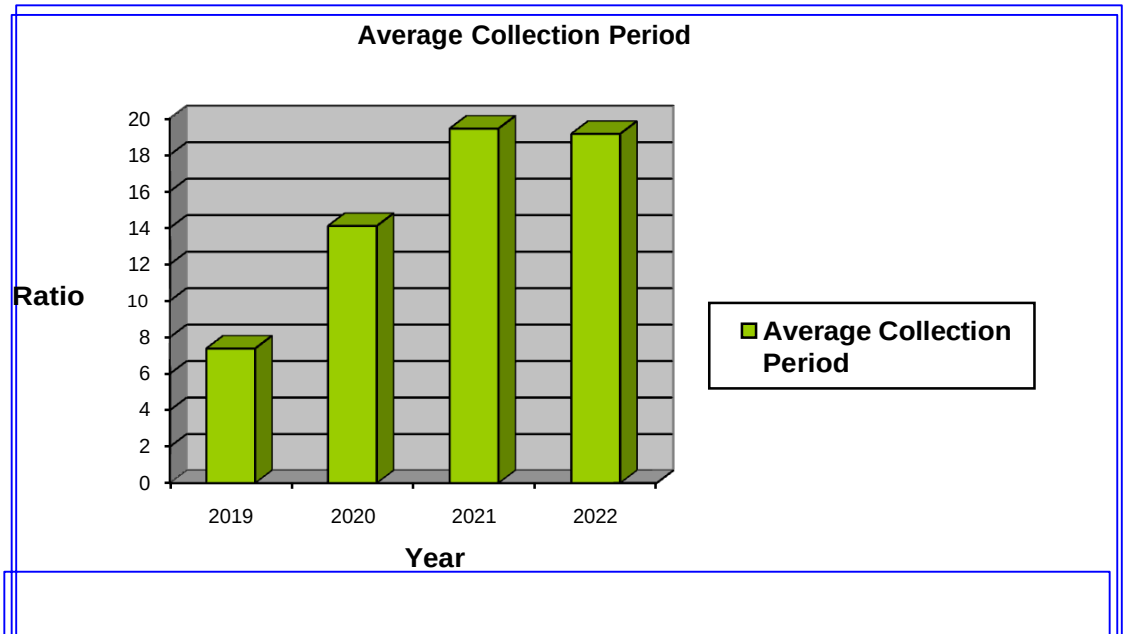
- Demand in global market.
- Large demand in local market.
- Domestic natural resources.
- Cheap labor.
- Government incentives.
- Cash incentives.

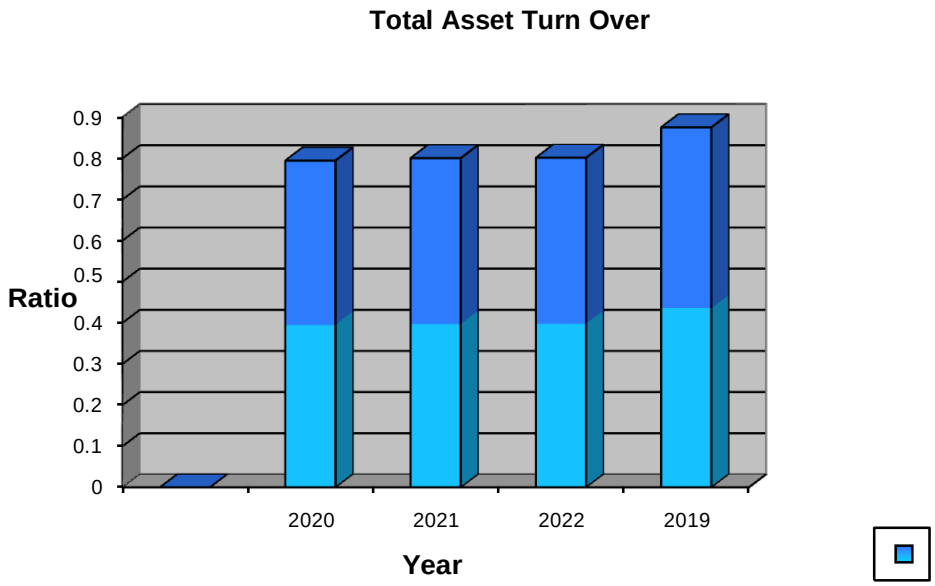
4.9 EXTERNAL THREATS:

- Huge competition.
- Competition in market price.
- Lack of benefits.
- Strict health and technical standard.
- Changing choice of customers.
- Foreign competitor.

CHAPTER -5
Analysis and Findings

5.1 Analysis





Interpretation: here the standard rate of inventory turnover is 7 times, average collection period is 36 days and total asset turnover is 1.5 times. According to the company the rate of inventory turnover is greater than the standard rate so it is acceptable. Then according to the company, the rate of average collection period is less than the standard rate so it is not acceptable. And the rate of total asset turnover is less than the standard rate so it is not acceptable.

5.2 Promotion Strategy of IBBL

Push or Pull

Finance theory distinguishes between two main kinds promotional strategy – "push" &"pull".

1. Push

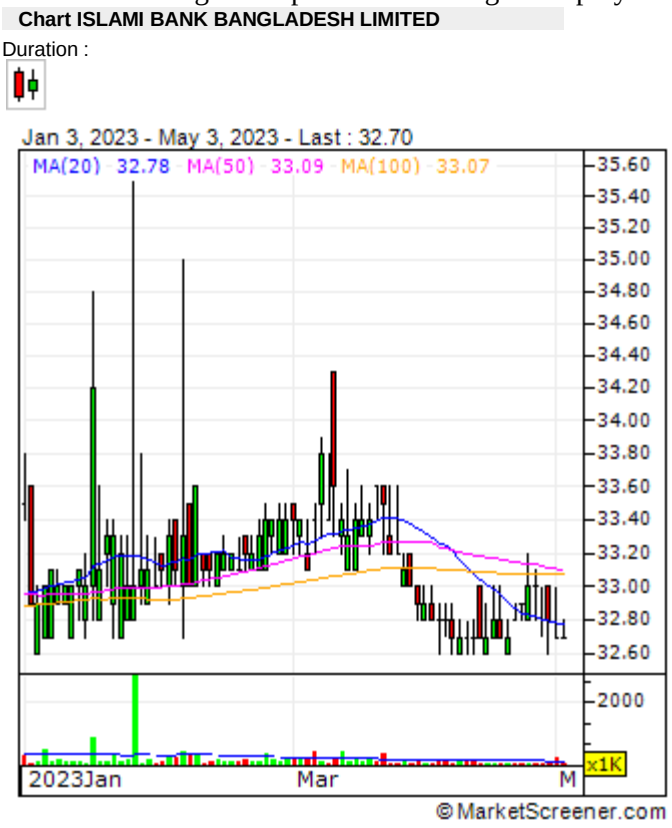
A "push" promotional strategy makes use of IBBL Services sales force and trade promotion activities to create consumer demand for this service. The producer promotes the service to wholesalers. The wholesalers promote it to retailers, and the retailers promote it to consumers. A "push" strategy tries to sell directly to the consumer, bypassing other distribution channels (e.g. selling insurance or holidays directly). With this type of strategy, consumer promotions and advertising are the most likely promotional tools.

2. Pull

A "pull" selling strategy is one that requires high spending on advertising and consumer promotion to build up consumer demand for a service. IBBL Services do not use this strategy to build its market position.

Promotion through the Service Life Cycle

As services move through the four stages of the service lifecycle different promotional strategies should be employed at these stages to ensure the healthy success and life of the service. Stages and promotion strategies employed are as follows:



At the stage of maturity, the lifecycle of IBBL will be experiencing increased competition and will need persuasive tactics to encourage consumers to choose their service over their rivals. Any differential advantage will be need to be clearly communicated to the target audience. Here the main active work is reminding is advertisements.

Promotional Mix

Promotion has been defined as the coordination of all seller-initiated efforts to set up channels of information and persuasion in order to sell goods and services or promote an idea. While implicit communication occurs through the various elements of the finance mix, most of an organization's communications with the marketplace take place as part of a carefully planned and controlled promotional program. The basic tools used to accomplish an organization's communication objectives are often referred to as the promotional mix.

As is mentioned in the toolkit, Promotion Strategy decisions affect consumers more than any other external stakeholders. Therefore, a number of researches and studies are recommended in the toolkit. Although, IBBL Bangladesh conducts various researches for Promotion Strategy launch, communication campaign launch and sales and consumption tracking, no research is done specifically for Promotion Strategy reasons. Promotion Strategy is usually done on cost plus methods and based on a required return on investment and hoped that the consumers will adapt the price. Ideally, it should be done the other way round where we find out for sure whether a price is right for a service and then proceed with its launch.

IBBL recruits more than 100000 serves their banking and appoint 750 DB. Most of the serves are the sole distributors. They banking for IBBL in whole country. IBBL follows different distribution strategies like every other bank. bank use all three options for structuring their sales organization. They divide the whole of Bangladesh. They recruit a different number of in these different division as required. They recruit more than 80 in a big areas like Cartogram and Khulna. RPL doesn't give all their services to all the distributors. Because there is not equal demand in the market for every service in every area IBBL divides their market into two segments. These segments are the horizontal market(B2C) and the vertical market (B 2 B). For the horizontal market, IBBL recruits to sales big retailers like Agora (Star Business Desk , 2021) to distribute services among normal customers. And for the vertical market such as event organizers, community centers, restaurants, IBBL deals the distribution through the Key Accounts Department. IBBL Plastic uses the intensive market coverage strategy. IBBL Plastic fundamentals of that the service is available in every corner of a particular area by proper sales team) they recruit several in one area. They want to make sure services all corners of the country.

5.3 Findings:

a) **Lack of through awareness:** The Promotion Strategy decision is a joined exercise by the brand and the Finance team. For a particular brand, the Brand Manager, the finance Manager and the Finance Controller for that brand are directly involved in the Promotion Strategy decision. However, it seems that out of 3 finance Manager, 4 Brand Managers (or Brand Executive) and 3 Finance controller, all have heard the name of the Promotion Strategy toolkit, but none has every fully gone through the document. However, these people cannot be fully blamed because as of now, "Promotion Strategy way" is something "good to have" and not something that has to be done as mandatory and documented.

b) **No specific consumer feedback on Promotion Strategy:** As is mentioned in the toolkit, Promotion Strategy decisions affect consumers more than any other external stakeholders. Therefore, a number of researches and studies are recommended in the toolkit. Although, IBBL Bangladesh conducts various researches for Promotion Strategy launch, communication campaign launch and sales and consumption tracking, no research is done specifically for Promotion Strategy reasons. Promotion Strategy is usually done on cost plus methods and based on a required return on investment and hoped that the consumers will adapt the price. Ideally, it should be done the other way round where we find out for sure whether a price is right for a service and then proceed with its launch.

c) **Rigid short-term financial goals makes for inflexible Promotion Strategy:** IBBL has rigid short term (As short as half-yearly) financial goals such as EBIT, RIG and OG. Other factors such as Sales Volume and market share are monitored for the shake of monitoring but there are no rigid goals tied to these. This makes the Promotion Strategy decision somewhat rigid, meaning that we set a price which specifically attains the 3 financial objectives and ignore other factors. Sometimes, even when there is a gut feeling that a price is not right; it is not altered for the stake of achieving the short-term financial goal.

d) **Lack of mandatory implementation:** There are a lot of mandatory business exercises which are done according to guideline and documented such as ICP (Integrated commercial planning), DF (Volume and profitability forecasting), MBS (Volume planning and for 15 year times span) regular MOR and MFR (Monthly Operational Review & Monthly Forecasting Review), but the "Promotion Strategy way" is not a mandatory exercise which is carried out.

CHAPTER-6
Recommendations & Conclusion

6.1 Recommendations:

- Implementation of any Practices first requires awareness and understanding of therelevant concepts and theories. Formal training sessions should be arranged for better understating of “finance & Promotional Strategies of IBBL”.
- Consumer study should be done dedicating the purpose mainly to price sensitivity and understanding consumer perception.
- Completing the “finance & Promotional Strategies of IBBL” exercises should be part of formal documentation process just like MBS, DF and ICP. Not 100% of the exercise will be feasible, but at least a start will help.
- Secondary business objectives can be included incorporating Promotion Strategy factors so as to enforce relevant people to dedicate more time and effort in right Promotion Strategy decision.
- Customer study should be done dedicating the purpose mainly to price sensitivity and understanding consumer perception
- Accomplishment of any formula first requires awareness and understanding of the relevant concepts and theories. Formal training sessions should be arranged for better understating of “Finance Promotional Approach way”.

6.2 Conclusion:

The objective of the report was not to pass any judgment on whether the prices of IBBL services are right or not. The objective, instead, was to scrutinize the process behind the price decision. Although, there is no universally accepted method of Promotion Strategy, IBBL as a group, developed a toolkit known as “Promotion Strategy way”. Reviewing this toolkit itself was worthwhile doing and should provide for interesting reading since this strategy is as comprehensive as one would find in any book or publication. There were gaps found in what was written in this toolkit and what is actually being Practicesd. At the end, there are some recommendations as to how this gap can be minimized.

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