Thesis Report

On

An Analysis of Foreign Exchange Operations of Al-Arafah Islami Bank PLC

Submitted To:

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Date of Submission: 07-01-2025

Thesis Report
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LETTER OF TRANSMITTAL

Date: 07-01-2025

Md. Shahbub Alam
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Subject: Submission of the Thesis Report.

Dear Sir,

With due respect, I would like to inform you that, it is a great pleasure for me to submit the Thesis Report on "**Analysis of Foreign Exchange Operations of Al-Arafah Islami Bank PLC**", as a requirement for completing my Masters of Business Administration. To prepare this report, I have gathered what I believe to be the most complete information available on "Analysis of Foreign Exchange Operations of Al-Arafah Islami Bank PLC" (AIB PLC). The experience I have gathered during this period will remain as an invaluable asset of immense useful in my life. I have worked hard preparing this report and I hope that it will fulfill my degree requirement. I will be always available for answering any query on this report.

So, I fervent requesting and hope that you would be kind enough to accept my report and oblige thereby.

Sincerely Yours,

……

Jahidur Rahman Miron
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CERTIFICATE OF SUPERVISOR

This is to certify that, Jahidur Rahman Miron, ID: MBA2401031041, Program: MBA, Major: Finance, Department of Business Administration, Faculty of Business studies, Sonargaon University (SU). He has completed Thesis Report program on **An Analysis of Foreign Exchange Operations**, of Al-Arafah Islami Bank PLC, under my supervision which is the fulfillment of partial requirement for obtaining MBA degree.

I wish his success in all his future endeavors

……

Md. ShahbubAlam
Lecturer
Department of Business Administration
Faculty of Business Studies

STUDENT DECLARATION

I hereby declared that the Thesis Report entitled **"Analysis of Foreign Exchange Operations of Al-Arafah Islami Bank PLC"** is an original and benefited work done by me submitted in partial fulfillment of the requirement for the degree of Department of Masters of Business Administration, Sonargaon University (SU), Dhaka.

I confirm that this report is uniquely prepared by me and will not be submitted elsewhere for any other purpose.

…….

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ACKNOWLEDGEMENT

First of all, I am expressing my gratitude to the almighty Allah, the most Merciful and the Benevolent, for his special kindness to give me the opportunity to complete the Thesis Report successfully and prepare Thesis Report timely.

I would like to express my gratitude to the authority of Sonargaon University and to our honorable **Vice Chancellor Prof. Shamim Ara Hassan** for providing me such an opportunity. I also give my sincere gratitude to my academic supervisor, **Md. Shahbub Alam, Lecturer & Asst. Coordinator, Department of Business Administration, Sonargaon University** for his continuous guidance, individual suggestions, continuous encouragement and unfailing enthusiasm throughout the process of completion of this report.

I would like to extend my deepest appreciation to all my faculty members of Department of Business Administration, Sonargaon University (SU), Dhaka for their individual contribution and cooperation in advancing this report and here by completing my MBA program successfully, I would also like to express my special thanks to the staffs of the College for their excellent administrative supports.

I am also thankful to the Head of Foreign Exchange Division of Al-Arafah Islami Bank PLC, for giving me the opportunity to do the Thesis Report in Al-Arafah Islami Bank PLC, for their sincere advice, encouragement and support in my Thesis Report program as my organization's supervisor, I also thankful my beloved colleague at AIB PLC, who gave me a sense of belongings which help me to get acquainted with the culture of the Bank and encourage me to complete my Thesis Report successfully.

Finally, I am very grateful to my entire family members especially to my Father and Mother for their respective support and inspiration to accomplish my study.

EXECUTIVE SUMMARY

A Thesis Report is a work-related learning experience for individuals who wish to develop hands on work experience in a certain occupational field. Most of the Project Reports are temporary assignments that last approximately few months up to a year.

In the first chapter of my report it reflects the core of the report. As some objectives of this report is to gain knowledge about different functions & procedure of Foreign Exchange operations of Al-Arafah Islami Bank PLC. and so on. Primary source of data is collected from practical desk work, personal observation and discussion with the officials of AIB PLC. The secondary data is collected from the annual report, website of AIB PLC and several web pages.

In the second chapter it gives an overall overview of Al-Arafah Islami Bank PLC. It covers the Historical Background, vision, mission, objectives, strategy, of AIB PLC, management structure and future plan of AIB PLC.

In the third chapter I have discussed the overall Foreign Exchange operations of Al-Arafah Islami Bank PLC. It explains three main functions of Foreign Exchange department in a detailed way. It contains import, import procedure, margin and other charge, mechanism, source of finance, opening of import L/C, documents for L/C, LTR, LIM, import payment, export, export procedure, export policy, mode of payment of export payments, export L/C, foreign remittance, inward remittance, outward remittance etc.

In the Fourth chapter I have discussed the findings and recommendations where I have found that AIB PLC has provides all kind of valid Foreign Exchange services to its clients. I have also found that lack of promotional initiatives to expand the Foreign Exchange business, insufficient training program for the employees on Foreign Exchange activities. So, I recommend that AIB PLC should provide some attractive incentive packages for the exporter and importer to increase the Foreign Exchange business. At last we can say that, foreign trade is becoming more and more important in today's competitive business world. It is all important in the context of Bangladesh. Al-Arafah Islami Bank has already shown impressive performance in import, export and remittance business. I hope that AIB PLC will continue its journey with success and achievements in coming years.

ELABORATIONS OF ABBREVIATED WORDS

- AD : Authorized Dealer.
- BB : Bangladesh Bank.
- L/C : Letter of Credit.
- BB L/C : Back to Back Letter of Credit.
- CCIE : Chief Controller of Import and Export.
- DD : Demand Draft.
- IRC : Import Registration Certificate.
- ERC : Export Registration certificate.
- PRC : Proceeds Realization Certificate.
- FDBP : Foreign Documentary Bill Purchase.
- FDBC : Foreign Documentary Bills for Collection.
- T.C : Travelers Cheque.
- F.D.D : Foreign Demand Draft.
- T.T : Telegraphic Transfer.
- M.T : Mail Transfer.
- I.M.O : International Money Order.
- P.O : Payment Order.
- GDP : Gross Domestic Product.
- HR : Human Resource.

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Chapter One

Introduction

Introduction:

Banking sector is a very curtail part of a country. It plays a very much important role in the economy and always tries to make a sign on the economy. Banking industry is one of the most promising industries of our country. Generally by the word "Bank" we can easily understand that the financial institution deals with money. There are different types of 1banks such as commercial bank, Agriculture, industrial bank, savings bank, and exchange bank. But when we use the term "Bank" without any prefix or qualifications, it refers to the "Al-Arafah Bank PLC". Al-Arafah Bank PLC are the primary contributor to the economy of a country. It helps to flow funds from surplus unit to deficit unit and through this it facilitated the efficient allocation of the resources as well as accelerated economic growth.

1.1 Origin of the Project paper:

This Thesis paper is a comprehensive study as a requirement for the completion of the MBA program under "Sonargaon University (SU)" The primary goal of Thesis paper is to provide an opportunity for translation of theoretical conception in real life situation. The comprehensive study about the Foreign Exchange Department of Al-Arafah Islami Bank prepared under the supervision of my academic supervisor Md. Shahbub Alam, Lecturer, Department of Business Administration, Sonargaon University (SU). As a requirement for the completion of the program we need to submit this Project paper, which would include an overview of the Foreign Exchange Department of the Banks was attached with and elaboration of the Thesis paper we were supposed to conduct during the study period.

1.2 Objectives of the Project paper:

There are mainly two objectives behind the preparation of this Thesis paper such as primary objectives and secondary objectives. These are discussed as under:

The Primary Objective: The primary objective of preparing this Thesis paper is to fulfill the partial requirements of the MBA program and to represent the **"An Analysis of Foreign Exchange Operations of Al-Arafah Islami Bank PLC"**

Secondary Objectives: The secondary objectives of this Thesis paper are below:

- ✓ To gain or achieve the practical idea of banking system of AIB PLC.
- ✓ To observe the economic condition of AIB PLC.
- ✓ To explain the activities of foreign exchange of AIB PLC.
- ✓ To identify the problems of AIB PLC prevailing in its banking system.
- ✓ To suggest some possible PLC recommendations to overcome the problems.

Specific Objectives:

- ➢ To observe and study the performance of the foreign department of the Bank.
- ➢ To present how this Bank is operating the foreign exchange activities.
- ➢ To study the financing procedure of import of the client.
- ➢ To study the export financing procedure followed by the Bank.
- ➢ To evaluate the remittance handling procedure followed by the Bank.

1.3 Methodology of the Project paper:

This Thesis paper is based on exploratory recharge. Because, to make SWOT analysis, Findings, Ratio analysis, Comparative analysis, I required to investigate on foreign exchange department.

In order to make the Thesis paper more meaningful and presentable two sources of data and information have been used widely.

The primary sources

- ❖ Informal conversation with the client.
- ❖ Practical work exposures from the different desks of the various departments of the Branch covered.
- ❖ Relevant file study as provided by the officer's concerned.

The Secondary Sources

- ❖ Annual Thesis paper of Al-Arafah Islami Bank PLC.
- ❖ Periodicals published by Bangladesh Bank.
- ❖ Manuals of AIB PLC (Bai-muajjal, Bai-murabaha, Bai-salam, Bai-mudarabah)
- ❖ Training Sheets which are provided by AIB PLC.
- ❖ Official website
- ❖ Research paper

- Banking Journals
- Annual Periodicals
- AIB PLC Newsletter
- Various books, articles, compilations etc. Regarding general banking functions.

Data processing & Analysis:

Collected information have been processed & complied with the aid MS Word, Excel& other related computer software. Necessary tables have been prepared on the basis of collected data and various statistical techniques have been applied to analyses on the basis of classified information. Detail explanation and analysis have also been incorporated in the Project paper.

1.4 Scope and Limitations of the study

Scope of the study:

The scope of the organizational part covers the organizational structure, background, and objectives, functional, departmental and Business performance of AIB PLC as a whole and the main part covers foreign exchange department of AIB PLC.

Limitations:

In preparing this Thesis paper I faced some limitations. During this Thesis paper I worked at the foreign exchange department of AIB PLC, Gazipur Branch. AIB PLC is one of the large Islami bank, but short time study is too short in an organization like AIB PLC and this was the main limitation of my Thesis paper program. After working whole day in the office it was very much difficult, if not impossible PLC to study again the theoretical aspects of banking. On the other hand to prepare my Thesis paper Thesis paper I have faced some limitations as follows.

- To collect data and information, it is a common tendency of any departments to keep back their departmental data and information.
- Unavailability to require published documents.
- Lack of my experience and efficiency to prepare the standard Project paper.
- The officials of the organization remain extremely busy throughout the day. So in spite of their keen interest they did not have enough time to supervise and guide me.
- In many cases, up to date information is not published or was not given.
- Getting Relevant papers and document were strictly prohibited

Chapter Two

Literature Review

2.1 Literature Review

Goodfriend, M., & Broaddus, J. A. (1996) in their paper titled “Foreign exchange operations and the Federal Reserve” Stated that Credibility for low inflation is the cornerstone of an effective monetary policy. And public support for Fed independence is the foundation of that credibility. Fed intervention in foreign exchange markets creates doubt about whether monetary policy will pursue low inflation or exchange rate objectives. Moreover, foreign exchange operations financed by the Fed undermine the Fed's independence, especially when they involve direct loans to foreign governments. For these reasons the authors recommend that the Fed be separated completely from foreign exchange operations with the Treasury.

Hossain, R. (2022) in their paper titled “Foreign Exchange Activities” in Al-Arafah Islami Bank PLC Stated that Al-Arafah Islami Bank PLC is one of the famous and islamic sharia based bank in the Bangladesh. It play vital role for the economic development. Al-Arafah Islami Bank PLC was established on June 18, 1995 with BDT 15,000.00 Million authorized capital. The first corporate branch of this bank on Motijheel, Dhaka. The bank started its operational activities September 27, 1995. Among all the branch there are only 4 branch who are the authorized dealer, and they are working on behalf of Bangladesh bank in the foreign exchange department. In the Banani Branch AIB PLC is one of the AD branch and very much specialized for Foreign Exchange department. It also helps many Bangladeshi organizations to boost up their foreign trade. This report states about the works I have done during my internship e.g. Reporting Back to Back L/C, Submitted Letter of Credit Authorization Form, and Recording Export/Import Registers Book and posting L/C details, Bill of Entry and IMP details to the Bangladesh Bank server. Those all are key activities of Foreign Exchange department. In the third chapter I have tried to find out some constraints and challenges. In the fifth chapter, I have done a synopsis of the report. After all the observation it can be said that Foreign exchange department is a very important department for foreign trade and also the economic development for our country. The Foreign exchange department can generate more revenue from foreign countries.

Islam, M. Z. U. (2018) in their paper titled “Management of Foreign Exchange of Al-Arafah Islami Bank PLC” Stated that With the developing competitors among nationalized, Foreign and commercial banks is attempting in the matter of how the banks function its dealing with a record movement and how customer organization can be made engaging. Business or private banks are trying to survey their standard dealing with a record organization to an unrivaled

standard, to meet the testing needs. So they center around better execution and nearness. Under the above conditions, it has ended up being fundamental for Al-Arafah Islami Bank PLC, one of the principle business banks, to think towards the change, who are truly executing the methodologies grasped by the best organization will have a chance to pass on their slants and will have the feedback about their dealings from the customer.

Ullah, N., Rashid, M. M., & Hossain, M. J. (2024) in their paper titled “Foreign Exchange Operation of Bank” Stated that Export, import and remittance are important factors growing economic growth. The objective of the study is to analyses foreign exchange operation of bank. Secondary method is used for the analysis. Export, import and remittance are used to represent foreign exchange operation. The finding shows that bank plays significant role in managing foreign exchange operation. The study concludes a number of policy recommendations for the policy maker. Export, import and remittance are important tools for the economic growth. Therefore, they should focus on those factors

Chapter Three

Company overview

3.1 Status of AIB PLC:

Al-Arafah Islami Bank PLC was established in 1995 under the companies Act, 1994 as a banking Company with PLC Liability by shares. It is an interest frees Shariah based bank of Bangladesh rendering all types of commercial banking service under the regulation of Bank Companies Act, 1991. The Bank conducts its business on the principles of Musaraka, Bai-Murabaha, Bai-muazzal and For Purchase transactions approved by Bangladesh Bank. Naturally its modes and operations are substantially different from those of other conventional commercial banks. There is a Shariah Council in the bank who maintains constant vigilance to ensure that the activities of the bank are being conducted on the perspective of Islam. The Shariah Council consists of prominent Ulema, reputed Bankers, renowned Lawyers and eminent Economist.

3.2 Historical Background of AIB PLC:

Still in the year 1900 banking activities were in the basis of capitalistic interest based banking. Somebody felt that it became imbalanced & made a large gap between rich & poor. Which affects thought that interest is strongly prohibited by Islam even all religion also prohibited the same. Leader of the Muslim community named Mohammad (sm) started interest free business which was also at the very beginning of Islam. Business in Islam is implemented through buying and selling / and under shirkat.

As a result Muslim scholar tried together to build a new arrangement as an alternative banking. In 1930 some Islami scholars wrote some books about Islamic banking system. In 1940 the demands for establishing Islamic banking become more stronger in the several Muslim countries.

In 1962 at Malaysia a corporation was established named Pilgrimmed Savings Corporation for helping pilgrims which was recognized as a bank. But the first Islami Bank was established at Mitgamar in Egypt. Dr. Ahmed Al Nazzar established the same named savings bank.

In 1969 the first government Islamic bank was established at Malaysia which was operational successfully.

In 1970 former King Faisal approached to the Muslim countries to form the banking sector with a view to Islamic Shariah. Upon this idea in 1973, 18th December a decision was accepted for establishing a Islamic Development Bank (IDB) involving in Muslim countries. In 1974 resolution was signed in the conference of financial ministers of Islamic countries and on 20th October 1975 the bank (IDB) was established at Jeddah, KSA.

The perception of Islamic banking has been bloomed from the inspiration of building up a society on justice in accordance with basic socio-economic principles of Islam. The difference between Islamic bank and conventional bank is on principles. The functions of this type of bank are completely different. This bank is established on Islamic Shariah and all types of transactions are free from interest. Justified profit is the basis of financial transaction of this bank. This bank is committed to establish socio-economic justice. Al-Arafah Islami Bank PLC. is the 2nd interest free commercial bank in Bangladesh. The bank has opened 137 branches covering important commercial areas. Al-Arafah Islami Bank Bangladesh is a financial institution whose status, rules and procedures expressly state its commitment to the principle of Islamic Shariah. Consequently Islamic banks operate on Islamic principles of profit and loss sharing, strictly avoiding interest, which is the root of all exploitation and is responsible PLC for large scale inflation and unemployment. In this Project paper, I undertake microscopic analysis mainly on **"An Analysis of Foreign Exchange Operations of Al-Arafah Islami Bank PLC"**

3.3 Corporate Information:

Date of Registration	: 18 June, 1995
1st Branch	: Motijheel Branch, Dhaka
Opening Ceremony	: 27 September, 1995
Authorized Capital	: 15,000.00 Million
Paid-up Capital	: 10,968.49 Million
Local Partnership of Capital	: 100%
Equity	: 26,497.62 Million
Number of Branches	: 215
Deposit	: 419,395.25 Million
Investment	: 447,121.45 Million
Number of Employees	: 5,768
Number of Shareholders	: 16,293

3.4 Objectives of AIB PLC:

- All activities are conducted on interest free system according to Islamic Shariah Principles.
- Investment is made through different modes as per Islamic Shariah.
- Investment income of the Bank is shared with the Mudaraba depositors according to Islamic Shariah
- An agreed upon ratio ensuring a reasonably fair rate of return on their deposits.
- Aims to introduce a well fare oriented banking system and also to establish equity.
- Justice in the field of all economic operations.
- Extend socio-economic and financial services to individuals of all economic activities.
- Backgrounds with strong commitment in rural uplift play a vital role in human resources development and employment-generation. Particularly among the unemployed youths.
- Portfolio of investment policy has been specially tailored to achieve balanced growth and equitable development through diversified investment operations particularly in the priority sector.

3.5 Vision of AIB PLC:

The vision of Al-Arafah Islami Bank PLC is to be a pioneer in Islami Banking in Bangladesh and contribute significantly to the growth of the national economy**.**

3.6 Mission of AIB PLC:

- To conduct interest free banking.
- To establish participatory banking instead of banking on debtor creditor relationship.
- To invest through different modes permitted under Islamic Shariah.
- To accept deposits on profit-loss sharing basis.
- To establish a welfare-oriented banking system.
- To fast and efficient customer service.
- To maintain high standard of business ethics.
- To involve more in micro and SME financing.
- To attract and retain quality human resource.

3.7 Goal of the Bank:

The motto of the Al-Arafah Islami Bank PLC is to explore a new horizon of innovative modern banking creating an automated and computerized environment providing one stop service and prepare itself to face the new challenges of globalization and 12th century.

One of the main objectives of the bank is to be a provider of high products and services to cater to the needs of its corporate clients and provides a comprehensive range of financial services to national and multinational companies.

The growing technological revaluation in the bank is not so-distant future. We have already introduced Swift, Online Banking.

3.8 Features of AIB PLC:

- All activities of the bank are conducted according to Islamic shariah.
- The banks investment policy follows different modes approved by Islamic shareah based on Quaran & Sunnah.
- The bank is committed towards establishing welfare oriented banking system, economic upliftment of the law- income group of people, create employment opportunities.
- According to the needs and demands of the society and the country as a whole the bank invests money to different halal business.
- The bank participates in different activities aiming at creating jobs, implementing development Thesis paper s taken by the government and developing infrastructure.
- The bank is committed to establish an economic system through social justice and equal distribution of wealth.
- It is also committed to bring about changes in the underdeveloped rural areas for ensuring balanced socio economic development of the country through micro credit program, according to mudaraba system
- The bank is contributing to economic and philanthropic activities side by side. Al-Arafah English Medium Madrasah and AIB PLC Library are among mention worthy.

3.9 International Trade:

At the year of 2023, the bank experienced satisfactory growth in the International trade. At the end of 2023, the total amount of International Trade (export, import and Remittance) was 113797.20 million taka; which has increased at 28.54% to reach 18020.10 million taka in 2022. The total export of the bank was 3639.34 million taka in 2022, which has increased at 25.54 %

Growth rate to reach 4932.90 million taka in 2022, where as the national growth was 15.70% during the same period. Similarly the amount of import has increased from 9337.49 million taka of 2010 to 12631.60 million taka in 2011, experiencing a growth rate of 35.27%. Last year the amount of remittance through the bank was 292.00 million taka, which grows to 455.60 million taka in the current year.

3.10 Correspondent Banking Relationship:

The main aim of Al-Arafah Islami Bank PLC is to increase its foreign exchange business and in this connection we are doing international banking with all major banks of the world. At present we are maintaining correspondent banking relationship with 20 major reputed banks of the world.

3.11 Foreign exchange risk management:

Foreign exchange risk is defined as the potential change in earnings arising due to change in market prices. International Division independently conducts the transactions and passing of their entries in books of accounts. All foreign exchange transactions are revalued at Market-to Market rate as determined by Bangladesh Bank at the month-end. All Nostrum accounts are reconciled on monthly basis and outstanding entry beyond 30 days is reviewed by the Management for its settlement.

3.12 Nature of Business:

All kinds of commercial banking services are provided by the bank to the customers following the provisions of Banking Companies Act, 1991, Bangladesh bank’s directives and the principles of Islamic Shariah.

3.13Management of AIB PLC:

Al-Arafah Islami Bank PLC is being managed by a board of directors comprising foreigners and local. An executive committee is formed by the board of directors for efficient and smooth operation of the Bank. Besides a management committee looks after the affairs of the bank.

3.14 AIB PLC's Contribution in National Economy:

AIB PLC highly contributes and develops National Economy in the following way:

- ✓ Creating employment.
- ✓ Facilitating Business, Industry, Manufacturing, etc. through giving investment.
- ✓ Providing security to depositors.
- ✓ Helps Export Import business by facilitating to opening L/C.
- ✓ Encourage savings.
- ✓ Encourage in savings of religious mentality type people in saving, trade, business, manufacturing etc.
- ✓ Provides services in various financial matters.
- ✓ Collect small funds and combine & use them in large development sector.
- ✓ Associate in business, trade, purchase etc. through facilitating easy transfer of money.

Facilitate poor people to participate & contribute in national economy giving financial help & investment to them.

3.15 Products and services of AIB PLC:

A Bank is essentially an intermediary of short-term investment/funds. It can carry out extensive lending/investment operation only when it can effectively mobilized the savings of the community as well as makes such use of savings by making it available to productive and priority sector of the economy thereby fostering the growth and development of the nations' economy. AIB PLC offers variety of products and services to the customers which are picked up below:

A. General Banking:

Accounts are opened under the following two modes:

1. **Al-Wadeeah(Current Account)**
2. **Al-Mudaraba (Deposit Account)**

Mudaraba Deposit Products:

- ✓ Mudaraba Short Notice Deposit (SND)
- ✓ Mudaraba savings Deposit (MSD)
- ✓ Mudaraba Term Deposit (MTDR)
- ✓ Mudaraba Monthly Profit Based Term Deposit Scheme (MPTD)
- ✓ Mudaraba Monthly Installment Based Term Deposit (ITD)
- ✓ Mudaraba Monthly Hajj Deposit (MHD)
- ✓ Mudaraba Term Hajj deposit (THD)
- ✓ Mudaraba Monthly Installment Based Marriage Investment Scheme(MIS)
- ✓ Mudaraba Al- Arafah Saving Bond (ASB)
- ✓ Mudaraba Foreign currency Deposit (FCD)
- ✓ Mudaraba Pension Deposit Scheme (PDS)
- ✓ Mudaraba Lakhopati Deposit Scheme (LDS)
- ✓ Mudaraba Millionaire Deposit Scheme (MMDS)
- ✓ Mudaraba (Special) Pension Deposit Scheme (MSPDS)
- ✓ Mudaraba Kotipoti Deposit Scheme (MKDS)
- ✓ Mudaraba Double Benefit Deposit (MDBDS)

B. Foreign Exchange:

- ✓ Letter of Credit Issue
- ✓ Letter of Credit Advise
- ✓ Foreign Documentary Bill Purchase (FDBP)
- ✓ Foreign Documentary Bill Collection (FDBC)
- ✓ Bill of Negotiation
- ✓ Foreign Remittance

C. Service of the Bank:

- ✓ ATM Card Service
- ✓ Online Banking
- ✓ Looker Service

D. Products of AIB PLC:

- ✓ Cash management
- ✓ Wire transfer
- ✓ Automated clearinghouse (ACH) transaction
- ✓ Bill Present and payment
- ✓ Balance inquiry
- ✓ Funds transfer
- ✓ Downloading transaction information
- ✓ Loan applications
- ✓ Investment activity

3.16 Division of AIB PLC:

- ✓ Dhaka Division : 64 Branches
- ✓ Chittagong Division: 35 Branches
- ✓ Sylhet Division : 7 Branches
- ✓ Khulan Division :10 Branches
- ✓ Rajshahi Division : 8 Branches
- ✓ Barisal Division : 8 Branches
- ✓ Rangpur Division : 5 Branches

3.17 Deposits:

The total deposit of the bank was TK.419395.25 million at 31st December 2023, of which bank deposit was 166851.17 million taka and general deposit was 166739.47 million taka. At the same time in the last year 2022 the amount of total deposits was 3140.61 million taka. In this area the growth rate is 2.11%.

3.18 Organ gram of AIB PLC:

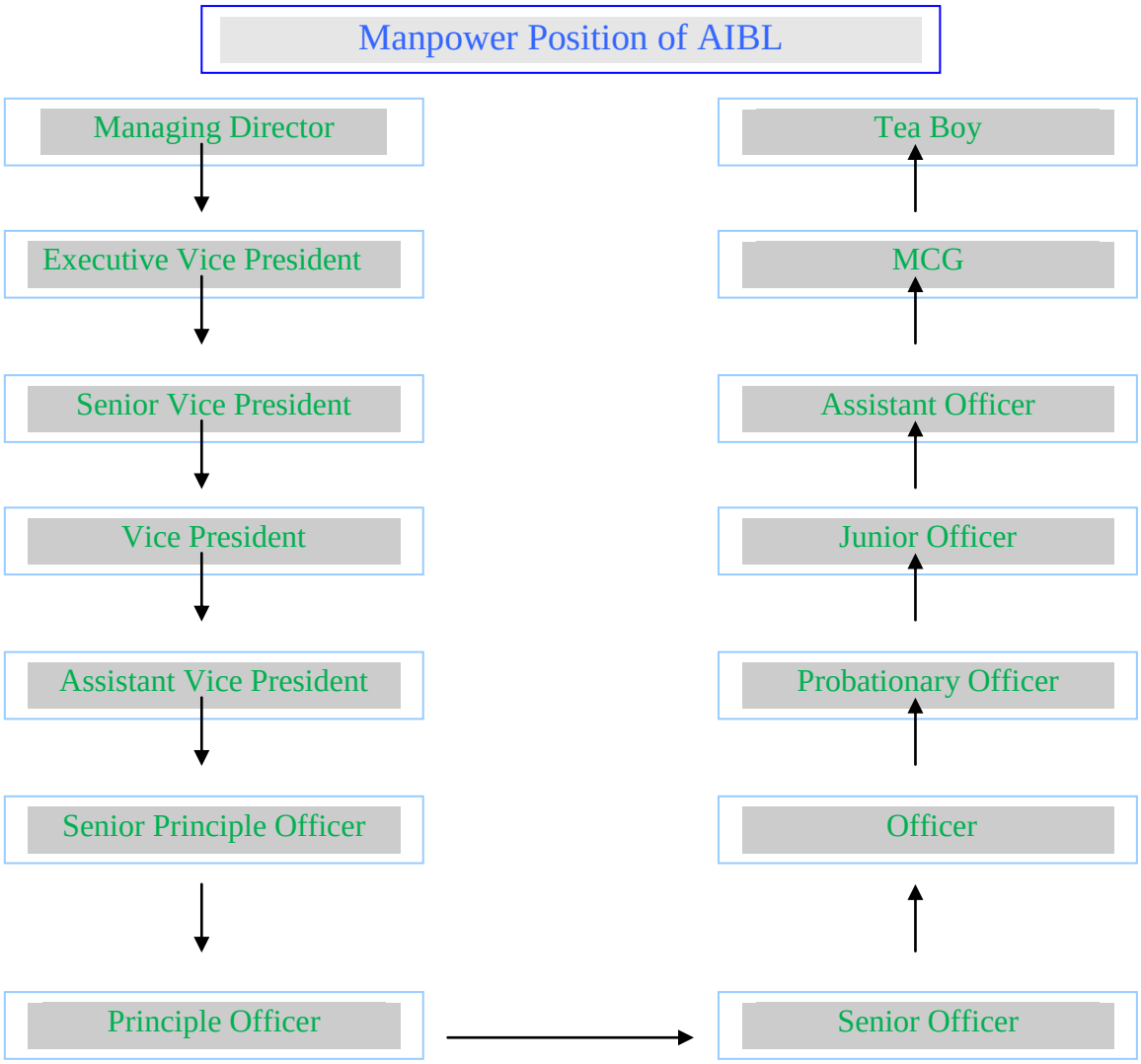


Figure 3.18: Man Power Position of AIB PLC

Source: Service Rule of AIB PLC (08/12/2023)

3.19 Financial Highlights of the company at a Balance:

(In million taka)

Particulars	2019	2020	2021	2022	2023
Income Statement					
Investment Income	28,811.65	26,331.28	23,446.01	25,221.42	31,299.69
Profit paid on Deposit	18,604.42	16,556.64	13,072.79	16,109.65	21,201.23
Net Investment Income	10,207.23	9,774.64	10,373.22	9,111.77	10,098.46
Non Investment Income	4,037.57	3,655.46	4,250.17	7,516.92	7,798.92
Non Investment Expenses	6,384.18	6,742.33	7,129.25	8,135.17	9,662.99
Net Non Investment Income	(2,346.61)	(3,086.87)	(2,879.08)	(618.25)	(1,864.07)
Profit Before Tax & Provision	7,860.62	6,687.77	7,494.14	8,493.52	8,234.39
Provision For Investment	2,867.66	1,887.90	2,655.58	3,229.51	2,752.74
Profit Before Tax	4,992.96	4,799.87	4,838.56	5,264.01	5,481.65
Provision For Tax (including Deferred Tax)	2,565.33	2,228.06	2,712.12	3,157.38	3,125.17
Profit After Tax	2,427.63	2,571.81	2,126.44	2,106.63	2,356.48
Balance Sheet					
Authorized Capital	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Paid up Capital	10,649.02	10,649.02	10,649.02	10,649.02	10,968.49
Reserve Funds & Other Reserves	10,318.64	11,418.96	11,733.35	11,733.99	12,052.66
Shareholder`s Equity (Capital & Reserve)	24,148.24	25,455.85	25,900.33	25,917.49	26,497.62
Deposits	297,241.81	326,023.41	353,287.97	394,045.83	419,395.25
Investment	288,486.02	308,620.66	336,890.72	406,787.79	447,121.45
Investment in Shares & Securities	16,170.52	21,563.67	30,156.14	36,946.92	47,316.26
Fixed Assets	4,351.93	5,833.88	5,470.27	5,144.43	5,010.42
Total Assets (Excluding off-balance sheet items)	381,051.81	418,298.65	462,687.05	534,756.11	573,308.83
Foreign Exchange Business					
Import Business	171,611.70	169,378.90	261,566.10	300,430.90	269,322.70
Export Business	108,967.10	104,939.40	135,786.90	181,070.20	200,352.30
Guarantee Business	8,274.25	10,511.21	13,673.41	17,155.97	18,675.06
Inward Foreign Remittance	37,713.40	43,807.00	52,662.10	88,531.70	113,797.20
Capital Measures					
Core Capital (Tier-l)	22,817.41	23,930.89	29,301.30	29,640.35	30,245.15
Supplementary Capital (Tier-ll)	9,735.77	15,327.20	14,359.58	14,916.76	15,244.75
Tier-l Capital Ratio	10.22	9.59	10.37	9.43	9.34
Tier-ll Capital Ratio	4.36	6.14	5.08	4.75	4.71
Total Capital	32,553.18	39,258.09	43660.88	44,557.11	45,489.90
Total Capital Ratio	14.58	15.74	15.46	14.17	14.05
Investment Quality					
Volume of Non-Performing investment	14,100.41	11,769.58	16,566.84	22,437.37	30,866.19
% of NPIs to Total Investment	4.82	3.80	4.81	5.41	6.76
Provision for Unclassified Investment	2,157.28	2,787.10	3,084.10	3,372.47	3,483.95
Provision for Classified Investment	6,022.02	6,436.96	8,173.23	10,973.86	14,133.02
Provision for Off Balance sheet Exposures	778.50	935.50	1,093.40	1,221.13	1,203.62
Share Information					
Number of Shares Outstanding	1,064,902,185	1,064,902,185	1,064,902,185	1,064,902,185	1,096,849,251

Earning per Share (Taka)	2.28	2.41	1.96	1.95	2.14
Book Value per Share (Taka)	21.13	22.35	22.73	22.75	22.63
Market Price per Share (Taka)	17.20	22.20	26.60 2	3.60	23.70
Price Earning Ratio (Times)	7.56	9.22	13.57	12.10	11.06
Price Equity Ratio (Times)	0.81	0.99	1.17	1.04	1.05
Dividend per Share					
Cash Dividend (%)	13.00	15.00	15.00	12.00	10.00
Bonus Share	-	-	-	3.00	5.00
Operating Performance Ratio					
Net Profit Margin%	3.73	3.45	3.26	2.11	1.95
Investment /Deposit Ratio	88.93	86.92	87.57	90.25	91.34
Return on Equity (ROE)%	10.05	10.10	8.21	8.13	8.89
Return on Assets (ROA)%	0.64	0.61	0.46	0.39	0.41
Cost of fund %	9.02	7.50	6.00	6.46	7.28
Cost /Income ratio in operating business (%)	44.82	50.20	48.75	48.92	53.99

Table 3.19: Financial Highlights of AIB PLC

Source Annual Thesis paper of AIB PLC, 2023

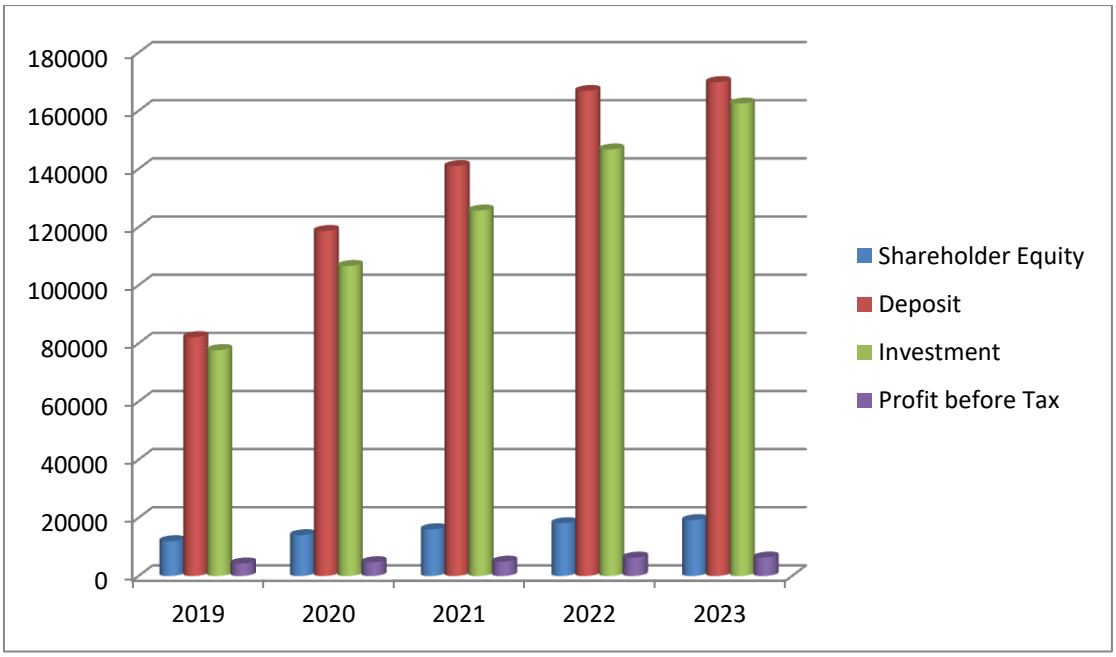


Figure3.19: Financial performance summary

Source: AIB PLC Annual Thesis paper 2019 to 2023

At the end of 2020, the number of depositors Stood at 166851.17 and the accumulated deposit was TK. 169887.08 million. The total number of investors stood at 146740.36 and total investment extended to them was TK. 162503.14 million. During the year 2023 the total income was TK. 22211.79 million and total expenditure was TK.15878.34 million. At the end of the year the profit before tax and provision stood TK.6360.15 million

3.20 Mode of liability purchase of AIB PLC:

Investment:

At the end of the year 2020, the amount of investment of the bank was Tk.125,715.39 million in comparison to tk.106,650.42 million of the last year 2019. The amount of investment has increased 19064.97 million taka within this period, which is around 17.89%. The bank extends investments to the clients under the following modes of investment under Islamic Shariah:

- ✓ Murabaha
- ✓ Bai-Muazzal
- ✓ Bai-Salam
- ✓ Hire Purchase (HPSM)
- ✓ Mudaraba
- ✓ Musharaka
- ✓ Qard
- ✓ Special Investment

Murabaha:

Murabaha mode of finance means purchase of commodities as per request of the client permission SIB PLC by Sharia and sale thereof with profit to the client i.e. cost plus sale of a commodity to the investment client. The commodity is procured at the instance of the investment client from a third party/firm. Purchase price and profit are disclosed to the client. Goods are kept under bank's custody as security and the client lifts the same gradually or at a time on payment of sale price of the commodity.

Bai-Muazzal:

Bai-Muazzal means cost plus sale of the commodity on deferred payment basis against adequate collateral. The commodity is procured at the instance of the investment client from a third party as per firm agreement between the client and the bank and sale price(bank's dues) is paid by the client within stipulated period of time. After having possession of the goods, the bank delivers the same to the client on credit which is required to be paid at a specified future date (adjust proportionately) with the progress of sale of goods within the given period.

Bai-Salam (Advance Sale):

Under this mode, the bank buys the goods from the producer/supplier on payment in advance after entering a firm contract and the goods are delivered/ supplied to the bank at a future specified date. In the contract of Bai- Salam quantity, quality, shape, size, price and time of delivery of the goods are clearly specified.

Hire Purchase Sherkatul Melk (HPSM):

Durable items, like vehicle, machinery, equipment, etc., are purchased on equity participation by both the bank and the client and the same is handed over to the investment client on rental basis entering into an agreement with the client that principal amount shell be paid within a certain period of time by installments. Rent is to be paid on the principal outstanding till the ownership is transferred to the client on payment of the entire principal amount.

Al-Arafah Islami Bank plc. offers following categories of HPSM:

Entire capital is provided by the bank against firm assurances of the entrepreneur that he will manage the business properly and efficiently. The entrepreneur manages the business as Manager. Profit is shared to the bank and entrepreneur as per agreed ration while the loss, if any, is borne by the bank alone. Bank can supervise such investment if and when desired/ required but cannot participate in the management of the business.

- ✓ Industrial
- ✓ Commercial
- ✓ Transport
- ✓ DDIS
- ✓ SSBI
- ✓ HPSM Real State
- ✓

Musharaka:

Capital is provided by both bank and investment client on the basis of Shirkatul Innan principal of Islamic Shariah Partnership. Profit is shared as per agreed ratio and equity ratio. The bank supervises the utilization of investment and participates in decision making.

Quard:

The bank also allows Qard in very special cases on obtaining proper security. Service charge equal to cost of fund is recovered on Qard amount.

3.21 Grameen & Small Investment Scheme:

An Investment product "Grameen and Small Investment'' in operation. The objective of this Thesis paper is to introduce Shariah based banking system in rural and village area, creating employment through financing to low income group build up savings attitude improvement of living standard of rural low income mass people, creating opportunity to carry out Islamic lifestyle by way of alleviating poverty and at the same time to make other financially established by investing in small introduced in two branches of AIB PLC i.e. Comilla and Ruposhpur, Srimongol. There is a plan to expand this Thesis paper gradually in other rural branches.

Within the scope of Grameen and Small Investment scheme, investment has been made in the following sectors:

- ✓ Fisheries
- ✓ Poultry Rearing
- ✓ Cattle Rearing
- ✓ Goat Rearing
- ✓ Beef Fattening /Poultry Firm
- ✓ Processing of Muree
- ✓ Processing of sweets
- ✓ Stationery business
- ✓ Vegetables business
- ✓ Tailoring business
- ✓ Cultivation of Beetle Sheaf
- ✓ Work of Bamboo and Cane
- ✓ Cultivation of Pineapple
- ✓ Cultivation of Lemon
- ✓ Processing of Crockery's
- ✓ Purchasing of Rickshaw
- ✓ Small business i.e. Paddy, Rice, Grocery
- ✓ Medicine shop and Shoe Stores
- ✓ Library business

Leading Products:

- ✓ Consumer Savings Scheme
- ✓ Hire Purchase
- ✓ Rural Credit Scheme
- ✓ Trade Finance
- ✓ Working Capital Program
- ✓ Special Credit Scheme on RMG
- ✓ Thesis paper Finance
- ✓ Finance For Agro Processing Industry

Chapter Four

Analysis & Evaluation

4.1 Foreign Exchange of AIB PLC:

Introduction:

One of the largest businesses carried out by the commercial bank is foreign trading. The trade among various countries falls for close link between the parties dealing in trade. The situation calls for expertise in the field of foreign operations. The bank, which provides such operation, is referred to as rending international banking operation. Mainly transactions with overseas countries in respect of import, export and foreign remittance come under the preview of foreign exchange department. International trade demands a flow of goods from seller to buyer and of payment from buyer to seller. In this case the bank plays a vital role to bridge between the buyer and seller.

Foreign exchange department of Al-Arafah Islami Bank is one of the most important departments of all departments. This department handles various types of activities by three separate sections:

a) Import section

b) Export section

c) Foreign remittance section

4.2 Import Financing by Al-Arafah Islami Bank PLC:

4.2.1 Introduction:

Import means bringing merchandise to country from any place rest of the world. Two things mainly involves with import of merchandise; bringing of commodities physically into the country any making payment towards the cost of the merchandise and services connected with its dispatch to the importer.

4.2.2 Related Acts:

As per Import and export Control Act, 1950 person can indent, import or export any goods into Bangladesh except in case of exemption issued by the Government of the people's Republic of Bangladesh. Violation of this order is punishable with fine under the provisions of Sea customs Act, 1878 as applied by sub section (3) of section 3 of this Act.

4.2.3 Procedure for obtaining IRC (Import Registration Certificate):

To perform the import business registration with the licensing authority of the area is an urgent. Through public notice the chief controller of Imports and Exports invites applications usually for registration of importers. For getting this registration the following papers/ documents are required for submission to CCI&E (Chief Controller of Import and Export) or area office of CCI &E for import registration certificate:

- Application form
- Nationality certificate
- Income tax registration certificate
- Trade License from the municipal or the local authority
- Membership Certificate
- partnership Certificate (for partnership concern)
- Certificate of Registration with the registrar of joint stock Company
- Memorandum of Association in case of PLC Company
- Bank Certificate
- Ownership documents or rent receipts of the place of business
- Original Copy of Treasury Challan being payment of registration fees
- Other documents prescribed in the import policy.

The nominated bank of the applicant will examine the papers/ documents and verify the signature of the applicant and forward the same to the concerned office of the CCI&E with a forwarding schedule through Bank's representative. The duplication copy of the same bearing the acknowledgment of CCI&E office of the receipt of the documents is received back by the bank and is preserved.

If the documents are found in order and the CCI&E is satisfied the IRC is issued to the applicant and sent direct to the nominated bank. The pass book is also issued by the CCI & E simultaneously to the importer and sent direct to the nominated bank.

The IRC and pass book are security documents issued under embossing seal of the CCI & E and duly signed by the authorized official of CCI & E.

The IRC is to be renewed every year on payment of usual fees through Bangladesh Bank challis or cash payment in their bank's A/C directly.

Fees shall be paid in Bangladesh Bank or in the Government Treasury or in Sonali Bank under the Head "42 Trade & Commerce fees realized under Import and Export Control Act, 1950".

4.2.4 Classification of Importer:

Importers are those who are authorized by the import Trade Control Authority that is CCI& E for import of goods essential for consumption or for production purposes.

There are mainly three types of Importer:

1. Commercial Importer
2. Industrial Importer
3. Importer under Wage Earner Scheme (WES)

(1) Commercial Importer:

It means an importer registered under the importers, exporters and indenture registration **order 1981** who import goods for sale.

(2) Industrial Importers:

When issued to an industrial consumer, gives the items of import as raw materials and packing materials and spare parts, the value of entitlement and ITC classification.

(3) Importers under WES:

It means registered importers who import only under the WES. WES importers can be importing all permission SIB PLC items as declared by the import policy and notification. Besides all registered commercial and industrial importer also can import under WES.

Other Importers are as follows:

- ✓ Lease Financing Import.
- ✓ Govt. Sector Importer.
- ✓ Import under Bonded Ware-House System.
- ✓ Import by Actual Users.
- ✓ Import by E.P.Z.

3.2.5 Import Formalities/Procedures:

For conducting world trade documentary credit or letter of credit is an essential implement. It is important for the beneficiary of a documentary credit to know that payment will be made only if the documents are in absolute conformity with the required terms and that the bank has to decide on the basis of the documents alone.

An importer desires to have an import L/C limit must have apply to the designated bank in prescribed forms for sanction of margin, L/C limit etc.

4.2.6 Definition of Letter of Credit:

L/C means Letter of Credit or Documentary credit. As per Uniform Customs and Practice for Documentary Credits (UCPDC) meaning of credit as under:

Article No. 2 of UCPDC, For purpose of these articles the expressions "Documentary Credit" and "stand by Letter of Credit" mean any arrangement however named or described, whereby a bank (the "Issuing Bank") acting at the request and on the instructions of a customer (the "Applicant") or on its own behalf.

i) Is to make a payment to or to the order of a third party (the "Beneficiary") or is to accept and pay bills of exchange [Draft) (s)] drawn by the Beneficiary.

ii) Authorizes another bank to effect such payment or to accept and pay such bills of exchange [Draft (s)]

iii) Authorizes another bank to negotiate, against stipulated document (s) provide that the terms and conditions of the Credit are complied with.

Generally, a Letter of Credit is a conditional Bank undertaking of payment. In other words **L/C** is a letter from the Importer Bankers to the exporter that the bills if drawn as per terms and conditions are complied with will be honored on presentation.

As per UCPDC 500 a credit may be either:

i) Revocable

ii) Irrevocable

4.2.6.1 Classification of L/C:

Various types of Letter of Credit are as follows:

- ✓ Irrevocable L/C
- ✓ Confirmed L/C
- ✓ Transferable L/C
- ✓ Division SIB PLC L/C
- ✓ Back to Back L/C
- ✓ Revolving L/C
- ✓ Restricted L/C
- ✓ Red clause L/C
- ✓ Green Clause L/C
- ✓ With Recourse
- ✓ Without Recourse

4.2.6.2 Parties Related to Letter of Credit:

As per terms and conditions of the L/C, the seller is required to be routed through some intermediary banks in order to get his claim. So, we see that there are a number of parties involved in a L/C. The involved parties to a L/C are as under:

Importer / Buyer: Seller who applies for opening an L/C.

Exporter / Seller / Beneficiary: is the bank on which the bill will be drawn(As per condition of the credit). Usually it is the issuing bank.

Opening / issuing Bank: It-is the bank which opens/issues a L/C on behalf of the importer.

Advising / notifying Bank: is the bank through which the L/C is advised to the exporters. This bank is actually situated in exporter's country. It may also assume the role of confirming and / or negotiating bank depending upon the condition of the credit.

Confirming Bank (for Add confirming L/C): It is the bank, which adds its confirmation to the credit and it, is done at the request of issuing bank. Confirming bank may or may not be advising bank.

Exporter's Bank i.e. negotiating Bank: is the bank, which negotiates the bill and pays the amount of the beneficiary. The advising bank and the negotiating bank may or may not be the same. Sometimes it can also be confirming bank.

Reimbursing Bank or paying Bank: is the bank, which would reimburse the negotiating bank after getting payment - instructions from issuing bank.

4.2.7 Position of the A /C:

Import section will see whether there is sufficient fund available in the account to cover the margin to be sanctioned, commission, postage, cable or telex charge etc. If it is found O.K., L/C will be sanctioned.

In all case the sanction must be informed to the importer for acceptance. On receiving confirmation from the client then the terms and conditions of the sanctioned are acceptable, the subsequent documentation / charge document are taken up.

Following papers/documents submitted by the importer before opening of the L/C.

- ✓ Trade License (Valid)
- ✓ Import Registration Certificate (Must be kept in the bank custody)
- ✓ Pass book import
- ✓ Income tax declaration

- ✓ Membership certificate
- ✓ Memorandum of Articles (In case of Ltd. Co.)
- ✓ Registered deed (In case of partnership firm)
- ✓ Resolution
- ✓ Photo one copy.

Bank will supply the following paper/documents before opening of the L/C.

- ✓ L/C application form
- ✓ ICA form
- ✓ IMP from
- ✓ Murabaha Agreement

The above paper must be completed duly filled and signed by the party and verified the signature.

4.2.8 Import procedure under AIB PLC:

1. Selection of clients on the basis of

- ✓ Credit Thesis paper
- ✓ Creditability
- ✓ CIB Thesis paper
- ✓ (To association of liability if any with other bank)

2. Induction of client as importer

3. L/C

3. Thronging of L/C

4. Lodgment

- ✓ Checking of import documents upon receipt from negotiating banks.
- ✓ Entry the bills register.
- ✓ Passing the voucher.
- ✓ Purchase of FC. Fund for payment of bills.

6. Retirement.

7. Post import financing

8. Enlistment of C and F agent

9. Project papering

4.2.9 Import related fees:

Four categories of importer registration renewal fees bas below.

Categories	Yearly heights import	Registration fees(TK)	Renewal
A	5.00	500.00	500.00
B	15.00	1500.00	1500.00
C	50.00	3000.00	3000.00
D	Above 50.00	5000.00	5000.00

Table 4.2.9: Import related Fees.
Source Annual Thesis paper of 2023

4.2.10 Flow Chart for Import:

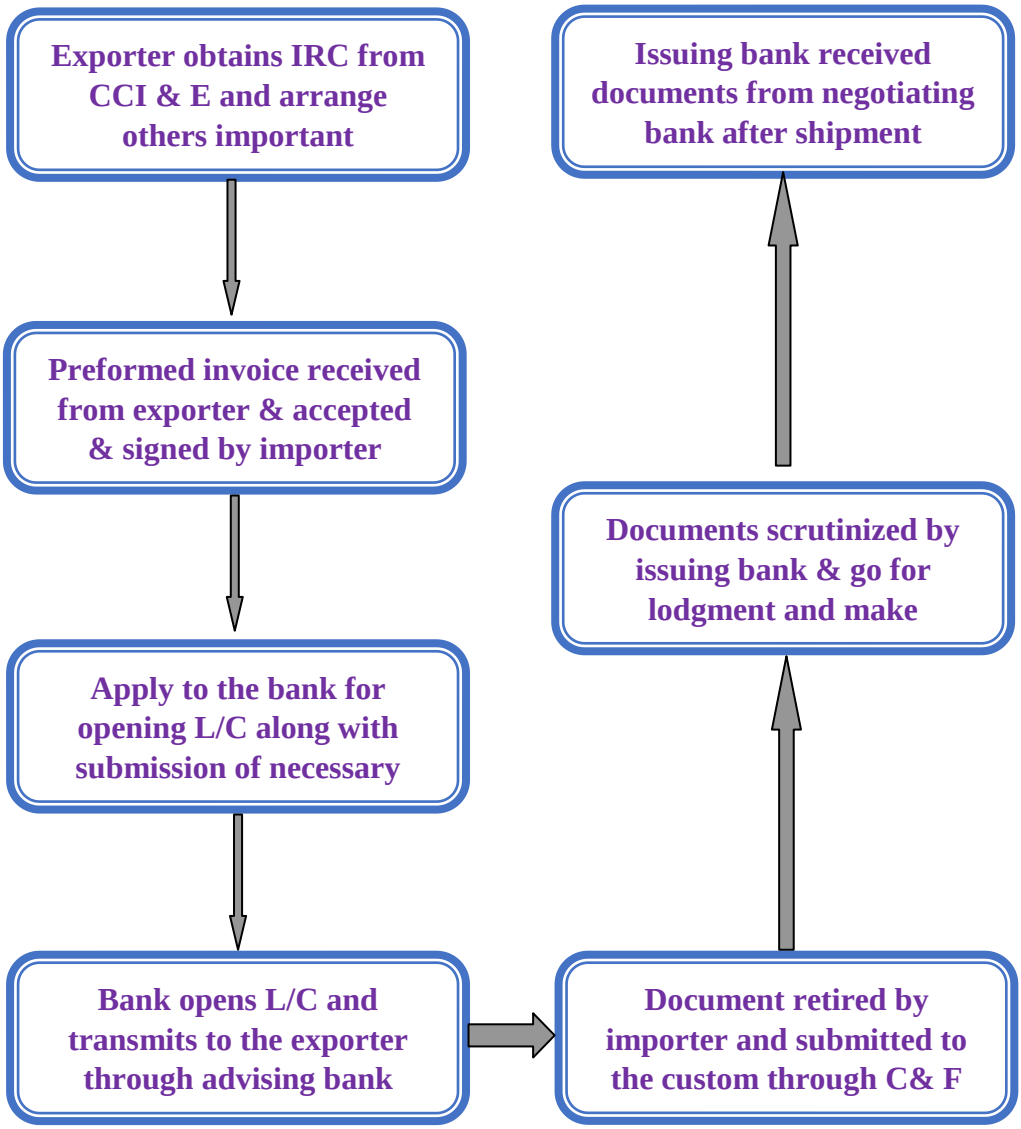


Figure 4.2.10: Import Flowchart.

4.3 Export Financing by Al-Arafah Islami Bank PLC:

4.3.1 Introduction:

Bangladesh exports a large quantity of goods and services to foreign households. Readymade textile garments (both knitted and woven), Jute, Jute-made products, frozen shrimps, tea are the main goods that Bangladeshi exporters exports to foreign countries. Garments sector is the largest sector that exports the lion share of the country's export. Bangladesh exports most of its readymade garments products to U.S.A and European Community (EC) countries. Bangladesh exports about 40% of its readymade garments products to U.S.A. Most of the exporters who export through AIB PLC Foreign exchange Branch are readymade garment exporters. They open export L/C's here to export their goods, which they open against the import L/C's opened by their foreign importers.

Export means our carrying of anything from one country to another for sale with the stipulated period for to earn foreign exchange; make favorable balance of payment position & stabilize marketability.

Export credit means any credit provided by an institution to an exporter in the form of packing credit or of post shipment credit. In this regard packing credit allowed by the way of loan or advance granted or any other credit provided by and institution to an exporter for financing the purchase, processing or packing of goods on the basis of L/C.

Post shipment credit means any loan or advance granted or another credit provided by an institution to an exporter of goods from Bangladesh from the date of extending the credit after shipment of the goods to the date of realization of the export proceeds and includes any loan of advances granted to an exporter, in consideration of or on the security of any duty drawback of any payment by way of incentive such as Export Finance - (a) interest rate (b) incremented incentive on interest for interest based bank (c) extend of export credit (d) credit to first time applicant (e) back to back L/C.

4.3.2 What Is Export L/ C:

The L/C against which the goods and services are exported is called export L/C. The foreign L/C's are export L/C's.

4.3.3 Procedure for obtaining Export Registration Certificate (ERC):

For obtaining Export Registration certificate (ERC) , intending Bangladesh Exporters are required to apply to the CCI And E authority in the prescribed from along with the following documents:

- ✓ National certificate
- ✓ Copy of valid Trade license
- ✓ Income Tax certificate
- ✓ Bank certificate
- ✓ Copy rent receipt of the business firm
- ✓ Registered partnership Deed in case of partnership concerns
- ✓ Memorandum of Articles and Association and incorporation certificate in case of PLC Company.

On Satisfaction of the CCI and E the potential exporter is advised to deposit export registration fee Tk. 1000.00 through treasury Chelan to Bangladesh Bank/ Sonali Bank for enabling them to issue ERC. The ERC may be renewed every year on payment renewal fee TK. 1000.00 through Chelan as started.

4.3.4

Export procedure Leadership Observed under AIB PLC:

1. Selection of Clients:

On the basis of

- ✓ Export Registration Certificate (ERC)
- ✓ Membership of an authorized trade association
- ✓ Credit Thesis paper
- ✓ Export L/C
- ✓ Checking and Advising
- ✓ EXP certification
- ✓ Pre shipment facility
- ✓ Processing for Export
- ✓ Execution
- ✓ Submission of Export documents

- ✓ Checking: preparation of offering sheets for negotiation or collection

2. Negotiation and Collection:

- ✓ Purchasing documents.
- ✓ Sending documents to L/C opening bank or corresponding for collection of proceeds. After collection adjustment of negotiation value.

3. Project papering:

- ✓ Duplicate EXP to Bangladesh Bank.
- ✓ Triplicate EXP after relation of proceeds to Bangladesh Bank.
- ✓ Monthly statement to Head office.

4. Export under Back to Back System:

- ✓ Export L/C advising
- ✓ Proposal for BB L/C
- ✓ Checking
- ✓ Process to open BB L/C
- ✓ Formalities time gap between Import and Export credit
- ✓ Thesis paper Buyer and Supplier

5. Lodgment of BB Bills:

- ✓ Shipping document
- ✓ Evidencing dispatch
- ✓ Goods acceptance of import bills
- ✓ Conveying of due date to negotiating bank
- ✓ Clearance of Raw materials
- ✓ Storing in Bonded Warehouse
- ✓ Manufacturing of the product
- ✓ Pre shipment Extension

6. Negotiation of Export Bill:

- ✓ Execution of Export.
- ✓ Submission of Export Documents
- ✓ Checking
- ✓ Negotiation
- ✓ Disbursement of funds to different heads of A/C including F/C held account for payment of BB Bill.

7. Relation of proceeds and Project papering:

- ✓ Crediting NOSTRO A/C
- ✓ Adjustment of negotiation value
- ✓ Payments of BB Bills
- ✓ Export incentives
- ✓ Project papering of Export
- ✓ Settlement of any other claims

4.3.5 Disposal of Export Forms:

Original: customs authority Thesis paper s first copy of EXP to Bangladesh Bank after shipment of the goods.

Duplicate: Negotiating bank Thesis paper s the Duplicate to Bangladesh Banking or after negotiation date but not later than 14 days from the date of shipment.

Triplicate: On realization of export proceeds the same bank to the same authority Thesis paper s Triplicate.

Quadruplicate: Finally, the negotiating bank as their office copy retains Quadruplicate.

4.3.6 Mode of Payment of Export Bill under L/C:

As per UCP 500, 1993 revision there are four types of credit. These are as follows:

- ✓ Sight payment
- ✓ Deferred payment
- ✓ By acceptance
- ✓ Negotiation

Sight Payment Credit:

In a Sight Payment Credit, the bank pays the stipulated sum immediately against the exporter's presentation of the documents.

Deferred payment Credit:

In deferred payment, the bank agrees to pay on a specified future date or event, after presentation of the export documents.

Acceptance credit:

In acceptance credit, the exporter presents a bill of exchange payable to him and drawn at the agreed tenor (that is, on a specified future date or event) on the bank that is to accept it. The bank signs its acceptance on the bill and returns it to the exporter. The exporter can then represent it for payment on maturity. Alternatively he can discount, it in order to obtain immediate payment.

Negotiation Credit:

In Negotiation credit, the exporter has to present a bill of exchange payable to him in addition to other documents that the bank negotiates.

4.3.7 Advising L/C:

When export L/C is transmitted to the bank for advising, the bank sends an Advising Letter to the beneficiary depicting that L/C has been issued.

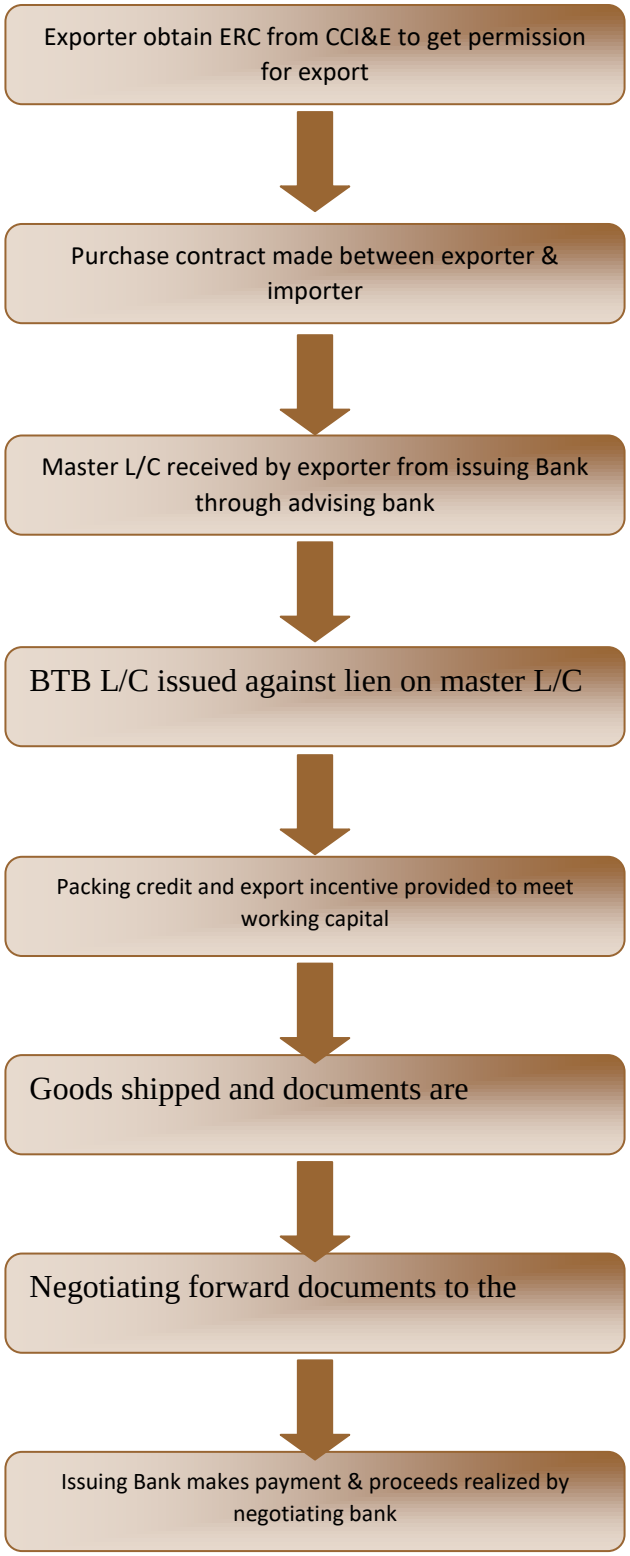
4.3.8 Test key Arrangement:

Test key arrangement is a secret code maintained by the banks for the authentication for their telex messages. It is a systematic procedure by which a test number is given and the person to whom this number is given can easily authenticate the same test number by maintaining that same procedure. AIB PLC has test key arrangements with so many banks for the authentication of L/C messages and for making payments.

4.3.9 Back-to-back L/C:

A Back-to-Back mechanism involves two separate L/C’s. One is master Export L/C and another is Back-to-Back L/C. On the strength of Master Export L/C bank issues Back-to-Back L/C. Back-to-Back L/C is commonly known as Buying L/C. On the contrary, Master Export L/C is known as Selling L/C.

4.3.10 Flow Chart of Export:



4.3.11 Explanation:

1. Goods ready for shipment.
2. Inspection of the goods from the competent authority as per L/**C.**
3. Prepared invoice and packing list and vessel booking particulars.
4. Papers to be sent to **C & F** agent for shipment.
5. **C & F** agent will do the custom formalities i.e**.** Noting / entry. Checking the goods as per invoice & packing list inspection Thesis paper etc.
6. **C & F** agent will take permission for shipment / Hanover the goods to shipping co.
7. After completion of all customs formalities the nominating shipping co received the goods for sail/ loads in the ship and issued a receipt which is known as mates receipt.
8. **C & F** Agent hands over the shipping receipt to the exporter or they can take the original **B/L** in payment of freight and other expenditure etc.
9. Exporter may dispatch the shipment advice to the importer directly as per **L/C** terms.
10. **C & F** Agent recipes the original **B/L** from the relative shipping co and dispatches he same to the bank for negation of receives the (exporter) from the shipping co directly.
11. Exporter spits the all original and duplicate sets of document to the bank for negotiation.
12. After negotiation bank should dispatch the documents to the opening bank for delivers of from the part.

4.4 Remittance:

4.4.1 Introduction:

Remittance means transfer of fund. If we pronunciation of the word "Remittance" we understand transfer of fund through a Bank from one place to another place which may be executed the country or between two countries. Remittance which is affected within the country is called Local Remittance and which is affected between two countries is called Foreign Remittance. Remittance plays a vital role in the development of the country. Without effect of remittance no country can develop her. Bangladesh is rich enough in respect of human resources. So Inward Remittance has great importance in our country.

4.4.2 Opening of Foreign Currency A/C:

Accounts are phenomena through which transaction is routed. All banking transactions are settled through Accounts. So A/C. is essential for setting our day transactions Foreign Currency A/C. has a great important on overall Foreign Exchange. Only the Authorized Dealer Branches can open F.C. A/C without prior permission of Bangladesh Bank F.C. A/C. is opened by Bangladeshi nationals serving and earning abroad i.e. having Income from sources other than Bangladesh. To open an FCAD/FCAP A/C the formalities mentioned below are to be observed:

1. Opening forms i.e. Application, Signature Card, nomination form if any, to be duly filled in and signed by the applicant and the nominee.
2. Original passport to be submitted for verification and Photocopy of 1st seven pages to be submitted for preservation.
3. Passport photographs of both A/C holder and the nominee are to be submitted Photo graphs of Nominee to be attested by the A/C holder & A/C holder's photo be attested by the authored by the authorized office of the Band.
4. Service contract in English or Bengali person to be submitted with the A/C Opening form.
5. If the intending person desire to open A/C from abroad the necessary papers are to be sent duly attested by the authorized official of Bangladesh Embassy working there. All signatures are by same as that of Passport.

4.4.3 FCAD (FXP) A/C:

FACD A/C Export is opened by the exports only 7.5% FOB value? Realized amount is deposited in this account and the fund is used for the promotion of business. Establish of business, Payment of credit card bill, Export fair, to attend the seminar and of purchase of Machinery and Spare parts.

4.4.4 Private Foreign Currency (PFC) A/C:

Private Foreign Currency A/C is opened by the Alien who serve in Bangladesh Foreign mission, Foreign NGO and Foreign consultation firm. Photograph, photocopy of passport, work permit, NGO permission etc, are to be submitted to open the A/C.

4.4.5 Convertible Taka (CT) A/C:

The private Foreign Currency Account holders are to open Convertible taka Account. The entire funds of the PFC A/C are to be routed through the related convertible taka Account.

4.4.6 Inward Remittance:

The remittances, which are received from abroad and paid to the beneficiary, are Inward Remittance. In ward remittance are mainly received in US Dollar, pound sterling and Taka Currency. Very few remittances in miscellaneous currencies are also received.

4.4.7 Mode of Inward Remittance:

- ✓ T.T -------- Telegraphic Transfer
- ✓ M.T --------- Mail Transfer
- ✓ D.D --------- Demand Draft
- ✓ P.O ---------- Payment Order
- ✓ I.M.O ------- International Money Order
- ✓ T.C ---------- Traveler's Cheque

4.4.8 Outward Remittance:

The Remittance in Foreign Currency which is effected from our country to abroad is called outward remittance. Form remitter's point of view is called outward Remittance and from payee's point of view is called Inward Remittance.

4.4.9 Mode of Outward Remittance:

The Remittance may be made by means of T.T, D.D& T.C, etc. Ideation to these the sale of Foreign Currency under letter of credit against retirement of bill is including as outward remittance.

4.4.10 Procedure of Payment:

To make payment the points mentioned below are to be observed

Demand Draft:

- ✓ The D.D must be in original
- ✓ The name of bank, name of Branch, Date, name and A/C number of the payee, amount in word and figures must be mentioned.
- ✓ The D.D must be as per prescribed format or specimen copy supplied earlier.
- ✓ The amount is protecting graphed.
- ✓ Payment is not stopped.
- ✓ Draft is not Thesis paper ed lost.
- ✓ Verification of drawer's signature.
- ✓ Telex confirmation from the issuing Bank, if the amount exceeds the limit as per agreement made earlier.

Telegraphic Transfer:

The message must be in original. It must be authenticated under test, Test must be decoded and found correct. 3. T.T. must contain the name of Bank, name of Branch, name and A/C number of the beneficiary. It the above points are Okay, payment made to the beneficiary as soon as possible SIB PLC. In case of Express Remittance Scheme with Al –Arafah Islami bank PLC. Gazipur Branch ensures the payment to our Branches within the following time frame as per H.O., ID circular No. d.dt.22.5.95.

- ✓ Capital Area 24 hours.
- ✓ Major Cities 48 hours.
- ✓ Other Towns 72 hours
- ✓ Remote Areas 120 hours.

At present twelve Exchange House / Bank are maintaining their NRD Accounts with us. As per agreement made with them they provide us sufficient fund to honor their drawing.

4.4.11 Settlement of Claims:

As the remittance is received from abroad or remote places, some claim, may occur for non-receipts of fund. These claims may arise by the Beneficiary or remittance through issuing/Remitting Bank. As such the claims are to the settled.

Demand Draft:

If the TT is lost or stolen, remitter will Thesis paper to the remitting bank. R/B will ask / advise the Beneficiary. Bank to mark stop payment or not to make payment. Beneficiary bank will confirm the stop payment to the Rem. Bank if the DD is not paid earlier. If the DD is paid earlier the mode of payment is to be confirmed to the Ram, Bank. If necessary a duplicate DD is to be issued to make payment to the beneficiary for settlement of the claim.

Telegraphic Transfer:

If the TT contains any wrong information Beneficiary. Bank is to contact with the issuing / Remitting Bank for correct information. On getting the correct information payment is to be made accordingly.

4.5 SWOT Analysis:

SWOT analysis facilitates the organization to make their existing line of performance and also foresees the future to improve their performance to their competitive. As though this tool, an organization can also study its current position, it can also be consider as an important tool for making changes in the strategic management of the organization.



4.5.1 Strengths of AIB PLC:

- AIB PLC provides its customer excellent & consistent quality in every service.
- AIB PLC is a financially sound company.
- AIB PLC utilize state of the art technology to ensure consistent quality & operation.
- AIB PLC provides its works force an excellent place to work.
- AIB PLC has already achieved goodwill among the client.
- AIB PLC has a research division.

4.5.2 Weaknesses of AIB PLC:

- ✓ They have a very few number of branches and foreign exchange department. This is a great weakness. If they cannot recover this weakness, they will not increase earnings from foreign exchange sector.
- ✓ They cannot open sufficient number of L/C in a month. Because they have not enough exporter and importer.
- ✓ AIB PLC is one of a new generation bank. Upon established of these banks total number of bank stands in our more than 50.
- ✓ In another weakness of the new generations banks are branch network which are very smaller in number through they are spreading very sharply.
- ✓ Risk Management system is not strong. The bank has already exposed to a variety of risks the most important of which are credit risk, market risk and liquidity risk.
- ✓ IT Division is not strong because bank put due importance to utilization of technology-based service to the customers.

4.5.3 Opportunities of AIB PLC:

- ✓ Emergence of E-banking will open more scope for AIB PLC.
- ✓ AIB PLC can introduce more innovative and modern customer service.
- ✓ Many branches can be open in remote location.

4.5.4 Threats of AIB PLC:

- ✓ The worldwide trend of mergers and acquisition in financial institutions is causing problem.
- ✓ Frequent taka devaluation and foreign exchange rate fluctuation is causing problem.
- ✓ Lots of new banks are coming in the scenario with new service.
- ✓ Local competitors can capture huge market share by offering similar products.

4.6 Foreign Exchange Business Position of AIB PLC:

4.6.1 Import of AIB PLC:

(Tk. In millions)

Year	2019	2020	2021	2022	2023
Import	171,611.70	169,378.90	261,566.10	300,430.90	269,322.70

Table 4.6.1: Import of AIB PLC

Source: Annual Report 2019 to 2023 of AIB PLC

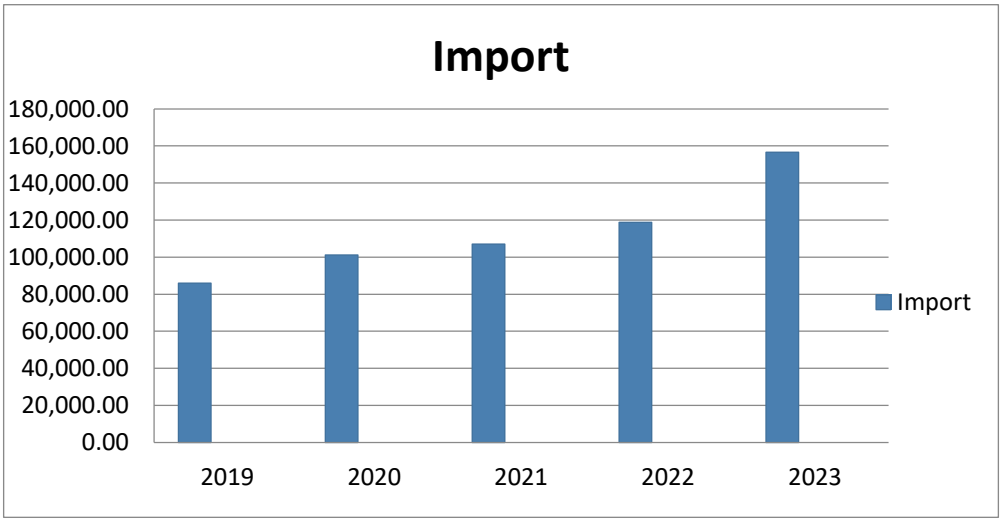


Figure 4.6.1: Trend Analysis of Import of AIB PLC

Source: Annual Report of AIB PLC 2023

Interpretation:

The above chart shows the constantly increase of import since their inceptions but in the year 2023 increasing is higher. Import of 2022 was tk 118786.80 and 2023 was tk 156700.00 million. so the growth was 2022 to 2023 was 38072.80 million .finally we can arrive at a conclusion on that every year import is increasing.

4.6.2 Export of AIB PLC:

(Tk. In millions)

Year	2019	2020	2021	2022	2023
Export	108,967.10	104,939.40	135,786.90	181,070.20	200,352.30

Table 4.6.2: Export of AIB PLC

Source: Annual Report 2019 to 2023of AIB PLC

(Tk. In millions)

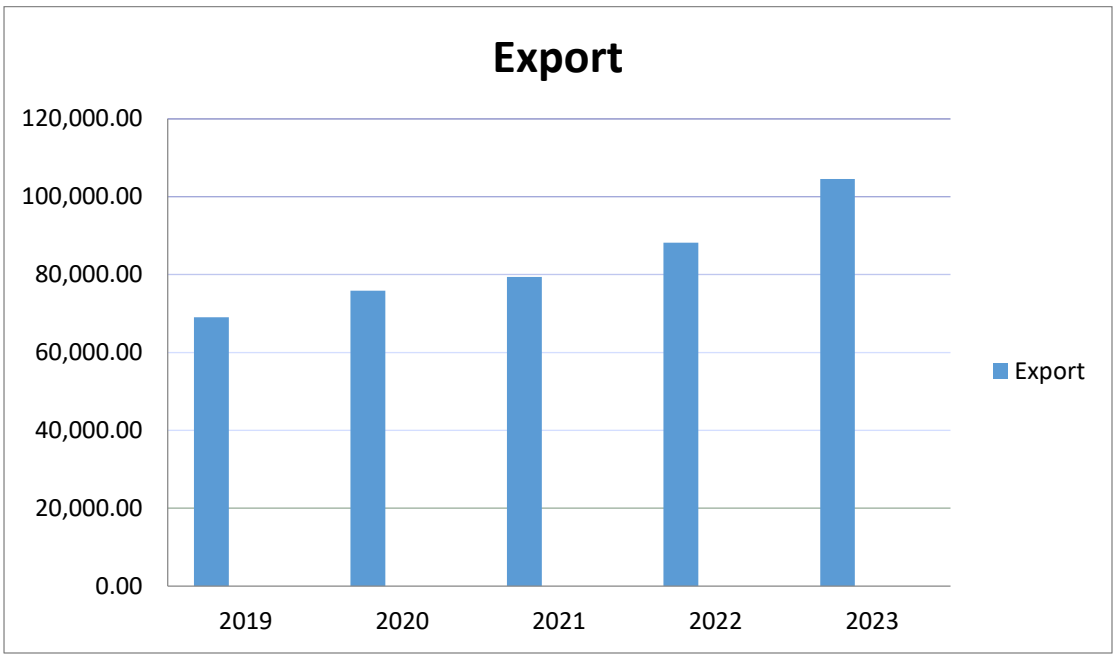


Figure 4.6.2: Trend Analysis of Export of AIB PLC

Source: Annual Report of AIB PLC, 2023

Interpretation:

The chart shows gradual increases in the export since their inceptions in the year in 2023 increasing in higher. Export of 2022 was tk 88152.20 and 2023 was 104540.00 million. So the growth was 2022 to 2023 was 16387.80 million. Finally we can arrive at a conclusion that in the last year of 2023 export scenario of AIB PLC shows a higher growth over the year.

4.6.3 Remittance of AIB PLC:

(Tk. In millions)

Year	2019	2020	2021	2022	2023
Remittance	7,042.50	8,541.10	9,498.00	11,735.40	20,700.00

Table 4.6.3: Remittance of AIB PLC

Source: Annual Report 2019 to 2023 of AIB PLC

(Tk. In millions)

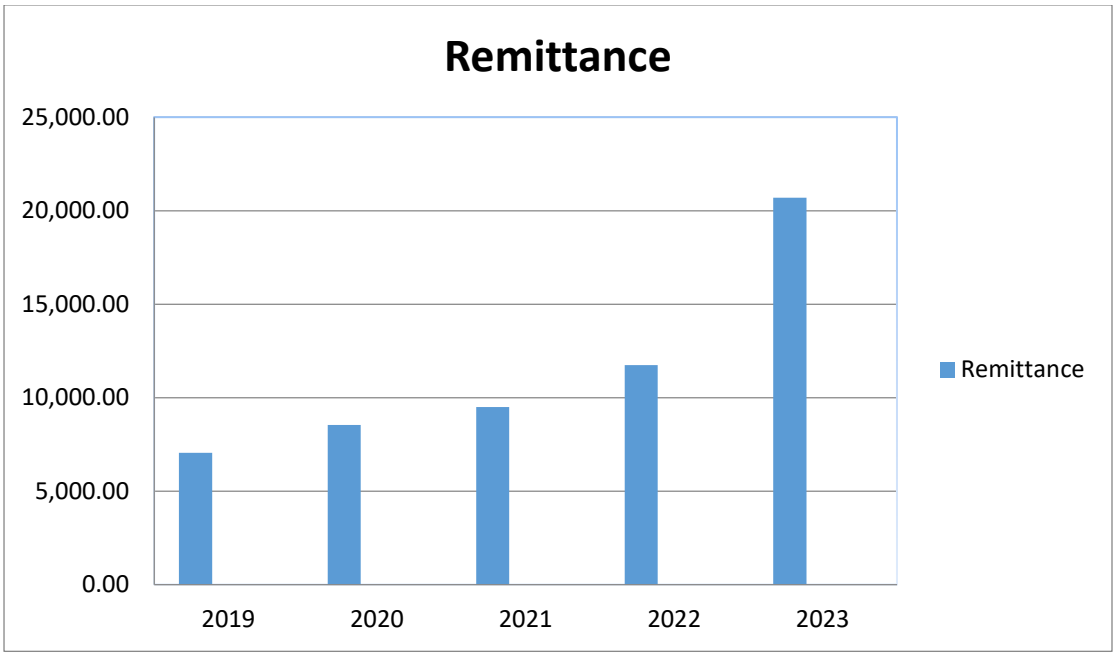


Figure 4.6.3: Trend Analysis of Remittance of AIB PLC

Source: Annual Report 2019 to 2023 of AIB PLC

Interpretation:

The chart shows gradual increases in the Remittance since their inceptions in the year in 2023 increasing in higher. Remittance of 2022 was tk11,735.40 and 2023 was 20,700.00 million. So the growth was 2022 to 2023 was 8964.6 million. Finally we can arrive at a conclusion that in the last year of 2023 Remittance scenario of AIB PLC shows a higher growth over the year.

4.6.4 Total Foreign Exchange of AIB PLC:

(Tk. In millions)

Year	2019	2020	2021	2022	2023
Total Foreign Exchange	85915.00	101244.70	107049.80	118786.60	156700.00

Table 4.6.4: Total Foreign Exchange of AIB PLC

Source: Annual Report 2019 to 2023 of AIB PLC

(Tk. In millions)

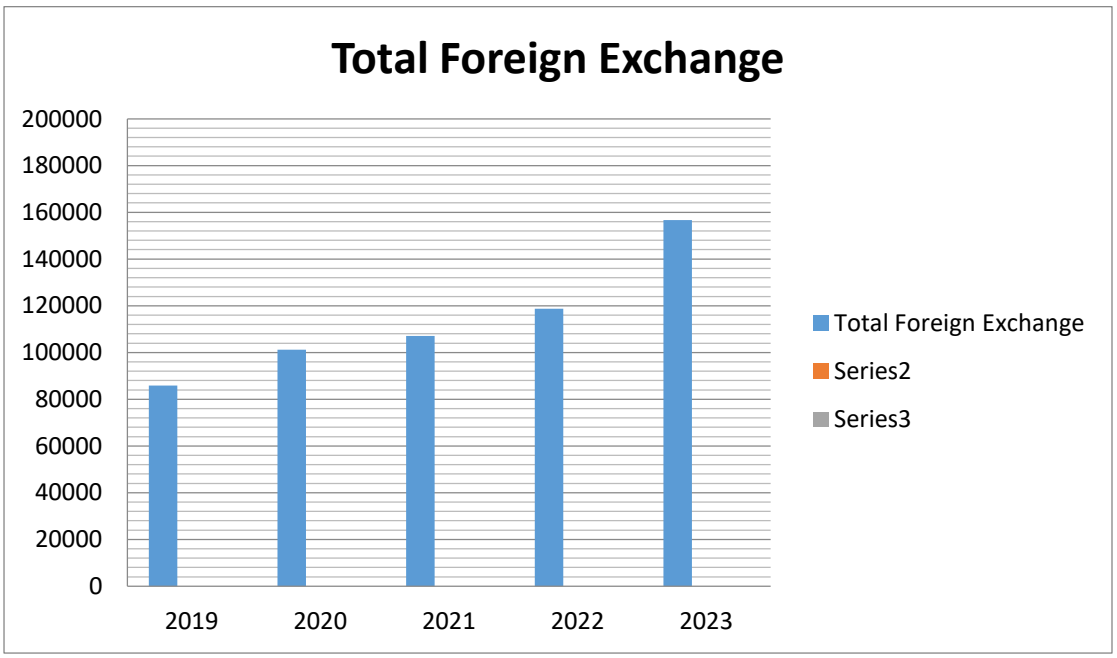


Figure 4.6.4: Trend of total Foreign Exchange of AIB PLC

Source: Annual Report 2019 to 2023 of AIB PLC

Interpretation:

The above graphical representation shows that, during the period 2019 to 2023, overall Foreign Exchange Business is respectively higher than the previous year. It is quite good because banks performance is better compare to all most every year respectively.

4.7 Ratio Analysis:

Ratio analysis is an analytical tool that can be applied to a bank's financial statements so that management and the public can identify the most critical problems inside each bank and develop ways to deal with those problems. Some selected ratios are analyzed here to give an insight about Al-Arafah Islami Bank PLC. For PLC information some are analyzed very briefly.

4.7.1 Import Ratio of AIB PLC:

Import Ratio: Import/ Total Foreign Exchange(Amount in %)

Year	2019	2020	2021	2022	2023
Import Ratio	0.562999	0.468583	0.530543	0.5454121	0.54621

Table 4.7.1: Import Ratio of AIB PLC

Source: Annual Report 2019 to 2023 of AIB PLC

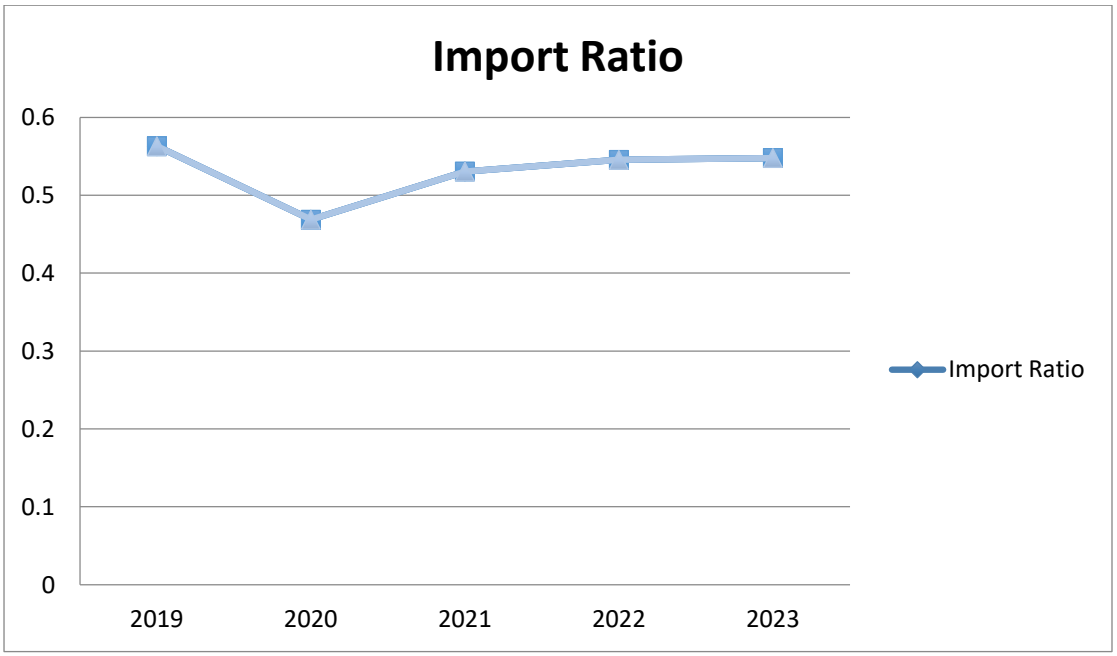


Figure 4.7.1: Import Ratio of AIB PLC

Source: Annual Report 2019 to 2023of AIB PLC

4.7.2 Export Ratio of AIB PLC:

Export Ratio: Export/ Total Foreign Exchange

(Amount in %)

Year	2019	2020	2021	2022	2023
Export Ratio	0.386138	0.380883	0.425968	0.4085763	0.405097

Table 4.7.2: Export Ratio of AIB PLC

Source: Annual Report 2019 to 2023 of AIB PLC

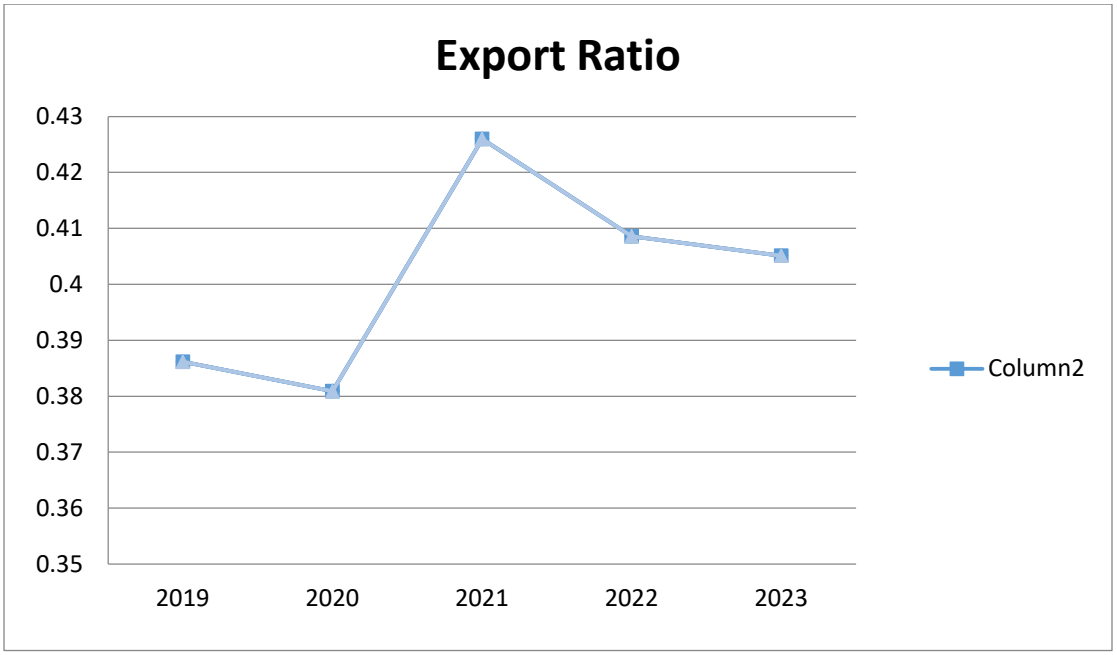


Figure 4.7.2: Export Ratio of AIB PLC

Source: Annual Report 2019 to 2023 of AIB PLC

From the above figure, we can say that during the time period between the years 2019 to 2023 the Export ratio of AIB PLC is not stable, because in 2019 Export ratio is 38.6138% which is decrease in 2020, is 38.088% but in 2021 it was again increase 42.596% which was little decrease in 2022 at 40.85763%. In 2023 the ratio was 40.5097%, which was a good sign.

4.7.3 Remittance Ratio of AIB PLC:

Remittance Ratio: Remittance/ Total Foreign Exchange

(Amount in %)

Year	2019	2020	2021	2022	2023
Remittance Ratio	0.050863	0.150593	0.043489	0.046011	0.0484812

Table 4.7.3: Remittance Ratio of AIB PLC

Source: Annual Report 2019 to 2023 of AIB PLC

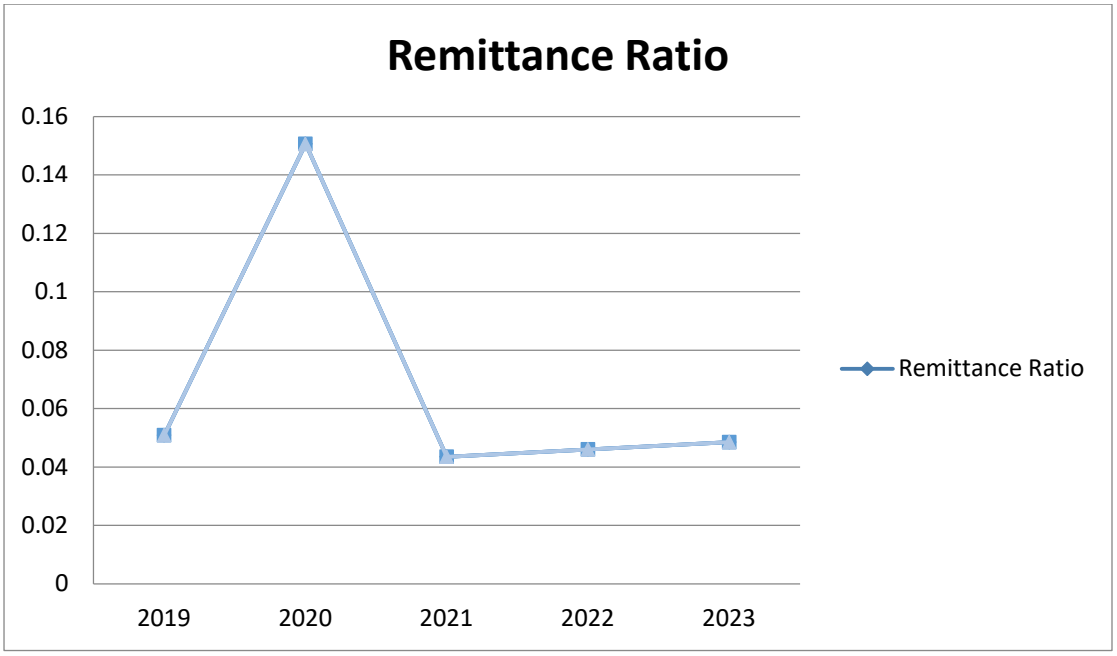


Table 4.7.3: Remittance Ratio of AIB PLC

Source: Annual Report 2019 to 2023 of AIB PLC

Interpretation:

From the above figure, we can say that during the time period between the years 2019 to 2023 the Remittance ratio of AIB PLC is not stable, because in 2019 Remittance ratio is 5.0863% which is increase in 2020, is 15.0593% and in 2021 it was again Decrease4.3489% which was increase in 2022 was at 4.6011%. In 2023 the ratio was 4.84812%, we hope that AIB PLC can increase its remittance in near future.

4.8.1 Growth of Foreign Exchange Business of AIB PLC:

(Tk. In millions)

Particulars/year	2019	2020	2021	2022	2023
Import	76,112.10	71,931.70	85,915.00	101,244.70	107,049.80
Export	52,202.10	58,476.60	86,980.30	75,843.90	79,362.90
Remittance	6876.2	23120.40	7042.50	8541.10	9498.00

Table4.8.1: Growth of Foreign Exchange Business of AIB PLC

Source: Annual Report 2019 to 2023 of AIB PLC

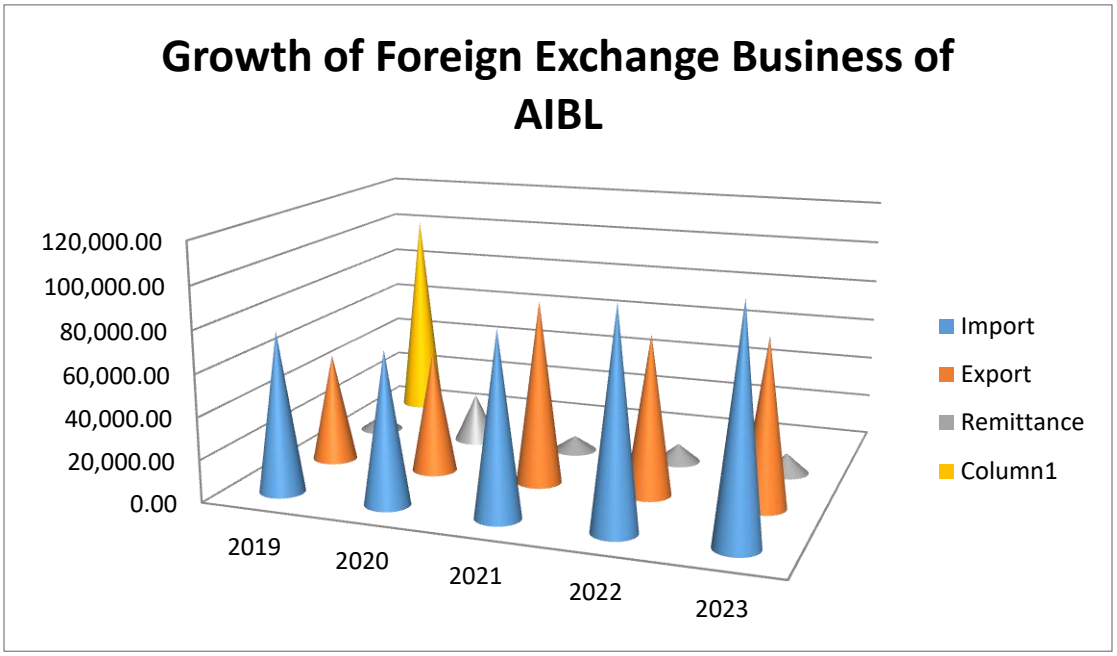


Figure 4.8.1: Growth of Foreign Exchange Business of AIB PLC

Source: Annual Report 2019 to 2023 of AIB PLC

Here we see that, the Foreign Exchange Business of AIB PLC has increasing all the years gradually. In the year 2020 the import was little low than previous years but later its' again in upward trend. And remittance was abnormally high in the year 2023 and later its again back in normal growing rate.

4.8.2 Growth Rate of Foreign Exchange business of AIB PLC:

(Amount in %)

Year	2019	2020	2021	2022	2023
Growth	46.30	13.56	5.48	49.071	21.57

Table 4.8.2: Growth Rate of Foreign Exchange business of AIB PLC

Source: Annual Report 2019 to 2023 of AIB PLC

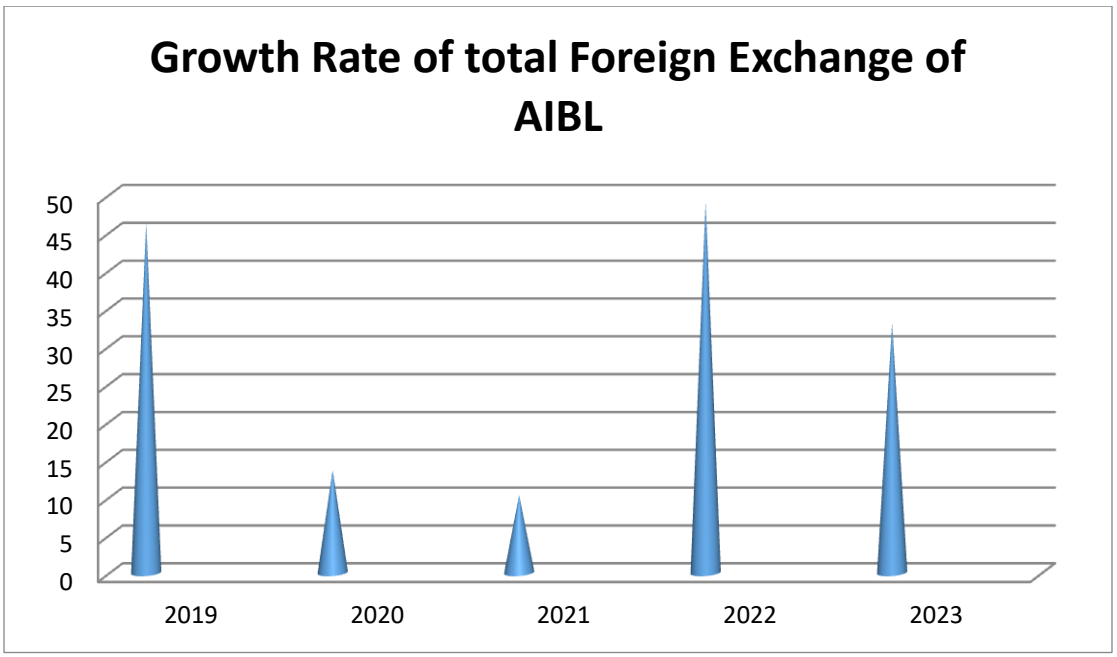


Figure 4.8.2: Growth Rate of Foreign Exchange business of AIB PLC

Source: Annual Report 2019 to 2023 of AIB PLC

Interpretation:

Here we see that, the Foreign Exchange Business of AIB PLC has some ups and downs. In the year 2019 the growth rate is 46.30% which is the highest rate in previous years. In year 2020 the growth rate of Foreign Exchange Business of AIB PLC was the Highest and in the year 2021 the foreign business was 21.57%.

4.9 Comparative Trend Analysis of Foreign Exchange Business of AIB PLC with Different Banks:

4.9.1 Trend Analysis of Import:

(Tk. In millions)

Banks/year	2019	2020	2021	2022	2023
AIB PLC	76112.10	71931.70	85915.00	1013244.70	107049.80
SIB PLC	73859.40	79024.20	84906.70	104270.60	121809.50
IBB PLC	301207.00	284588.00	285890.00	316975.00	343668.00

Table 4.9.1: Import of AIB PLC with SIB PLC & IBB PLC

Source: Annual Report 2019 to 2023 of AIB PLC, SIB PLC & IBB PLC

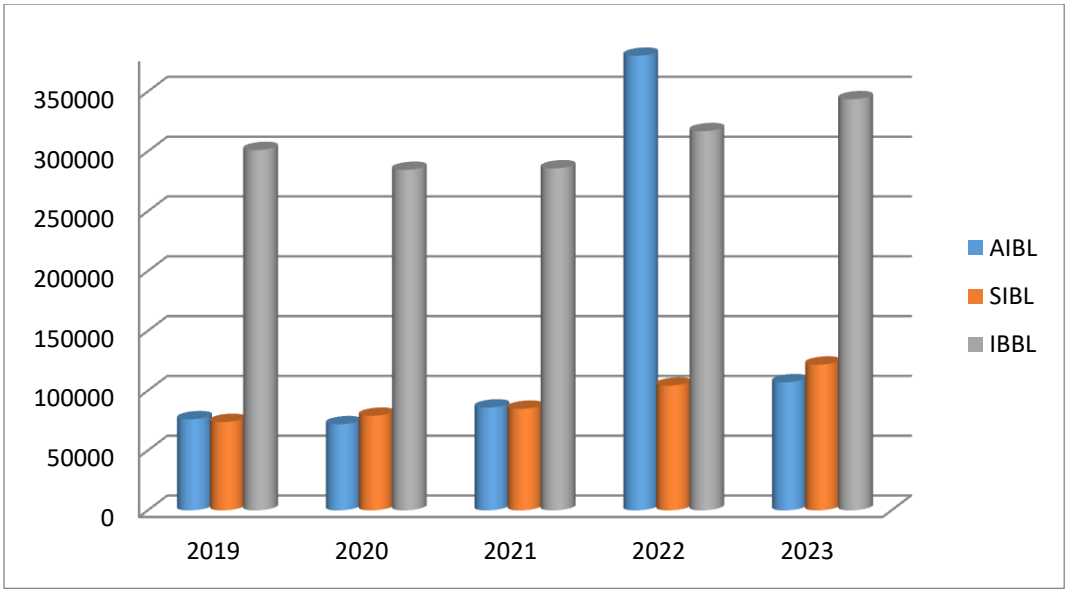


Figure 4.9.1: Trend Analysis of Import business of AIB PLC with SIB PLC & IBB PLC

Source: Annual Report 2019 to 2023 of AIB PLC, SIB PLC & IBB PLC

From above figure we can see that the Import business of AIB PLC is lower than the SIB PLC and IBB PLC.

4.9.2 Trend Analysis of Export:

(Tk. In millions)

Banks/Year	2019	2020	2021	2022	2023
AIB PLC	52202.10	58476.60	68980.30	75843.90	79362.90
SIB PLC	51775.30	53044.90	54121.20	49766.00	58315.90
IBB PLC	178244.00	197095.00	205269.00	222753.00	224236.00

Table 4.9.2: Export of AIB PLC with SIB PLC & IBB PLC

Source: Annual Report 2019 to 2023 of AIB PLC, SIB PLC & IBB PLC

(Tk. In millions)

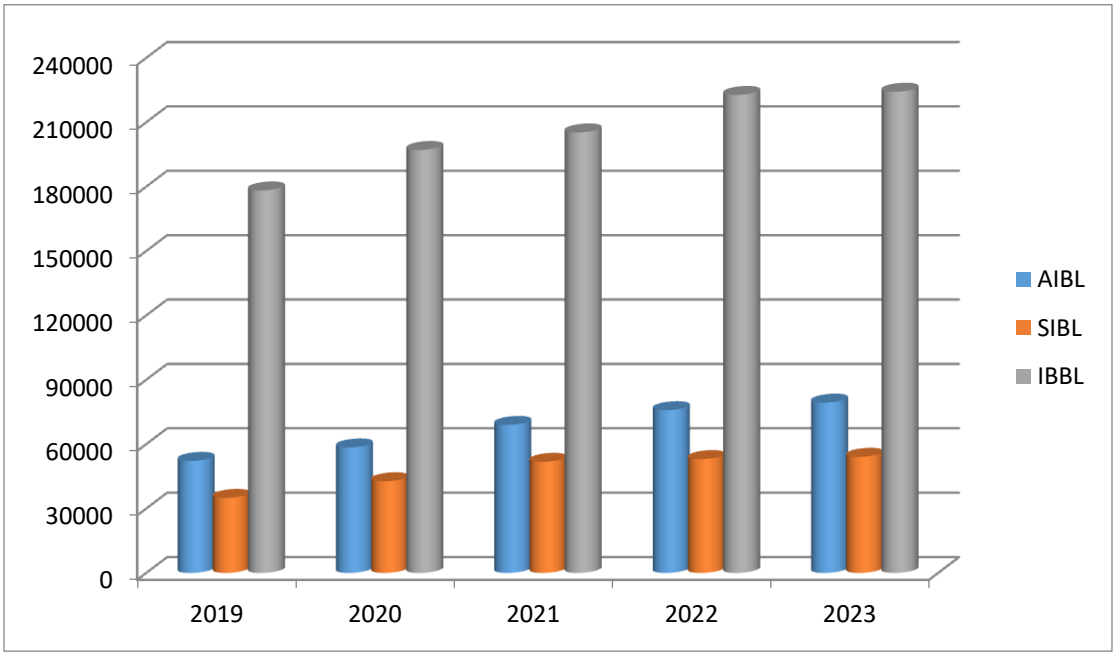


Figure 4.9.2: Trend Analysis of Export business of AIB PLC with SIB PLC, IBB PLC

Source: Annual Report 2019 to 2023 of AIB PLC, SIB PLC & IBB PLC

From above figure we can see that the Import business of AIB PLC is higher than the SIB PLC and lower than IBB PLC.

4.9.3 Trend Analysis of Remittance:

(Tk. In millions)

Banks/Year	2019	2020	2021	2022	2023
AIB PLC	6876.20	23120.40	7042.50	8541.10	9498.00
SIB PLC	6740	7839.90	10164.50	13345.70	21911.60
IBB PLC	236607.00	300915.00	286956.00	307961.00	321066.00

Table 4.9.3: Remittance of AIB PLC with SIB PLC & IBB PLC

Source: Annual Report 2019 to 2023 of AIB PLC, SIB PLC & IBB PLC

(Tk. In millions)

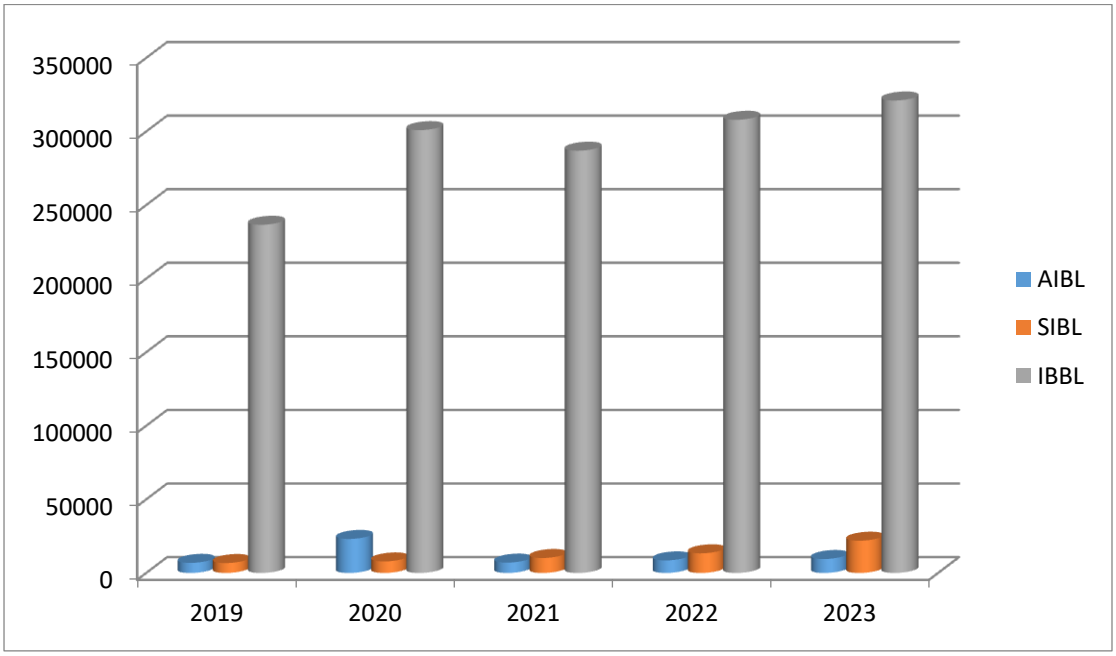


Figure 4.9.3: Trend Analysis of Remittance of AIB PLC with SIB PLC &IBB PLC

Source: Annual Report 2019 to 2023 of AIB PLC, SIB PLC & IBB PLC

From above figure we can see that the Import business of AIB PLC is lower than the SIB PLC and IBB PLC.

4.9.4 Overall Trend Comparison:

(Tk. In millions)

Banks/Year	2019	2020	2021	2022	2023
AIB PLC	135190.40	153528.70	161937.80	185629.70	195910.70
SIB PLC	51775.30	53044.90	54121.20	49766.00	58315.90
IBB PLC	178244.00	197095	205269	222753	22437

Table 4.9.4: Overall Trend Comparison of AIB PLC with SIB PLC & IBB PLC

Source: Annual Report 2019 to 2023 of AIB PLC, SIB PLC & IBB PLC

(Tk. In millions)

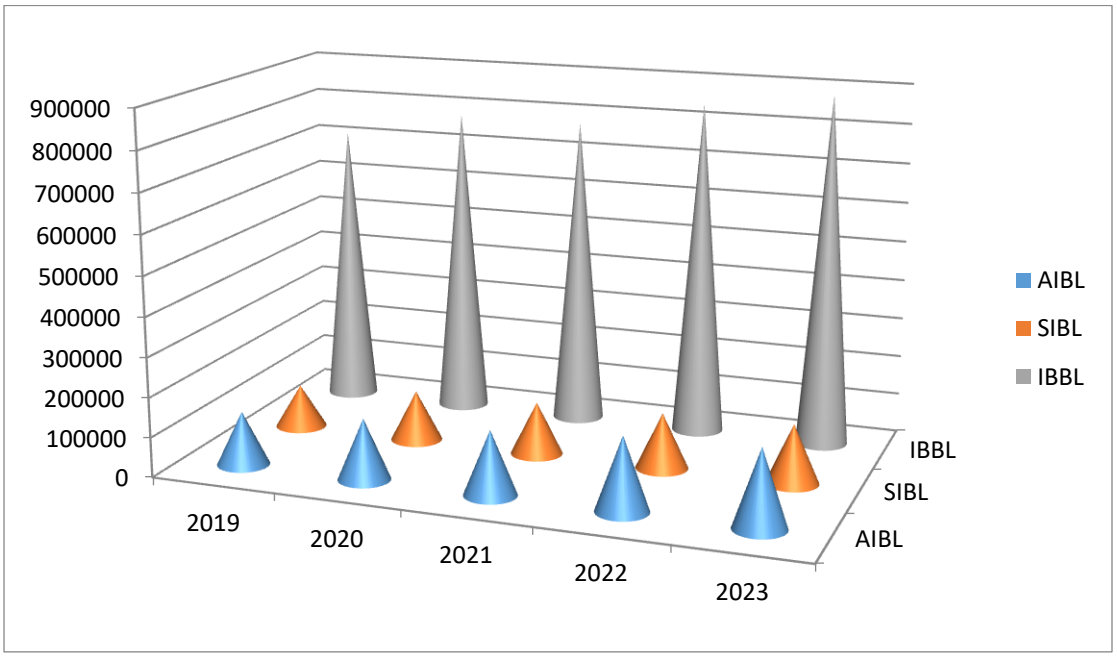


Figure 4.9.4: Overall Trend Analysis of AIB PLC with SIB PLC, IBB PLC

Source: Annual Report 2019 to 2023of AIB PLC, SIB PLC & IBB PLC

In overall Foreign Exchange Business, as we see the above trend we can say that AIB PLC total Foreign Exchange is much higher than SIB PLC and lower than IBB PLC.

4.10 Comparative Ratio Analysis of Foreign Business of AIB PLC with SIB PLC & IBB PLC

4.10.1 Comparative Import Ratio:

Import Ratio: Import/ Total Foreign Exchange (Amount in % million)

Banks/Year	2019	2020	2021	2022	2023
AIB PLC	56.299	46.858	53.051	54.541	54.621
SIB PLC	62.967	49.185	55.795	56.482	56.910
IBB PLC	46.064	36.364	36.741	37.392	38.659

Table 4.10.1: Comparative Import Ratio of AIB PLC with SIB PLC & IBB PLC.

Source: Annual Report 2019 to 2023 of AIB PLC, SIB PLC & IBB PLC

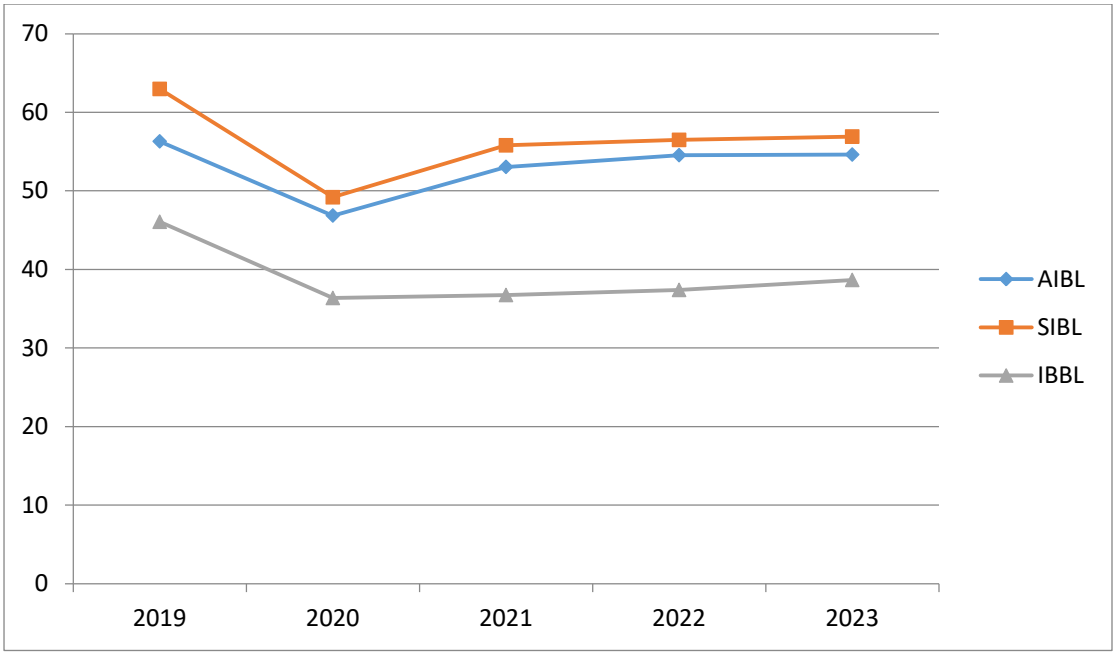


Figure 4.10.1: Comparative Ratio Analysis of Import Business of AIB PLC with SIB PLC & IBB PLC

Source: Annual Report 2019 to 2023 of AIB PLC, SIB PLC & IBB PLC

In Import business, as we see the above trend we can say that the SIB PLC import business is much higher than AIB PLC and IBB PLC.AIB PLC Import performance is lower than SIB PLC, We hope that AIB PLC import performance is increase in near future.

4.10.2 Comparative Export Ratio:

Export Ratio: Export/ Total Foreign Exchange (Amount %)

Banks	2019	2020	2021	2022	2023
AIB PLC	39.112	37.913	36.276	29.73	28.36
SIB PLC	32.292	33.759	39.112	37.913	36.276
IBB PLC	24.892	25.184	26.380	26.277	25.224

Table 4.10.2: Comparative Export Ratio of AIB PLC with SIB PLC & IBB PLC

Source: Annual Report 2019 to 2023 of AIB PLC, SIB PLC & IBB PLC

(Amount in %)

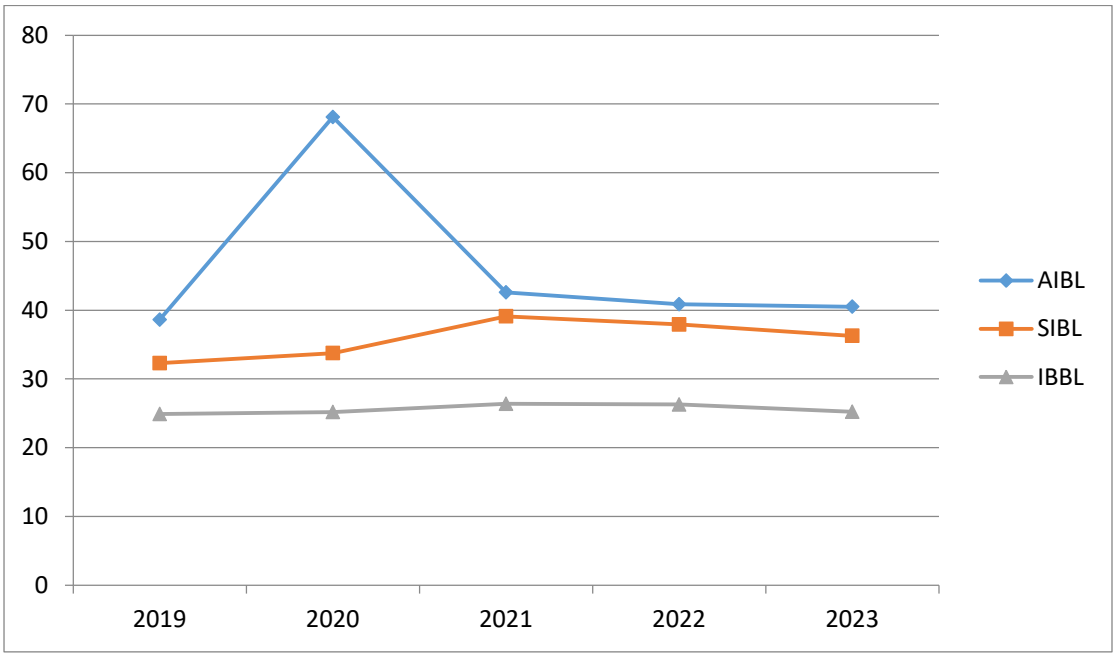


Figure 4.10.2: Comparative Ratio Analysis of Export Business of AIB PLC with SIB PLC & IBB PLC

Source: Annual Report 2019 to 2023 of AIB PLC, SIB PLC & IBB PLC

Interpretation:

In export performance, as we see the above Ratio we can say that the AIB PLC Export performance is much higher than SIB PLC and IBB PLC Export performance. Again, SIB PLC Export performance is better than IBB PLC.

4.10.3 Comparative Remittance Ratio:

Remittance Ratio: Remittance/ Total Foreign Exchange (Amount in %)

Banks/Year	2019	2020	2021	2022	2023
AIB PLC	5.086	15.059	4.346	4.601	4.848
SIB PLC	5.091	5.603	6.813	7.97	10.88
IBB PLC	33.042	38.450	36.878	36.329	36.116

Table 4.10.3: Comparative Remittance Ratio of AIB PLC with SIB PLC & IBB PLC

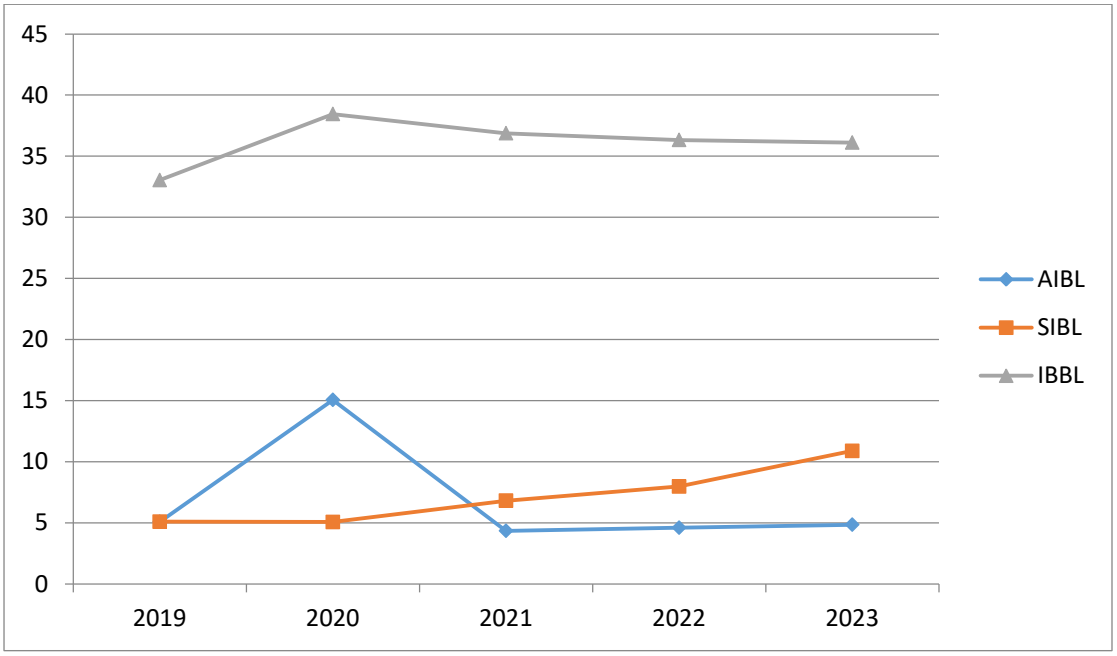


Figure 4.10.3: Comparative Ratio Analysis of Remittance Business of AIB PLC with SIB PLC and IBB PLC.

Source: Annual Report 2019 to 2023 of AIB PLC, SIB PLC & IBB PLC

Interpretation:

In Remittance performance, as we see the above trend we can say that the AIB PLC's Remittance performance is higher than the SIB PLC. Again SIB PLC's Remittance is lower than IBB PLC. IBB PLC's Remittance performance is satisfactory.

4.11 Comparative Growth Rate of AIB PLC Foreign Exchange performance with SIB PLC and IBB PLC

(Amount %)

Banks/Year	2019	2020	2021	2022	2023
AIB PLC	46.30	13.56	5.48	49.071	21.57
SIB PLC	4.63	5.692	6.634	21.16	25.55
IBB PLC	5.725	9.292	0.572	8.941	4.869

Table 4.11: Comparative Growth Rate of AIB PLC Foreign Exchange performance with SIB PLC and IBB PLC

(Amount in %)

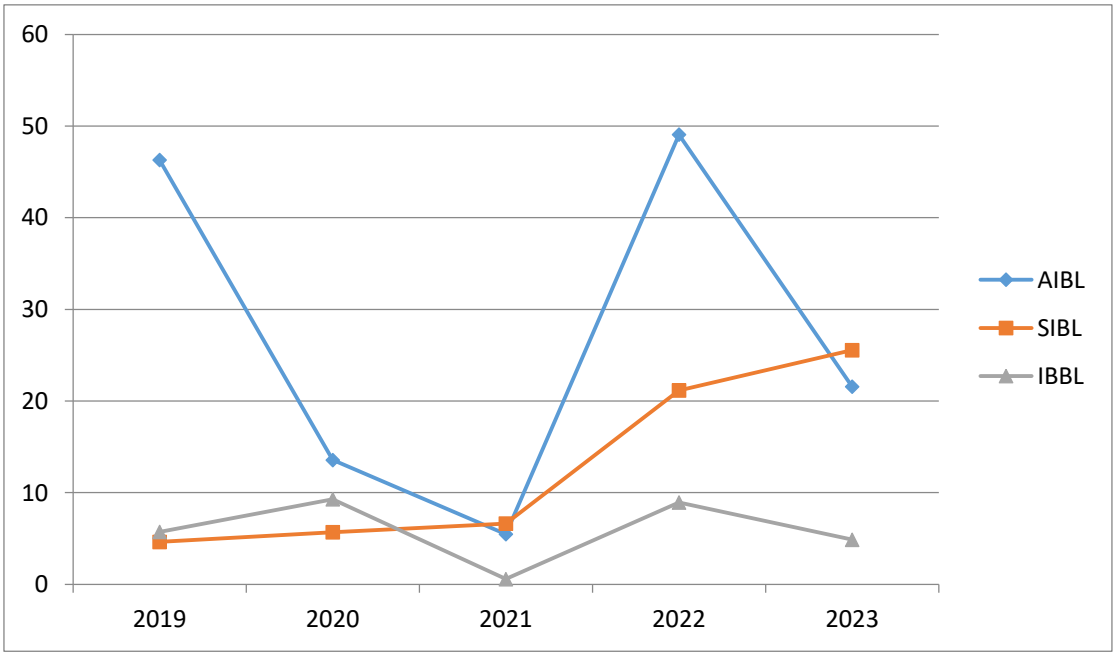


Figure 4.11: Comparative Growth Rate of AIB PLC Foreign Exchange performance with SIB PLC and IBB PLC

Source: Annual Report 2019 to 2023 of AIB PLC, SIB PLC & IBB PLC

In overall Foreign Exchange performance, as we see above growth rate we can say that AIB PLC's total Foreign Exchange is higher than SIB PLC and IBB PLC. In year 2019and 2021 AIB PLC's growth rate is lower than SIB PLC. So AIB PLC's Foreign Exchange performance is Fluctuating trend, we hope that AIB PLC can increase their Foreign Exchange performance in near future.

Chapter Five

Findings, Recommendations & Conclusion

5.1 Findings of the Project paper:

On the basis of my practical experience during Thesis paper program I have found some findings in preparing the Thesis paper that the bank faces in operating Foreign Exchange related activities. Major findings of the Foreign Exchange business are stated below: -

1. The number of exporter and importer who operates through this bank is enough to achieve the goal.
2. Al-Arafah Islami Bank PLC operates foreign business through 25 branches that are not sufficient to competition in the market. So they should take necessary steps to increase foreign exchange department in other branch.
3. They have sufficient efficient employees to operate foreign exchange department in the bank. So they should not increase efficient employees in this department.
4. The bank is operated through 46 numbers of branches that are very few. So few number of branches are a barrier to improve foreign business.
5. Staff meetings and departmental meetings at the branch level held or very few which is very essential to develop service quality as well as problem solving.
6. AIB PLC always customer oriented, they always try to render Utmost service to their Clients.
7. AIB PLC always pays the back to back L/C s Payment on time and has reputations in Payment settlement behaviors.
8. Every Exports based organization financed by AIB PLC has representatives (Commercial) to perform various day to day activities on behalf of their organization

5.2 Recommendations:

It is clear that the Al-Arafah Islami Bank PLC Foreign Exchange Branch has ensured productive utilization. The branch success has been made possible SIB PLC due to dynamic leadership of the Branch Management, proper guidelines, good counsel and devotion and sincerity of all categories of officers and the employees of the Branch. Modern banking technology and equipment should be used to ease the work of bank and error free quick customer services. My recommendations of foreign business related are given bellow:

1. The number of exporter and importer who operates through this bank is not enough to achieve the bank goal. So AIB PLC offer more facilities to attract them to be their client.
2. In addition with the present services they include more services. It is badly needed to provide more services to the customer in order to compete in the market.
3. Foreign exchange department is fully computerized that the exchange process would be convenient for both the bankers and the clients.
4. The Bank increases their number of branches and foreign exchange department in other branch. Because they cannot compete in the market for their few number foreign exchange department.
5. Proper Banking software uses to get best benefit from this department.
6. On-line banking is introduced for better customer services and to eliminate risk of sending document via post and risk of loss. It also increases quick fund transfer and better satisfaction from customer.
7. Staff meetings and departmental meetings at the branch level must be increased to develop service quality as well as problem solving
8. The bank gives an aggressive advertisement campaign to build up a strong image and reputation the potential customers.

5.3 Conclusion

From the learning and experience point of view I can say that I really enjoyed my Thesis paper period in Al-Arafah Islami Bank PLC. at Gazipur Branch Branch from the very first day. I am confident that this few months Thesis paper program will definitely help me to realize my further career in the job market.

AIB PLC has already developed an image of goodwill among its clientele by offering its excellence services. This success has resulted from dedicated commitment and dynamic leadership of its management over the period. During this short span of time of its operation, the bank has successfully grabbed a position as a progressive dynamic financial institution in the country if the bank goes this way, it is expected that in the near future AIB PLC may become one of the top performers in the banking sector. Overall, the bank must make a positive attempt to the more outward looking in their goals and aware of what is happening. They must also emphasize on the domestic scenario more closely and analyze any certain trend and strategies of their competitors. They have taken 2023 as a challenge with the promise to increase the stakeholders' value and be valued as a compliant organization. Adopting new strategic business policy, the bank will boost up its business in all areas of operation to achieve its corporate goal. The pro-active management terms of AIB PLC win their talent and skills have been working for continuous success in the performance of the bank.

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- ✓ Prospectus of Islami Bank Bangladesh PLC. 2019-2023
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Appendix :

5 years Financial Highlights

(In million taka)

Particular	2019	2020	2021	2022	2023
Authorized Capital	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Paid up Capital	10,649.02	10,649.02	10,649.02	10,649.02	10,968.49
Reserve Funds & Other Reserve	10,318.64	11,418.96	11,733.35	11,733.99	12,052.66
Shareholders' Equity (Capital & Reserve)	24,148.24	25,455.85	25,900.33	25,917.49	26,497.62
Deposits	297,241.81	326,023.41	353,287.97	394,045.83	419,395.25
Investment	288,486.02	308,620.66	336,890.72	406,787.79	447,121.45
Total Income	11,332.59	16,692.58	19,723.41	22,211.79	21,079.94
Total Expenditure	7,005.81	11,937.04	14,774.85	15,878.34	14,719.79
Profit Before Tax & Provision	7,860.62	6,687.77	7,494.14	8,493.52	8,234.39
Profit Before Tax	4,992.96	4,799.87	4,838.56	5,264.01	5,481.65
Profit After Tax	2,427.63	2,571.81	2,126.44	2,106.63	2,356.48
Fixed Assets	4,351.93	5,833.88	5,470.27	5,144.43	5,010.42
Total Assets (Excluding off-balance sheet items)	381,051.81	418,298.65	462,687.05	534,756.11	573,308.83
Import Business	171,611.70	169,378.90	261,566.10	300,430.90	269,322.70
Export Business	108,967.10	104,939.40	135,786.90	181,070.20	200,352.30
Capital Measures					
Core Capital (Tier-l)	22,817.41	23,930.89	29,301.30	29,640.35	30,245.15
Supplementary Capital (Tier-ll)	9,735.77	15,327.20	14,359.58	14,916.76	15,244.75
Tier-l Capital Ratio	10.22	9.59	10.37	9.43	9.34
Tier-ll Capital Ratio	4.36	6.14	5.08	4.75	4.71
Total Capital	32,553.18	39,258.09	43660.88	44,557.11	45,489.90
Total Capital Ratio	14.58	15.74	15.46	14.17	14.05
% of NPIs to Total investment	4.82	3.80	4.81	5.41	6.76
Number of Shares Outstanding	1,064,902,185	1,064,902,185	1,064,902,185	1,064,902,185	1,096,849,251
Earning per Share (Taka)	2.28	2.41	1.96	1.95	2.14
Book Value per Share (Taka)	21.13	22.35	22.73	22.75	22.63
Price Earning Ratio (Times)	17.20	22.20	26.60 2	3.60	23.70
Price Equity Ratio (Times)	7.56	9.22	13.57	12.10	11.06
Dividend per Share					
a. Cash Dividend (%)	13.00	15.00	15.00	12.00	10.00
b. Bonus Share	-	-	-	3.00	5.00
Number of Branches	182	184	201	208	215
Number of Employees	3,795	3,866	4,247	5,184	5,768
Number of Shareholders	24,276	22,142	19,146	17,186	16,293

✓ Questionnaire:

SL		Yes	No	Remark
1	Foreign Exchange Department Thesis paper s all past dues to senior.			
2	Whether the bank has developed Remittance system in line with BB's prescription?			
3	Whether all types of Import & Export facilities clearly mentioned in policy?			
4	Whether Approval Authority has been clearly defined in the terms?			
5	Whether the bank has a clearly established process in place for approving new L/C's as well as the extension of existing clients?			
6	Whether Import & Export disbursement effected only after execution of charge documents & completion of covenants & creating charge on goods and services?			