Sonargaon University

Internship Report
On
"Overview of Islamic Bank, The first Shari'ah based bank in Bangladesh"

Submitted by:
Ahad Bhuiyan Mahim
ID: BBA2002020007
Program: BBA (Major in Finance)
Semester: Spring-2024

Submitted to:
Department of Business Administration
Sonargaon University (SU)
Dhaka-1215

Submitted for the partial fulfillment requirement of the degree of
Bachelor of Business Administration

Date of Submission: 17 April, 2024

Sonargaon University

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Supervised by:
Nowshin Mahmood Tahiya
Lecturer
Department of Business Administration
Sonargaon University (SU)

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Date of Submission: 17 April, 2024

Letter of Transmittal

01 February, 2024
To,
Nowshin Mahmood Tahiya
Lecturer
Department of Business Administration
Sonargaon University.

Subject: Submission of Internship Report on "Overview of Islamic Bank, The first Shari'ah based bank in Bangladesh".

Dear Mam,

With best respect and honor, I would like to inform you that I have completed my internship report on "Overview of Islamic Bank, The first Shari'ah based bank in Bangladesh". It is an immense pleasure for me to place the same before you.

I have tried my level best to prepare this report and to accumulate relevant and insightful information. It is a great experience for me to work on this topic. I have tried to make the report vivid and comprehensive within the scheduled time and limited resources.

I sincerely hope that this report will help you to evaluate me. I will be obliged to clarify any matter or to provide any further information regarding this report.

Thanking you for your kind supervision.

Sincerely yours,

_____

Ahad Bhuiyan Mahim
ID: BBA2002020007
Department of Business Administration
Sonargaon University (SU)

Letter of Acceptance

Letter of Acceptance This is to certify that **Ahad Bhuiyan Mahim** bearing ID No BBA2002020007, student of BBA Program, Sonargaon University, has completed the internship report under my supervision. He has worked with Islami Bank Bangladesh Limited as an intern and completed the report entitled **"Overview of Islamic Bank, The first Shari'ah based bank in Bangladesh"** as a partial requirement for obtaining BBA Degree. He has completed the report by himself. He has been permitted to submit the report. **Ahad Bhuiyan Mahim** bears a strong moral character and a very pleasing responsibility. It has indeed been a great pleasure working with him. I wish him all success in life.

_____

Nowshin Mahmood Tahiya
Lecturer
Department of Business Administration
Sonargaon University (SU)

Declaration

I, **Ahad Bhuiyan Mahim,** a student of BBA Program, Department of Business Administration, Sonargaon University, hereby declare that the internship report titled **"Overview of Islamic Bank, The first Shari'ah based bank in Bangladesh"** has been prepared after the completion of my internship at Islami Bank Bangladesh Limited at Narayangonj Branch under the intensive supervision and guidance of **Nowshin Mahmood Tahiya**, Lecturer, Department of Business Administration, Sonargaon University and **Dawod Khan,** Vice President (VP) and In-Charge of Jatrabari Branch, Islami Bank Bangladesh Limited.

I also declare that this report is an original work and no part of this report has been copied from elsewhere. In addition I would also like to mention that this report has not been published or submitted for being published or submitted for awarding any degree, diploma or recognition.

_____

Ahad Bhuiyan Mahim
ID: BBA2002020007
Department of Business Administration
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Acknowledgement

First of all, we would like to express our gratitude to the Almighty Allah for giving our the strength and willpower to complete this internship report on time.

We are deeply indebted and grateful to a number of people without whom our internship would have been impossible. We would like to thank our academic supervisor, Naznin Akther Madam. It would have been impossible to prepare this report without her constant support and guidance. From the start of my internship until the end, she was always there to help me regarding any issue. It is her supervision, direction and instructions which have helped me to complete this internship report in due time.

I am extremely grateful to our course director, Md. Maznuzzaman, SVP and Head of Training, IBTRA. I am truly indebted to my course coordinators Hosne Ara, VP, IBTRA and S. Nazmun Nahar, SO, IBTRA. Hosne Ara Madam was my supervisor throughout the internship and she was always there to assist me whenever I needed her.

I am also grateful to all the officers of Local Office of Motijheel Branch for their constant support. Gaining a hands-on experience in one of the fastest growing banks of the country would have been impossible without them. They have given their time whenever I needed a brief from them. It is because of them I was able to draw the connection between my theoretical knowledge and real- world experience. So, they had a huge role to play in the preparation of this internship report.

Executive Summary

The report has been prepared in order to highlight our 2-month long internship program at Islami Bank Bangladesh Limited. This report contains summarized view of our practical experience which we have gained during our exposure to the corporate world and banking industry. The 2-month long internship program has helped me to convert our academic knowledge into practical experience. This report tries to focus on every aspect of our internship so that we can convey our learnings from the internship experience.

Islami Bank Bangladesh Limited is one of the fastest growing and top performing banks of the country. In fact, IBBL is the first interest free bank in Southeast Asia which has been the flagbearer of Islamic Shariah based banking system in our country. As an intern, we got the opportunity to work at three different departments- General Banking, Foreign Exchange and Investment. While working at these departments, we got a hands-on experience about the products and services of IBBL and how they satisfy their existing clients. we also learnt about different operations and organizational procedures of IBBL during my internship tenure.

We have tried to highlight our findings through different chapters in this report. The first chapter is the introductory part where basic information regarding the topic and purpose of study have been included. Secondly, the company overview of IBBL has been included which contains the history and products and services of IBBL. The 3rd chapter is the industry analysis which deals with the competitive landscape of the banking industry and shows the position of Islami Bank Bangladesh Limited within the industry. The next chapter contains the description of main duties and difficulties and challenges faced by me during the internship period. The 5th chapter is one of the most important chapters which contains different types of analysis which have been done based on personal experience.

After the analysis, the next chapter focuses on the findings and recommendations part. Since we got to know the company from inside, we have some suggestions from our side which we think can be fruitful for the company. Lastly, we have tried to conclude the report by highlighting the growth and future opportunities which lies ahead of IBBL.

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Chapter-1: Prelnde

Banking plays a predominant role in order to boost the economy of a developing country like Bangladesh. When it comes to the banks of Bangladesh, Islami Bank Bangladesh Limited has been one of the best performers for the past few years. In fact, it is the first Shariah-based Islamic Bank of Southeast Asia. The goal of Islami Bank Bangladesh Limited is to continuously strive for achieving superior financial performance under the compliance of Islamic Shariah. IBBL wants to ensure justice and equity in all the economic activities of the society. That is why, it has undertaken diversified investment operations and made them interest free. Since IBBL wants to ensure a discrimination free society with more and more employment opportunities, that is why IBBL always tries to encourage investment, particularly in projects that are more likely to result in more jobs.

In order to get myself acquainted with the corporate world and to get in-depth knowledge about the banking industry, we decided to pursue our internship at Islami Bank Bangladesh Limited. In order to share my professional experience in the corporate world during these 3 months, I have prepared this report. At the beginning of our internship, we had to take part in the training sessions of IBTRA. Then at the branch, we had to work at three separate departments of IBBL by rotation. My responsibility started at the General Banking Department where I spent most of my time dealing directly with customers. After that, we was transferred to the Foreign Exchange Department where we got acquainted with LCs of different kinds. Lastly, we worked at the Investment Department where we had to identify the credit risk associated with each client. Lastly, we worked with a project of Rural Development Scheme of IBBL before completing our internship.

1. 2 Objective of the report

The report actually aims to serve two objectives. One is the broader one and another one is the narrow one.

1.2.1 Broad Objective

- The purpose of this report is to evaluate the overall performance of IBBLC.

1.2.2 Specific Objective

The narrower or specific objectives of the report include:

- To specify industry average.
- To depict the company's overall condition and performance in the local market.
- To obtain insights about the overall operational processes of the banking industry.
- To know the banks compititive landscape.

1.3 Methodology

This part basically depicts how data have been collected in order to prepare this report. Both qualitative and quantitative approach have been used in this report. The study has been performed after collecting data from both primary and secondary sources. Specially after collecting data from secondary sources, Microsoft Excel and Power point have been further used in order to analyze the data. The sources that have been used to gather primary and secondary data are provided below:

1.3.1 Primary Sources

As we interacted directly with the employees, it is quite evident that most of the information have been taken directly from the employees and their verdict. The primary sources include:

- Personal surveillance and practical deskwork
- Face-to-face discussion with officers and clients
- Diary which we maintained during our internship
- Bank Documents (Demand Promissory Notes, Letter of Hypothecation etc.)

1.3.2 Secondary Sources

Since bank is an organization where data is an utmost priority, it is quite natural that they don't share every information with an intern. That is why, we had to collect information from secondary sources as well. The secondary sources include:

- Website of Islami Bank Bangladesh Limited
- Website of Islami Bank Training and Research Academy
- Annual Report of IBBL
- Different journals and publications related to banking

1.4 Scope of the Report

This report contains an overview of Islami Bank Bangladesh Limited along with its products and services. Besides, it also points out the industry in which IBBL operates and the current standing of IBBL in that industry. Since the report is prepared by an intern, an employee perspective will be eminent from this report. It will help the readers learn about the Shariah Based bankingsystem of the country and how it operates.

1.5 Limitations of the Report

Every report tends to have some limitations and this report is also no exception to that. Among the limitations, the most noteworthy are-

- Confidentiality
- Time constraint
- Lack of understanding.

One of the major setbacks while working at a bank is the confidentiality. Bank contains sensitive information and IBBL is also no exception to that. That is why, there were some restrictions regarding data sharing. Three months is never enough to know about each and every operation of a company. That is why, we was not able to gather experience in all the departments of IBBL. Despite the time constraint, I have tried my best to gather as much practical experience as possible. Since the report contains our analysis in certain parts, it might be possible that we have misinterpreted certain situations. So, our lack of understanding in some part might also affect the report.

Chapter-2: Literature Review

2.1 Green Management and financial performance:

A literature review José F Molina-Azorín, Enrique Claver-Cortés, Maria D López-Gamero, Juan J Tarí Management decision 47 (7), 1080-1100, 2009 Purpose – The purpose of this paper is to carry out a literature review of the quantitative studies that have analyzed the impact of green management on financial performance. Design/methodology/approach – An examination of the literature was undertaken to review the quantitative studies that analyze the influence of environmental management on financial performance. A total of 32 studies were identified, examining the environmental variables used, the financial performance variables, the statistical analyses, and the main findings obtained by these studies. Findings – Results are mixed, but studies where a positive impact of environment on financial performance is obtained are predominant. In addition, the findings show that the set of firms, industries and countries are varied. Some studies use environmental management variables and other works employ environmental performance variables, and regression analysis prevails. Research limitations/implications – The study does not consider studies that analyze the influence of environmental management on environmental performance. Implications for future research are suggested. Practical implications – The paper offers interesting implications for managers, pointing out that a real commitment to green management may result in a positive influence on financial performance. Originality/value – The findings are derived from an exhaustive literature review of quantitative studies that have studied the green management-financial performance link. In addition, ideas for improving future research in this field are provided.

2.2 Didin Fatihudin International Journal

Didin Fatihudin International Journal of Civil Engineering and Technology (IJCIET) 9 (6), 553-557, 2018 Financial performance is the achievement of the company's financial performance for a certain period covering the collection and allocation of finance measured by capital adequacy, liquidity, solvency, efficiency, leverage and profitability. Financial performance, the company's ability to manage and control its own resources. Cash flow, balance sheet, profit-loss, capital change can be the basis of information for corporate managers to make decisions. It is important to understand fundamental analysis and technical analysis, it is necessary to learn finance to understand the company's financial behavior through economics, financial management and accounting. Key words: Financial Performance, Financial Report, Financial Study.

2.3 Citeseerx.ist.psu.edu Environmental and financial performance:

citeseerx.ist.psu.edu Environmental and financial performance are they related? Mark A Cohen, Scott Fenn, Jonathan S Naimon Investor Responsibility Research Center, Environmental Information Service, 1995 Prior research has been contradictory on the relationship between financial and environmental performance. There are both theoretical and empirical reasons for this lack of consensus. Complying with environmental regulation is costly and thus might hurt a firm's bottom line. On the other hand, a firm that is efficient at pollution control might also be efficient at production. Moreover, a firm that does well financially can afford to spend more of its resources on cleaner technologies. Among the reasons for the past discrepancy in empirical findings is the lack of objective criteria to evaluate environmental performance. Some authors have looked at subjective rankings by public interest groups, others have examined pollution control expenditures across industries, while others have compared the market returns of socially conscious mutual funds to overall market trends. This study reports on a new objective data set detailing the environmental performance of the Standard and Poor's 500 companies. We construct two industry-balanced portfolios and compare both accounting and market returns of the" high polluter" to the" low polluter" portfolio. Overall, we find either no" penalty" for investing in the" green" portfolio, or a positive return from green investing. The paper also examines the stock market reaction to new information on the environmental performance of individual firms, and provides a preliminary analysis of which comes first-good financial performance or good environmental performance.

2.4 Environmental and financial performance:

Environmental and financial performance: are they related? Mark A Cohen, Scott Fenn, Jonathan S Naimon Investor Responsibility Research Center, Environmental Information Service, 1995 Prior research has been contradictory on the relationship between financial and environmental performance. There are both theoretical and empirical reasons for this lack of consensus. Complying with environmental regulation is costly and thus might hurt a firm's bottom line. On the other hand, a firm that is efficient at pollution control might also be efficient at production. Moreover, a firm that does well financially can afford to spend more of its resources on cleaner technologies. Among the reasons for the past discrepancy in empirical findings is the lack of objective criteria to evaluate environmental performance. Some authors have looked at subjective rankings by public interest groups,

others have examined pollution control expenditures across industries, while others have compared the market returns of socially conscious mutual funds to overall market trends. This study reports on a new objective data set detailing the environmental performance of the Standard and Poor's 500 companies. We construct two industry-balanced portfolios and compare both accounting and market returns of the" high polluter" to the" low polluter" portfolio. Overall, we find either no" penalty" for investing in the" green" portfolio, or a positive return from green investing. The paper also examines the stock market reaction to new information on the environmental performance of individual firms, and provides a preliminary analysis of which comes first-good financial performance or good environmental performance. View at citeseerx.ist.psu.edu [PDF] psu.edu Cited by 584 Related articles All 5 versions Financial performance analysis-A case study Amalendu Bhunia, Sri Somnath Mukhuti, Sri Gautam Roy Current Research Journal of Social Sciences 3 (3), 269-275, 2011 The present study aims to identify the financial strengths and weaknesses of the Indian public sector pharmaceutical enterprises by properly establishing relationships between the items of the balance sheet and profit and loss account. The study covers two public sector drug and pharmaceutical enterprises listed on BSE. The study has been undertaken for the period of twelve years from 1997-98 to 2008-09 and the necessary data have been obtained from CMIE database. The liquidity position was strong in case of both the selected companies thereby reflecting the ability of the companies to pay short-term obligations on due dates and they relied more on external funds in terms of long-term borrowings thereby providing a lower degree of protection to the creditors. Financial stability of both the selected companies has showed a downward trend and consequently the financial stability of selected pharmaceutical companies has been decreasing at an intense rate. The study exclusively depends on the public sectors published financial data and it does not compare with private sector pharmaceutical enterprises. This is a major limitation of the research. The study is of crucial importance to measure the firm's liquidity, solvency, profitability, stability and other indicators that the business is conducted in a rational and normal way; ensuring enough returns to the shareholders to maintain at least its market value. The study will help investors to identify the nature of Indian pharmaceutical industry and will also help to take decision regarding investment.

2.5 Ronald M Roman, Sefa Hayibor, Bradley

Ronald M Roman, Sefa Hayibor, Bradley R Agle Business & society 38 (1), 109-125, 1999 A primary issue in the field of business and society over the past 25 years has been the relationship between corporate social performance and corporate financial performance. Recently, Griffin and Mahon (1997) presented a table categorizing studies that have investigated this relationship. Motivated by concerns with this table, as well as a desire to account for progress in research in this area, the authors reconstructed it. The authors present a portrait of this relationship that is (a) substantially different from that shown in the Griffin and Mahon table and (b) more consistent with the latest research on the topic.

2.6 Philip L Cochran, Robert A Wood

Philip L Cochran, Robert A Wood Academy of management Journal 27 (1), 42-56, 1984 The relationship between corporate social responsibility and financial performance is reexamined using a new methodology, improved technique, and industry-specific control groups. Average age of corporate assets is found to be highly correlated with social responsibility ranking. After controlling for this factor, there still is some correlation between corporate social responsibility and financial performance.

Chapter-3: Company Overview

3.1 Overview

Islami Bank Bangladesh Limited is a joint venture public limited company which embarked its journey as the first Islamic Bank in South East Asia. Though it faced tremendous struggle in its early days, it made a rapid comeback and currently possess the largest branch network among theprivate sector banks of Bangladesh.

Islami Bank Bangladesh Limited (IBBL) currently has 383 branches, 207 sub-branches and 2306 agent outlets which is a representation of the outreach of IBBL in Bangladesh. Additionally, IBBL operates 621 ATM Booths and 33 IDM (IBBL Deposit Machine) as well as 6,000 shared ATM networks around the country. The contribution of IBBL in the national economy of Bangladesh cannot be overlooked. It has almost **14,000 employees and 15 Million customers** who are directly dependent on IBBL. Besides, IBBL is a key player in the foreign remittance section of the country. Almost 32% of the countries' total remittance is collected by Islami Bank Bangladesh Ltd. Among the 61 banks in Bangladesh, IBBL collects almost 1/3rd of the foreign remittance alone. The contribution of IBBL in the national economy of the country can be clearly realized from this comparison. Islami Bank Bangladesh Limited is listed with both Dhaka Stock Exchange and Chittagong Stock Exchange Ltd. The authorized capital of IBBL is Tk. 20,000.00 Million and paid-up capital is Tk. 16,099.91 Million. IBBL has 63.09% foreign shareholders and 36.91% local shareholders. During the January-June quarter of 2021, IBBL increased its net profit by 7%. The consolidated net profit was Tk. 3346.4 Million (Tk. 334 crore) and the earnings per share (EPS) was Tk. 2.08 according to the company's unaudited financial statement.

The point of difference of Islami Bank Bangladesh Limited in contrast to other banks is the prohibition of interest (Chakraborty, 2015). While other banks focus on their services by maintaining a specific interest rate, IBBL uses different modes and mechanisms to shun the practice of taking interest and performs their day-to-day activities by complying with the rules and regulations of Islamic Shariah. Since Bangladesh is a country with Muslim majority (89.1%), therefore the emergence of a Shariah controlled Islamic Bank like IBBL has been revolutionary for our country.

3.2 Historical Background of Islami Bank Bangladesh Limited

Though Islami Bank Bangladesh Limited has a strong foundation now and is considered as one of the top performing banks of the country, the early days of establishment of IBBL was not that easy. In order to maintain its economic and financial system consistent with Islamic Shariah, Bangladesh ratified the Charter of the Islamic Development Bank in August 1974. The Islamic Economics Research Bureau (IERB) and the Bangladesh Islamic Banker's Association (BIBA) have made important contributions to the country's adoption of Islamic banking. These two institutions were the key players to provide training regarding Islamic Banking to top bankers and economists of Bangladesh. These training sessions were provided in order to fulfill the leadership gap in Bangladesh's future Islamic institutions. In order to establish the first interest free Islamic Bank of South-East Asia, 19 Bangladeshi nationals, 4 Bangladeshi institutions and 11 banks, financial institutions and government organizations from the Middle East and Europe including IDB, and two famous Saudi Arabian personalities joined hands. After a long-drawn struggle, Islami Bank Bangladesh Ltd. came into existence on 13th March, 1983 under the Companies Act 1913.

In order to meet the growing demands of digitalization, IBBL is working hard to market its fintech products through its ADC (Alternative Delivery Channels). Though IBBL already had mCash for its mobile banking services and iBanking for internet banking services, recently it has launched CellFin. CellFin is IBBL's omni-channel platform for all forms of digital services and transactions. It integrates all the digital services of IBBL under one platform.

Islami Bank Bangladesh Limited is continuously working to fulfill its goal of achieving superior financial position among the banks and other financial institutions of Bangladesh. Side by side, it is also working to establish equity and justice in the society by reducing the disparity between rich and poor while maintaining an interest free banking system which complies with the rules and regulations of Islamic Shariah.

3.3 Products and Services

IBBL has a wide range of products and services. Among the deposit products, there are two types of accounts-Al Wadeah accounts and Mudaraba accounts. While Al-Wadeah deals with current accounts, Mudaraba deals with savings accounts. In case of investment, there are three mechanisms which are preferred by IBBL. They are- Bai, Share and Ijarah. Bai mechanism deals

Products	
Deposit Products	**1.Al-Wadeah Accounts** **2.Mudaraba Accounts** • Al-Wadeah Current Account (AWCA) • Mudaraba Savings Account (MSA) • Mudaraba Term Deposit Account (MTDR) • Mudaraba Special Notice Account (MSNA) • Mudaraba Hajj Savings Account (MHSA) • Mudaraba Special Savings (Pension) Account (MSSA) • Mudaraba Savings Bond (MSB) • Mudaraba Monthly Profit Deposit Account (MMPDA) • MudarabaMuhor Savings Account (MMSA) • MudarabaWaqf Cash Deposit Account (MWCDA) • Mudaraba NRB Savings Bond (MNSB) Account • Mudaraba Foreign Currency Deposit Account (MFCD) • Students Mudaraba Savings Account (SMSA)
Investment Products	**BAI-MODES** • Bai-Murabaha • Bai-Istijrar • Bai-Muajjal • Bai Salam • Istisna • Bai-As-Sarf **SHARE-MODES** • Mudaraba • Musharaka **IJARA-MODES** • Hire Purchase Under ShirkatulMelk
Investment Scheme	• House Hold Investment Scheme • Investment Scheme for Doctors (ISD) • Transport Investment Scheme (TIS) • Car Investment Scheme (CIS) • Small Business Investment Scheme (SBIS) • Micro Industries Investment Scheme (MIIS) • Agricultural Implement Investment Scheme (AIIS) • Real Estate Investment Program (REIP) • Real Estate Investment (Commercial & Working Capital) • Agricultural Investment of IBBL • NRB (Non Resident Bangladeshi)

Services
• NRB(Non Resident Bangladeshi) Entrepreneurs Services • SME Information • Foreign Exchange Business Service • Locker Service • Offshore Banking Units (OBU)

Fig-1: Products and Services of IBBL

with the debt-based modes, share mechanism indicates the participatory modes and Ijara mechanism deals with the rent-based modes. Besides all these, there is RDS (Rural Development Scheme) which has been introduced by Islami Bank Bangladesh Ltd. in order to support the people who are suffering because of economic disparity. RDS has been launched by IBBL in order to engage to the investment needs of the agriculture dependent rural people of Bangladesh. It helps to generate employment opportunities in the rural sector which is a blessing for people who have been living under the poverty line due to lack of investment opportunities. Now among the services, there are mainly five classification. IBBL provides- NRB (Non-Resident Bangladeshi) Entrepreneurs Service, SME (Small and Medium Enterprise) Service, Foreign Exchange Business Service, Locker Service and Offshore Banking Service. These are basically the products and services which IBBL offers to its clients.

3.4 Mission of IBBL

The purpose and intention of IBBL can be realized from its mission statements.



Fig-2: Mission of IBBL

3.5 Vision of IBBL

IBBL has a broad vision of establishing itself as one of the leading Islamic banks of the whole world. The vision of IBBL includes:



Fig-3: Vision of IBBL

3.6 SWOT Analysis of IBBL

In order to evaluate the competitive position of IBBL as a company, a SWOT analysis has been conducted below:

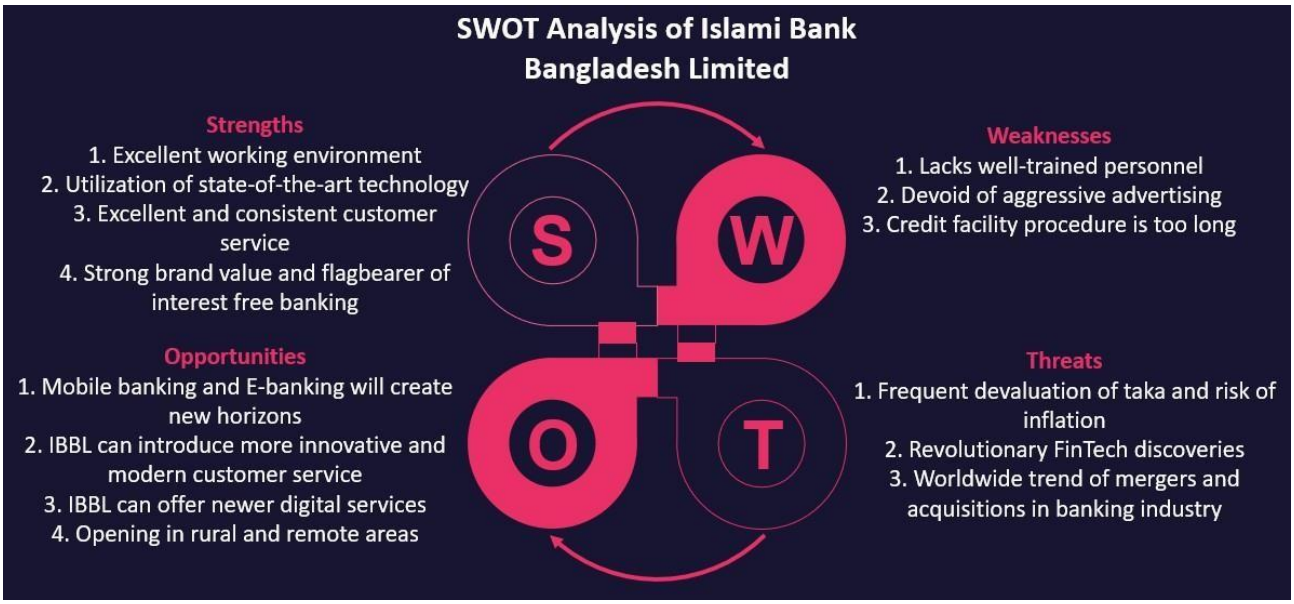


Fig-4: SWOT Analysis of IBBL

3.7 Operating Sector and Customer Base of IBBL

IBBL operates in the commercial banking sector of Bangladesh and currently it is one of the leading banks among the private banks of our country.

The customer base of IBBL is quite diverse.

Sex	**Count**	**%**	**Profession**	**Count**	**%**
Male	94	55.3	Business	28	16.5
Female	76	44.7	Service	103	60.6
Total	170	100	Student	16	9.4
Marital status	**Count**	**%**	Housewife	23	13.5
Married	115	67.6	Total	170	100
Unmarried	55	32.4	**Type of account**	**Count**	**%**
Total	170		Saving	134	78.8
Age group	**Count**	**%**	Current	12	7.1
18-30	116	68.2	DPS	20	11.8
31 years above	54	31.8	Others	4	2.4
Total	170	100	**Total**	**170**	100
Mean age	29.5706		**Relationship with bank**	**Count**	**%**
Income group	**Count**	**%**	Less than 3 years	78	45.9
Less than Tk.15000	21	12.4	Between 3 years and 5 years	50	29.4
Between Tk. 15000 and Tk. 25000	26	15.3	Between 5 years and 10 years	32	18.8
Between Tk. 25000 and Tk. 35000	63	37.1	Above 10 years	10	5.9
Between Tk. 35000 and Tk. 45000	43	25.3	**Total**	**170**	100
Above Tk. 45000	17	10.0			
Total	170	100			

Fig-5: Customer Base of IBBL

One can find people from every walks of life in the customer base of IBBL. Either it be elite people from the high raised building of Dhaka city or marginal people from the most rural areas of the country, there is presence of Islami Bank Bangladesh Limited in every corner of the country. Whether it be a new start-up or an established billion-dollar company, all of them have accounts at Islami Bank Bangladesh Limited. The customer base of IBBL has been presented above with a figure.

Chapter-4: Industry Analysis

In order to comprehend an industry's dynamics, industry analysis is a must. It enables us to gain a better understanding of what is going on in a particular industry, such as-degree of competition inside the industry, state of competition with other emerging industries, future prospects of the industry in light of technological changes, and the impact of external factors on the industry. The Banking Industry of Bangladesh is playing a predominant role in carrying out major financial activities of the country. The banks of Bangladesh are basically classified into two categories:

1. Scheduled Banks- The banks which are regulated by the orders of Bangladesh Bank
2. Non-Scheduled Banks- The banks which are established for specialized objectives

There are 61 Scheduled Banks in Bangladesh under which there are 3 SBs (Specialized Banks), 6 SCBs/SOCBs (State-Owned Commercial Banks), 9 FCBs (Foreign Commercial Banks) and 43 PCBs (Private Commercial Banks). Among the PCBs, 33 are conventional PCBs and the rest 10 are Islamic Shariah Based PCBs. Islami Bank Bangladesh Limited falls under this Islamic Shariah Based PCBs.

4.1 Industry Growth and Market Size

The population of Bangladesh is almost 16.73 Crores as of 2022 and the number of people availing banking facilities are increasing day by day. From 2011-2017, during these 7 years, banking industry has experienced tremendous growth and has acquired more customers than ever. As of 2014, only 29.14% of the population had bank accounts. But this number increased to 40.97% in 2017. That means, during these 3 years, there was almost a growth rate of 40%. But the ongoing Covid-19 pandemic has a negative impact on the banking industry and it has halted its growth to some extent. Although it is quite impossible to find out exactly the percentage of people availing banking services, it is quite evident from various researches that, almost 60% of the people of Bangladesh are using the banking facilities and have accounts in one or more banks. This clearly indicates that the banking industry has the opportunity to tap the unbanked 40% of the population and has the potential to grow more in the future.

Every year, the number of branches of different banks are increasing at a rapid rate. Let's take a comparative look at the assets, deposits and branches of different banks in the year 2018 and 2019.

Year-2018 (In Billion BDT)

Bank types	Number of banks	Number of branches	Total assets	Share in industry assets (in percent)	Total Deposits	Share in industry deposits (in percent)
SCBs	06	3746	3732.2	25.6	2868.4	26.6
SBs	03	1412	324.0	2.2	286.0	2.6
PCBs	41	5060	9769.7	67.0	7127.2	66.0
FCBs	09	68	747.1	5.2	517.2	4.8
Total	**59**	**10286**	**14572.9**	**100.0**	**10798.7**	**100.0**

Year-2019 (In Billion BDT)

Bank types	Number of banks	Number of branches	Total assets	Share in industry assets (in percent)	Total Deposits	Share in industry deposits (in percent)
SCBs	06	3773	3995.4	24.51	3038.6	25.0
SBs	03	1483	357.5	2.2	312.7	2.6
PCBs	41	5257	11048.2	67.8	8269.6	68.1
FCBs	09	65	897.2	5.5	524.4	4.3
Total	**59**	**10578**	**16298.4**	**100.0**	**12145.2**	**100.0**

Fig-6: Banking Systems Structure, Assets and Deposits (2018 Vs. 2019)

As of 2019, the total number of branches of the 59 scheduled banks were approximately 10,578 (Bangladesh Bank, Annual Report 2019-20, Chapter-5). That means, almost 292 branches were introduced in the year 2019. If we look at the total assets and total deposits in the year 2019, we will see that the numbers have increased than that of 2019. Since the number of branches are increasing, it is evident that the overall deposits in those banks are also increasing. During FY20 bank deposits increased by 1217.84 billion which is equivalent to 10.61%. As a result, the total bank deposits stood at BDT 12690.99 billion. If we look at the increment of deposits, we will see that, the year 2020 has higher increment in deposit percentage. In FY19, deposit increment was 9.89%. This is a clear indication of the growth of the market size of the banking industry of Bangladesh.

4.2 Yearly Growth Trend of the Banking Industry

According to the report presented by the Bangladesh Bureau of Statistics (Kabir, 2020) there was a decline in growth in the financial sector of Bangladesh. Though the growth in FY19 was reported to be 7.38%, a growth of 4.46% has been recorded in FY20. In FY19, the contribution of financial sector in GDP was 3.42%. But in FY20, the contribution ceased a little bit and turned to 3.39%.

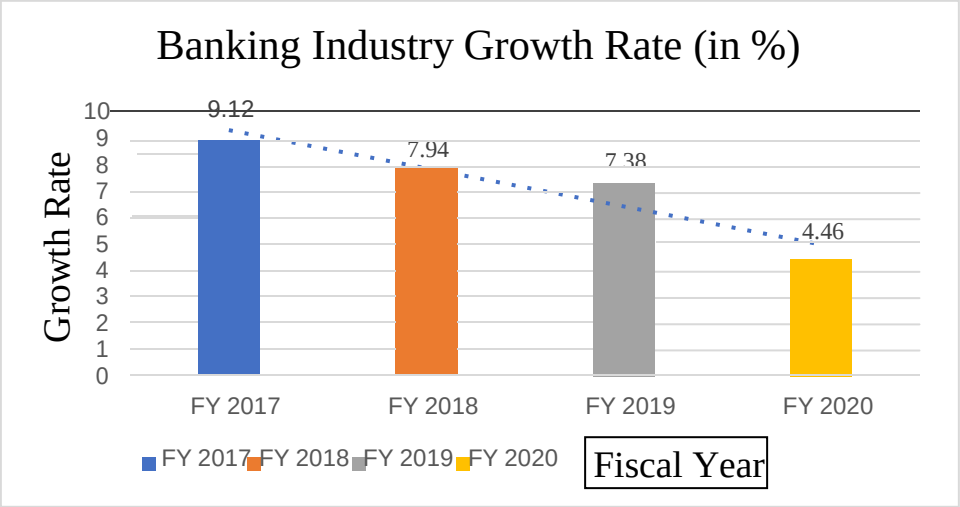


Fig-7: Banking Industry Growth Rate (2017-2020)

The main reason behind this reduction in growth rate is due to the higher NPL's (Non-Performing Loans) which was observed during covid-19 outbreak. People were losing their jobs and it became almost impossible for them to pay back their debts to banks. As a result, it had an impact in the overall economy of the country.

4.3 Performance of Bangladesh in the Industry

According to a report published in 2017, the percentage of people availing banking facilities in Bangladesh was 40.97% and the world average was 58.52% in the same year. That means, Bangladesh was lagging behind in this area. Today, the number of people availing the banking facilities have increased to a great extent in Bangladesh. It is an indication of the economic development of Bangladesh. But there are also some shortcomings which Bangladesh faces inthe banking industry. Reduced income receipts, decreased credit flow, increased NPLs, and a weak capital market are the major reasons why Bangladesh is failing to keep up with the rest of the world in the banking sector. The amount of total assets held by State-Owned Commercial Banks became 24.5% which was 25.6% in the previous year (Bangladesh Bank, 2019). On the other hand, the

percentage of total assets held by private commercial banks had a slight increment of 0.79%. In 2018, PCB's share of total assets was 67% and it rose slightly to 67.79% in the next year. The total asset of the banking industry was recorded at BDT 16298.4 billion during the December of 2019. When it is compared to the previous year, we can see that, there was an increment of 11.84% in the total asset of the banking industry.

If we look at the non-performing loans (NPLs), the world average NPL in the year 2020 was 5.86%. That means, the banking industry of Bangladesh was lagging behind in terms of NPLs. Because of lenient regulations of banks, every year a huge number of clients fail to pay their debt back. Ultimately, it becomes a bad debt for the banks.

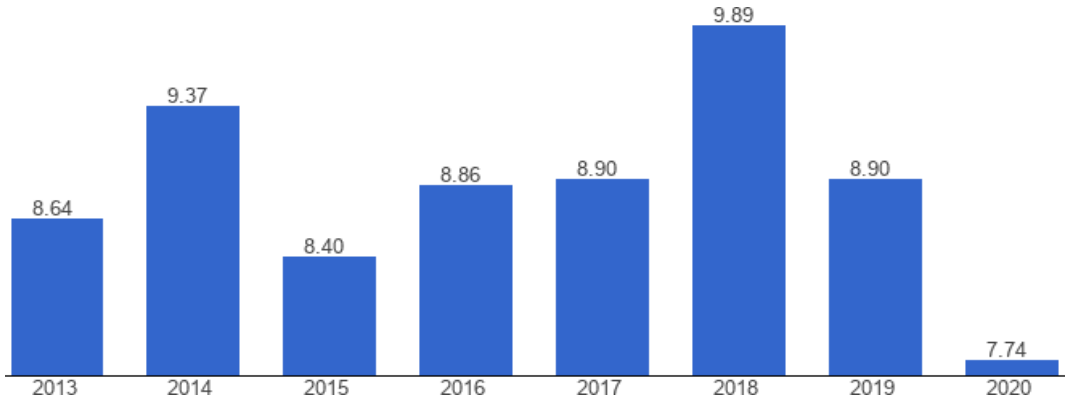


Fig-8: Non-Performing Loans (NPLs) of Banking Industry of Bangladesh from 2013-2020

From the graph, it is evident that, NPLs in the banking industry has shown varying results over the years. The maximum NPLs was recorded in the year 2018 and the minimum was recorded at 2020. Even though the effects of Covid-19 outbreak was still eminent, the year 2020 saw the least percentage of NPLs. The main reason behind this is the "Stimulus Package" introduced by the Government of Bangladesh. This stimulus package was convenient for the corona affectedpeople of our country and they were encouraged more than ever to pay back their debts.

4.4 Competitive Landscape

According to the Wage Earners' Remittance report published by Bangladesh Bank during the month of February 2022, it has been found that, State-Owned Commercial Banks have generated US $312.74 Million.



Fig-9: Competitive Landscape of the banks of Bangladesh

On the other hand, Specialized Banks have generated an amount of US $26.69 Million. The highest amount has been generated by the Private Commercial Banks which is an invigorating amount of US $1149.12 Million. Lastly, the Foreign Commercial Banks have generated an amount of US $7.54 Million. Though the competition is fierce in the banking industry, in terms of Remittance, IBBL has an astounding supremacy.

In order to analyze the banking industry more accurately, Porter's five Forces Model and PESTEL Analysis are going to be applied in case of banking industry of Bangladesh.

4.5 Porter's Five Forces Analysis

In this analysis, five competitive forces are going to be identified which shape the banking industry of our country. Corporate strategies of every banks are shaped based on these five forces:

- Threat of new entrants (Low)
- Bargaining power of customers (High)
- Rivalry among existing competitors (High)
- Threat of substitute products/services (Medium)
- Bargaining power of suppliers (Medium)

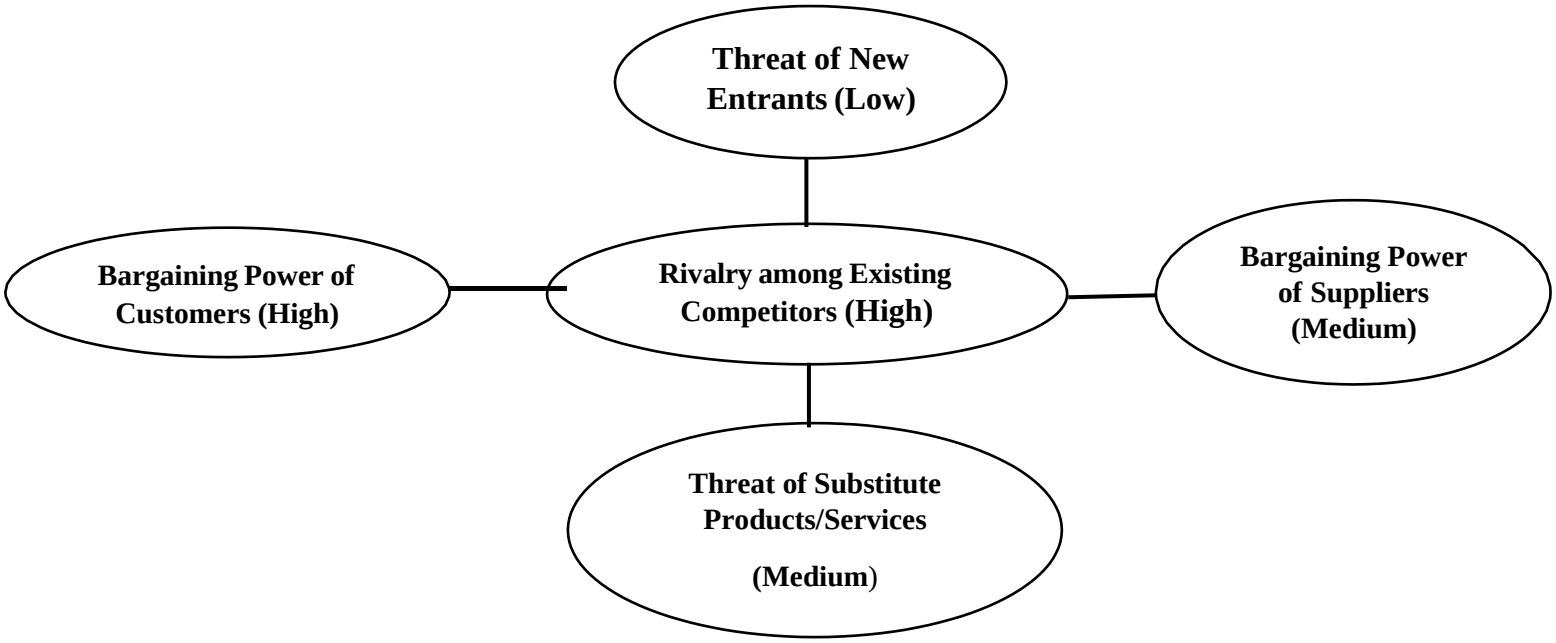


Fig-10: Porter's Five Forces Framework for Banking Industry

Threat of new entrants (Low):

In the banking industry, the threat of new entrants is relatively lower (Mehjabeen, 2018). The initial minimum capital which is required to establish a bank is higher than most of the companies in other industries. In Bangladesh, the initial capital required is Tk. 400 Crore which ultimately makes it quite tough for new entrants to enter into the banking industry. Another new problem for new entrants is "lack of trust". Due to some recent scandals regarding bank, people seem to show less interest in new banks. That is why, the threat of new entrants is quite low in the banking industry of Bangladesh.

Bargaining power of customers (High):

Since the customers of banks are very rate sensitive and number of banks in Bangladesh exceeds 60, that is why, customers hold a high bargaining power in banking industry. In Bangladesh, the number of account holders in banks are huge. In more than 9000 branches of different banks there are almost 9 crore bank accounts among which 5.5 crores are formal bank accounts and the other 3.5 crore are mobile accounts. There are also levels of bargaining power of customers. In the individual level, it is quite less because loss of a single account almost has no impact on the overall performance of the bank. But in case of large companies, it is seen that they have a large influence on their respective banks. The large companies have many sister concerns all of whose import and export businesses are regulated by bank. That is why, these companies are a major source of earning for the banks. Thus, the bargaining power of these industrial customers in banking industry is quite high.

Rivalry among existing competitors (High):

In case of banking industry, the competition is fierce. Because a bank not only faces competition from other banks but also from other Non-Bank financial institutions. Relatively low-switching cost plays a major role in the increased competition of banks. It is very convenient for the clients to close their account in a bank and then open a new account in another bank. Due to this low-switching cost, fierce competition is present among the banks of the country. Besides, foreign commercial banks like- Standard Chartered Bank, HSBC Bank etc. are increasing the intensity of rivalry by providing quality service to their clients. That is why, the banks are always vigilant to protect their existing customers and to attract new customers into their system.

Threat of substitute products/services (Medium):

Substitute products/services are introduced in order to satisfy the same need of the customer using alternative products/services. The threat of substitutes in the banking industry is on the rise. Non-Bank Financial Institutions like- IPDC, IDLC etc. are performing the same activities as the bank and with additional benefits. That is why, they are major threat for the banking industry. But Non-Bank Financial Institutions have some restrictions which gives an upper hand for the banks. For example- NBFIs cannot accept demand deposits that means, they cannot generate cash like banks do. That is why, the threat of substitution from NBFIs are considered as medium.

Mobile Financial Service (MFS) and other digital services are also posing to be a threat for banks. Increased use of bKash and prepaid debit cards are posing to be a threat for bank revenues. That is why, all the banks are trying to cope up and they are trying their best to offer all types of digital service to their clients. Even though young people are encouraging these digital services, a huge portion of adults and old-aged people are still preferring the conventional banking system Thus, considering both cases, it can be implied that the threat of substitute products/services for the banking industry is moderate.

Bargaining power of suppliers (Medium):

The depositors/stockholders are the suppliers in case of banks and banking industry. It must be kept in mind that, a single stockholder can never so big that it can threat the existence of a single bank. There is an idle fund of Tk. 1140 Billion and the stakeholders are risk averse. That is why, they don't have a strong bargaining power. Besides, instead of a few suppliers, the banking industry is dominated by many suppliers. That is why, their bargaining power is also less compared to the industry which is governed by fewer suppliers. The suppliers' customers i.e. banks are concentrated. That means that, the rate of deposit does not vary that much from bank to bank. This in turn means that the switching cost from one customer to another customer is low. That is why, the bargaining power of suppliers is moderate.

Thus, the Banking Industry has been vividly analyzed using Porter's Five Forces Model.

4.6 PESTEL Analysis

To understand and the external marketing environment (macro-environmental factors) of a business, a strategic framework is applied which can be fragmented into six broad factors- Political, Economic, Social, Technological, Environmental and Legal factors. In order to evaluate the opportunities and risks existent in a banking industry, a PESTEL Analysis is a must.

Political Factors:

The Government plays a giant role in case of the banking industry. Though the banking industry is colossal but it is bound to abide by the rules and regulations set by the Government. In order to restrict the rise of more banks, the Government of Bangladesh is enforcing increased regulations which is making it difficult for new players to enter into the market. Besides, the owners of big companies who are the major clients of top banks of the country possess immense political power.

That is why, they have a direct influence on the banking industry of the country. Legislative laws of the country which include-tariffs, labor laws etc. are also manipulated by these politically powerful persons. Overall the banking industry is controlled by these individuals who possess immense political power.

Economic Factors:

The banking industry and economy of a country are interrelated. Economic factors usually decide how much capital the banks can access. Besides, spending habit, recession, inflation etc. have a huge influence on the banking industry. Because of Covic-19, a recession has taken place in the country and many people lost their jobs. Non-performing loans have also increased in these 2 years because of recession. People are struggling to pay their loans back because of their tight financial situation. Besides, in recent time, Bangladesh is also experiencing inflation which has a negative influence on the banking sector of the country. Because of inflation, the value of currency is decreasing which is making the foreign investors to back out. Without the investment of foreign investors, the economy of the country is taking a downturn which ultimately affects the banking industry.

Social Factors:

Society and culture influence buying behavior of people which has a direct association with banking. Religion also plays a predominant role in the banking industry because banking is related with interest rates. Bangladesh is a country with 89.1% Muslims and Islam prohibits interest. That is why, Islamic Banking System is on the rise and more and more Islamic banks have been established in the country. By using this religious perception of the majority of Muslims of the country, Islami Banks are gaining more clients than ever. Besides, many religious occasions like- Ramadan, Eid etc. also stimulate the advancement of Islamic banking. Moreover, Islamic banks has introduced different savings plan for religious occasions like- Hajj, marriage (Muhor Savings) etc. which are increasing the acceptability of Islamic banking to the Muslims of the country.

Technological Factors:

Technology is changing the way how customers handle their funds and in turn it is changing the whole banking system. Mobile apps are now being used in order to open accounts, transfer funds, bill payment and what not. That means, technology is playing a massive role in conversion of the

traditional banking system to a digital one. The internet banking infrastructure in Bangladesh is improving day-by-day. Everyday more and more people are leaning towards mobile financial services and digital payments via cards. That is why, banks are also making sure that they can provide all types of digital services to their clients. In today's world, it is almost impossible for clients to go for a single day without digital payment services and Internet banking. Though the banks are trying their heart and soul to provide digital services to their customers many employees are yet to learn the basics of technology. Since many of the bankers are over the age of 40, they are averse to technology and want to avoid it. But without skilled workforce, it is impossible for banks to ensure a seamless digital banking service for its clients.

Environmental Factors:

Bangladesh is a country which often faces natural calamities. Natural calamities bring economic devastation which hampers the overall banking industry of the country. More than 80% of Bangladesh is exposed to natural disasters like-floods, earthquakes, cyclones etc. and this is what makes Bangladesh a difficult country to invest in. At the time of any natural disaster, economic downfall is certain which has a negative influence on the banks of the country. On the other hand, the amount of paper used by the banking industry is decreasing because of digital banking. This decreased use of paper has a positive influence on the overall environment of the whole world.

Legal Factors:

Strict laws and regulations are imposed by the Government in case of banking industry. But banks often fail to cope with the defaulters. The number of defaulters in our country is on the rise. Defaulters are those who fail to pay up their loans within the stipulated timeline. But there are many defaulters in Bangladesh who don't even have the intention to pay back bank's money. In these cases, banks often fail to collect their own money back from the defaulters which hurts the profitability of banks and ultimately hampers the banking industry. Besides, bureaucracy is also prominent in the banking industry. Many important decisions regarding banks are not taken from a neutral perspective. Rather those decisions are taken for the benefit of a particular company or for people who possess power. These types of decisions ultimately hamper the overall development of the banking industry. These are the factors which have a direct and indirect influence over the banking industry of our country.

Chapter-5: Description of Main Duties

My Internship period at the Islami Bank Bangladesh Ltd. can be segmented into three phases:

Time Period	Activities
	2 weeks of intense and effective training session.
	Practical exposure at Motijheel Branch of IBBL
	Worked on a project at Islami Bank Training & Research Academy.

Table-1: Segmentation of internship period and activities

5.1 Training Sessions at IBTRA

First of all, I had to go through several training sessions at IBTRA. During these training sessions, experienced bankers of IBBL imparted us lessons regarding the basics of the banking industry. Attendance was a must in all of these classes in order to qualify to be an intern of a respective branch of IBBL. During our training, we were also taught about the manners and etiquettes which must be shown while working at respective branches. One of the most important lessons which the training session provided was IBBL's differentiation with other banks and the socio-economic impact of Riba (interest).

After the training was complete, we was deployed at the Local Office of Islami Bank Bangladesh Limited along with three other interns. The Local Office is located at the 75 Commercial Area of Motijheel which tends to be the commercial hub of Dhaka city. The Local Office of Motijheel was the first branch of IBBL. Since it is located at the commercial area, this branch remains jam-packed all the time. After we had completed our duties at the bank, we was assigned with a project titled "Rural Development Scheme of IBBL: Towards a poverty free Bangladesh." we had to work at all the three departments at the Motijheel branch by rotation. The main three departments which is prominent in every branch of IBBL are: General Banking, Foreign Exchange and Investment department.

5.2 Typical Working Days

As an intern of IBBL, I had to work 5 times a week every day from 10:00 A.M. to 6 P.M. for 8 hours. Punctuality is a key in the banking industry. I always had to make sure that I reached the office 15 minutes before 10:00 A.M. It was mandatory for all the interns. Sometimes, I would have to work up to 7:00 P.M. whenever there was more pressure in the General Banking Department. The Principal Officer at the general banking department under whom I was assigned always

wanted to finish updating the KYCs (Know Your Customer) of a particular day within that day. So, sometimes I had to work overtime. But he never forced me to work overtime. I did it at my own and he was quite happy about it. Sometimes, he used to share his previous work experience with me so that I could get an idea about how career as a banker would turn out to be. I enjoyed each and every day as an intern of IBBL.

5.3 Working Tools Used

Different types of software were used by me during my internship period. The prominent software which IBBL used were:

- eIBS (Electronic Integrated Banking System)
- SWIFT (Society for Worldwide Interbank Financial Telecommunications)
- ZIMBRA (Open Source Email Platform)
- Microsoft Word
- Microsoft Excel
- OpenOffice Writer
- Microsoft PowerPoint
- Tradeware
- McAfee

Though these are the software used by IBBL, I personally needed some of them while performing my tasks. However, the most important software in IBBL was eIBS which is the core banking software of the bank. It is an in-house software and has an amazing interface which makes the work of the employees of IBBL a lot easier. Besides, I also had to work with Microsoft Wordand Excel whenever I was required to give my presentations at IBTRA. Moreover, Microsoft Excel was used by me when I worked at the Cheque Requisition section of General Banking Department.

Moreover, I had to work with SWIFT at Foreign Exchange Department. SWIFT provides real-time payment solutions to banks.

Basically, SWIFT is a large communications network that banks and other financial organizations use to send and receive information such as- swift, accurate and secured money transfer order. There is a separate SWIFT code for which banks which works as an identifier. For example: The SWIFT code for local office of Motijheel Branch of IBBL is: **IBBLBDDH102** which identifies the bank name, country, city and even the branch.

Lastly, I had to work with ZIMBRA to send mails. ZIMBRA is basically an open source software for sending emails. As it is open source, it ensures the security of data and side by side, it also offers several modification opportunities.

5.4 Difficulties and Challenges

Since it's my first exposure to corporate environment and corporate culture, first few days were quite different. But the officials at IBBL were very cordial and md helpful and they made the environment super-friendly. I was able to approach them whenever I needed them and it boosted my confidence to an extent.

One of the main challenges which I faced while working at IBBL is their issue regarding data safety. Since it's a bank, it is obvious that there are certain data which must be protected at all costs. Sometimes, while they were disclosing confidential data, we had to be present in front of them so that they could eliminate all types of risks regarding data safety.

5.5 Work Interaction with company employees

My interaction with the employees of IBBL was quite smooth and I never experienced any unexpected incident. Since I had to work in all three departments, I had to work under different officers of different designation. But I never found anyone to show any arrogance because of his/her higher designation. This created a joyous feeling for me which made me feel motivated at work. One thing which I want to mention is that I had a wrong notion. I thought that maybe the elderly employees were going to ignore the interns by treating them as an extra burden and I assumed that the young employees were going to be more interactive with us. But the reality was quite the opposite. To be honest, almost 95% of the officers cordially helped and guided us in every situation. But the elderly employees gave us more time and guidance compared to the

younger ones. This once again proves that, age can never be a parameter to judge someone it is rather their personality which determines their behavior.

5.6 Major Responsibilities

As an intern of Islami Bank Bangladesh Limited, I had to work at all the three departments by rotation. In each department, the type of activities differed greatly and gave me different kinds of experience. My major responsibilities at different departments during my internship are described below:

5.6.1 Responsibilities at General Banking Department

1. Account Opening and Information Section:

- ✓ This section of any bank is undoubtedly the busiest section because of its interaction with customers. In this section, firstly, I needed to learn about various forms such as: F-1A, F-2 and F-26. That means, I learnt about different types of current accounts, savings accounts and special schemes of IBBL. Since Islami Bank Bangladesh Limited adheres to Islamic Shariah, the names of different accounts are also quite different than those of regular banks. That is why, it was crucial for us to know about different types of accounts so that as an intern, I can enlighten the customer about different types of accounts.
- ✓ After that, I needed to fill up the account opening form by collecting all the necessary documents from the customers. During this part, I directly interacted with the customers and educated them about the necessary documents which are required to open current/savings account. The documents

required for different types of accounts also varied. For example- for savings accounts, I had to tell the clients to bring 2 copy passport size photographs of the introducer and 1 copy passport size photograph of the nominee. I also advised them to bring a copy of their utility bills which can confirm their permanent address. The same documents are also needed for current accounts but some additional documents are also needed. I always had to mention the clients to bring their trade license and ERC/IRC (Export/Import Registration Certificate) in order to open a current account. I also became introducer to the savings account of many of the clients.

- ✓ After the checking, I had to do the risk grading of the new customers and prepare their KYC (Know Your Customer) form. In order to do the risk grading, I was provided a checklist by my supervisor. I had to check certain criteria and find out if a value lower than 16 (in case of savings account) was obtained. If the value was lower than 16, I marked it as a low risk account. Most of the savings account fell under the low risk category because of their criteria.
- ✓ Lastly, my superior officer taught me about the account opening life cycle of IBBL. It included 8 main steps and I had to work regarding all these steps.

5.6.2 Additional Delivery Channels Section

Because of increased digitization, everyone is moving towards online service and additional delivery channels or ADC of IBBL has been establish in order to reach the customer digitally and provide them digital services. The ADC of IBBL includes- Cellfin, ATM card, Khidmah card, iBanking (Internet Banking), Islami Bank mCash (MFS) and different other digital services.

5.6.3 CellFin

Cellfin is the latest digital banking app of IBBL which has been launched in order to provide digital services to its clients. Cellfin is basically an omni-channel platform of IBBL which integrates all the digital services of banking under one app. It is available in both Play Store and App Store. During my internship, different campaigns were launched in order to advertise CellFin and seminars were also held at regular intervals in order to increase the usage of CellFin app even among the company employees.



Fig-11: Services and Benefits of Cellfin App

5.6.4 Responsibilities at ADC (Alternative Delivery Channels) section

- ✓ I dealt with the card management system and card issuance in this section. After a client opens a new savings account, he/she can request for a debit card. There are three types of debit cards available in IBBL-silver, gold and platinum card. Customers can immediately process their debit card but in that case their name will not be printed on the card. Otherwise customers will have to wait 8 days to get their name printed on the card. While issuing card, I had to check if the information provided by customers are consistent with their original documents. I also had to work with customers whose card needed to be renewed. I had to tell my officer if I saw any discrepancy and he immediately reported it to the Head Office.
- ✓ I also had to enlighten the customers regarding the digital services. IBBL recently launched CellFin which is an integrated app for all types of digital transactions and it can be linked with mCash which is the Mobile Financial Service of IBBL. But most of the clients are unaware of these facilities and as a part of ADC of IBBL, it was duty to enlighten them and let them know about the era of digitization.
- ✓ Besides, clients often came to check balance and they wanted to know about their account statement. I had to give the inputs and find out the statement of respective clients. After that, I printed them the account statement and handed it to them. If a client of another branch wanted to

know the account statement of his/her account for the current year, he/she was charged a certain amount as per the policy of Bangladesh Bank.

- ✓ I also had to enlighten the customers about the benefits of iBanking (Internet Banking). The facilities of iBanking were fund transfer (Inter-bank and other banks), top-up service, utility bill payment, account addition and many more. Since most of the clients were unaware of these services, as an intern, I had to explain the importance of all these services to the clients.

5.6.5 Responsibilities at Foreign Exchange Department

- ➢ Understanding different terms related to LC like- commercial invoice, packing list, Bill of Exchange, HS code (Harmonized Code) which is a 6-digit number and many more terms.
- ➢ I also needed to verify the checklist for documents to be scanned. Among the documents, the prominent were: LC application and agreement, Pro forma invoice/indent, Insurance cover note etc. I had to check these documents and report to them to my assigned officer at Foreign Exchange Department.
- ➢ I worked with three types of LC-Local LC, EPZ LC and Foreign LC. The documents required for these different LCs were slightly different. I also came to know about NOSTRO account, VOSTRO account and LORO account while working at the foreign exchange department.
- ➢ After that, I needed to scrutinize the documents provided by companies for LC. Since these are very sensitive information, I couldn't do these all by myself. Rather I had to watch my superior officer perform the scrutinization and then I had to explain the whole procedure to him. In order to scrutinize LC documents, they are compared with UCP 600 which stands for "Uniform Customs & Practice for Documentary Credits. It is issued by International Chamber of Commerce and is a set of articles on issuance and usage of LC. If any mismatch was found which was inconsistent with the UCP 600, then discrepancy was reported and it was sent to the Head Office.
- ➢ I assisted in preparing the document forwarding and bank forwarding letter to open back-to-back LC.
- ➢ I had to check the invoice and the packing list which have been mentioned in the documents. I had to check whether the amount mentioned in the packing list was accurate or not. I also had to check the tolerance in unit amount.

5.6.6 Responsibilities at Investment Department

The investment department of IBBL is different than that of any other bank. It is the investment department which sets IBBL apart from any other bank. IBBL prohibits interest of any kind. That is why, it has certain modes and mechanisms which have been developed directly by the Shariah Board of Islami Bank Bangladesh Limited. IBBL leaves no stone unturned in order to comply with the rules and regulations of Islamic Shariah. My activities as an intern in Investment department included:

- First of all, I learnt about the different modes and mechanism which actually make the banking system of IBBL interest free. There are basically 3 mechanisms under which there are different modes for investments. I was taught about these mechanisms and modes during classes at the training period. The main three mechanisms of investment of IBBL are: Bai Mechanism (Debt-based modes), Share Mechanism (Participatory modes) and Ijara Mechanism (Rent-based modes).
- I learnt and worked about different forms related to investment. For example- "Form 10" indicates the percentage of shares of each shareholder. "Form 117" refers to the case in which there is transfer of shares from one owner to the another.
- I worked with clients/companies who came for investment. This step is the first step of investment cycle and it refers to Customer/Client Induction. Here I compared the eligibility of the client based on 4C's (Character, Capacity, Collateral and Capital).
- I worked at the documentation section where I learnt about charge documents, mortgage documents and other documents. I also needed to check if the charge documents like- Demand Promissory Notes were all in order so that the client could be checked in case of defaults. While working at documentation, I came across DP note, Double DP note, Balance Confirmation Letter, Letter of Undertaking, Letter of Hypothecation etc. I needed to check if all those documents were attached with the application where the client had asked for the initial investment.
- In case of checking the mortgage documents, I needed to check two things. I checked the Original Title Deed and Bia Deeds. After that, I had to check whether the Mutation DCR (Duplicate Carbon Receipt) has been attached with the mortgage documents or not. Then, I had to report to my assigned officer if I had found any discrepancy.
- I also had to determine the credit rating of the client by examining the loan returning behavior for the past few years. The CRISL (Credit Rating Information and Services Limited) report of the company will be available if it had previously taken any kind of loan from any other bank. After a

client applies for investment at the Local Office of Motijheel Branch, it demands a CRISL report from Bangladesh Bank. BB processes and sends it within minutes. CRISL report is a very sensitive report and that is why, I had to work with it in front of my assigned officer. In this way, by analyzing these reports, I determined whether the client was worthy of getting the investment or not.

- After a client was declared worthy of investment, I went to the disbursement section and learnt the operations required to disburse the funds. The bank would have to issue a pay-order which must be consistent with the single-party exposure of the bank. Single party exposure refers to the amount which a single bank is allowed to provide to a particular company.
- After that, I worked with the legal section where I was acquainted with the processes which were required to take measures against defaulters. There were three types of actions taken against defaulters. They included CR suite, criminal case etc. In this section, I learned about these legal activities from my superior officer and examined some files in which IBBL won the case against the defaulters.
- Lastly, I worked with the SME (Small and Medium Enterprise) section of investment. Here I learnt about different ranges of investment and classification of SMEs. In this section, I had to find out the investment which the client had requested and then I had to mark under which category of SME the investment would fall. Then I would have to report it to my assigned officer.

5.6.7 Responsibilities at IBTRA

After my duties at Motijheel branch was over, I had to participate in an exam and gave a presentation on "Investment Modes and Mechanisms of IBBL" in order to earn my certificate from IBTRA.

At the last month of my internship, I had to submit a report on the project: "Rural Development Scheme of IBBL: Towards a Poverty Free Bangladesh." In my report, I mentioned about the purpose, target group and different modes of investment under RDS scheme. I also read different research papers and showed the impact the RDS of IBBL has on the overall economy of the country. Lastly, in my report, through proper analysis, I proved that the RDS scheme of IBBL is indeed changing the lot of the economically deprived people of our country and it is playing a vigorous role in alleviating the poverty of Bangladesh. I had to submit the report within 31st December and based on my report and my performance at the bank, they decided my grade.

Chapter-6: Analysis

This chapter focuses on analyzing the company on three different levels. In the company level analysis, I have tried to find out the most efficient and least efficient processes of IBBL. Secondly, in order to highlight the competitive position of the company, I have performed a market level analysis. Lastly, in the professional level analysis, I have tried to highlight the correlation between academic knowledge and practical experience.

6.1 Company Level Analysis

Based on my experience during the internship there were some processes which were extremely efficient for the company. Because of these processes, the overall efficiency of the organization increased and it created a harmonious working environment for the employees. The processes which facilitated the efficiency of the company are stated below:

6.1.1 eIBS increases the efficiency of IBBL

Islami Bank Bangladesh Limited uses their own in-house banking software known as- eIBS (Electronic Integrated Banking System). Since no outside vendors are used to build up their software, maximum security can be provided to protect their database. They have built up their own server instead of Wifi or cellular networks in order to ensure security of their valuable data. Moreover, eIBS is such an advanced software that it facilitates the functions of the bankers to a great extent. eIBS has 3 separate URLs for three different departments of the banks which are- general banking, foreign exchange and investment. The bankers can switch between these URLs according to their needs and perform their tasks accordingly. eIBS also contains HRM modules which can instantly provide various data regarding an employee. Such as- it can easily determine the number of leaves an employee has already taken and the number of leaves he can take for the rest of the year. MIS reports can also be automatically generated using eIBS. Because of such varying range of functionality, it can be said that, this in-house banking software has certainly increased the efficiency of IBBL. Since some processes can increase the efficiency of the company, there are also some processes which can inhibit the efficiency of the company. IBBL also has some of the processes which hinders the functionality of the company.

6.1.2 Traditional Banking practices hinders the efficiency of IBBL

While opening a bank account, all the information regarding the customer are updated in the eIBS. But there are some traditional practices which are still prominent in the banking industry. For example- a KYC (Know Your Customer) form needs to be filled up by hand in order to determine the risk rating of the new customer. This process is quite old and time-consuming. In my opinion, it reduces the productivity of the officers in general banking department. More digitized approach in this case can prove to be fruitful for the company.

6.1.3 Unorthodox operating system decreases employee productivity

Since IBBL has a huge number of computers, purchasing Microsoft Windows Operating System license for all of the computer increases their cost by many folds. They cannot even use the cracked versions because of security issues. That is why, IBBL is using open-source operating system like Linux. But Linux is not as user-friendly as Microsoft Windows and thus employees are having a hard time adjusting to these operating systems. Specially, the employees above 40 are finding it to be extremely difficult. Thus, the usage of unorthodox operating system decreases employee productivity to some extent.

6.1.4 Performance within the Country

The performance of Islami Bank Bangladesh Limited has been top-notch for the last few decades. In fact, IBBL is the key player in the remittance sector of the country. Almost 32% remittance collection of Bangladesh is done by IBBL alone. Besides, in terms of profit, Islami Bank Bangladesh Limited holds the no. 1 spot. IBBL recorded the highest profit of Tk. 2,430 crore in the year 2021. In 2020, IBBL had a profit of Tk. 2,350 crore. According to the UK-based financial intelligence magazine "The Banker," IBBL is the only Bangladeshi bank in the World's Top 1000 Banks. The IBBL ranking rose from 943rd place in 2019 to 904th place in 2020. It is because of these extra-ordinary statistics and excellent performance, IBBL has been listed among the top 1000 banks consecutively for the past 9 years. And that is why, IBBL is considered to be one of the best banks of Bangladesh of twenty-first century.

Now, let’s take a look at some of the awards and accolades which have recently been awarded to IBBL for its excellent performance in the banking sector.



Fig-12: Awards and Accolades won by Islami Bank Bangladesh Limited in recent years

IBBL has won different prestigious awards including "World's Best Islamic Bank CIBAFI Award 2019" by The General Council for Islamic Banks and Financial Institutions, "National Gold Award-2019" conferred by Institute of Chartered Secretaries of Bangladesh (ICSB) for corporate governance excellence in Islamic Banking Companies category and many more.

6.2 Market Level Analysis

Islami Bank Bangladesh Limited is at the top position in terms of remittance collection, operating profit, net profit etc. and Local Office plays a predominant role behind this success. Local Office of Motijheel Branch has such staggering numbers that one is bound to be impressed. While I worked at the investment section, the Vice President of Investment Department stated that in the year 2021, they had a goal of generating a profit of Tk. 200 crore. By November, they had already generated Tk. 151 crore. Now, we need to keep this in mind that, only the investment department of Local Office of Motijheel Branch alone is generating such a huge profit. In fact, there are some banks whose whole investment department of all branches fail to collect profit of this margin. This is clearly an indication how massive role the Motijheel Branch plays in the overall success of Islami Bank Bangladesh Limited. At the end of 2021, the amount of total deposit of IBBL stood at Tk. 139,000 crore and it surpassed Sonali Bank and captured the no. 1 position in total deposit collection. One of the main reasons why Islami Bank Bangladesh Limited is growing day by day is because of its compliance towards Islamic Shariah and the dedication of its employees towards the customers. If we think logically, if we are given two options where overall gain is same but

one of the options is consistent with our religious norm and the other is not, it is obvious that, people are going to choose the one which is consistent with the religious norm. By abolishing interest, IBBL has paved the way for Islamic banking in our country. And by delivering superior services towards its customers, it has been able to build up a loyal customer base whose number is on the rise every day.

Islami Bank Bangladesh Limited holds the superior position and is the top contributor in the Remittance collection sector of the country. IBBL is solely responsible for **32% Remittance collection of Bangladesh**. In terms of net profit, Islami Bank Bangladesh Limited (IBBL) was the best performer in the year 2020. IBBL posted a profit of almost Tk. 369 Crore within October of previous year which is higher than any other bank of the country. In the year 2020, Islami Bank Bangladesh Ltd. was the only bank in Bangladesh to secure a place among "The World's Best 1000 banks." In the year 2020, IBBL was ranked 904th and it has been listed among the top 1000 banks consecutively for the past 9 years.

In terms of operating profit, IBBL also holds the top position. IBBL made an astonishing operating profit of Tk. 1,020 crore. Pubali Bank is in the 2nd position with an operating profit of Tk. 504 crore. Southeast Bank and Eastern Bank holds the 3rd and 4th spot with Tk. 472 crore and Tk. 450 crore respectively. In the chart, we can see the operating profit of some of the commercial banks in the first half of the year 2020 and 2021. Let's take a look at these data in a chart.

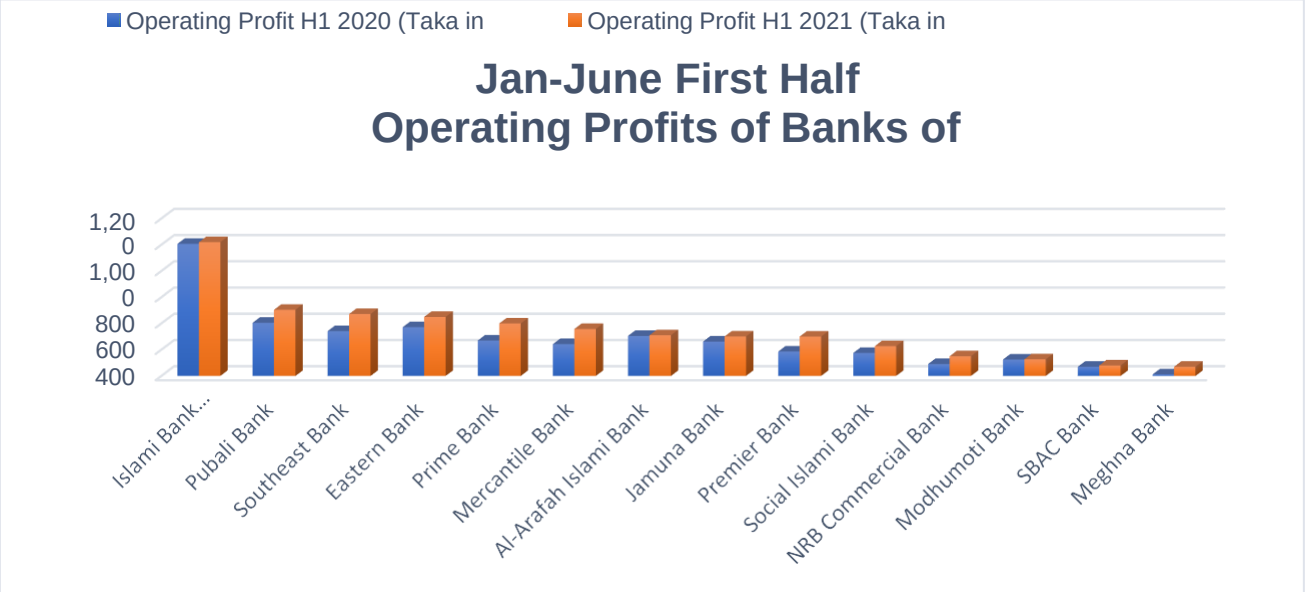


Fig-13: Operating profits of banks of BD in first half of 2020 and 2021

That is why, Islami Bank Bangladesh Limited is considered to be one of the best banks not only of the country but also of the entire South-Asia.

6.3 Professional Level Analysis

During my internship period, I have gained real-life experience of the corporate world for the first time. Our business courses are quite consistent with the activities which I needed to perform during my internship at IBBL. But it is quite certain that the real-world experience is quite different from the theoretical courses which I took during my university period. This internship experience is certainly going to have an impact in my upcoming endeavor.

Now, I am going to point out the major issues which I addressed during my internship period at IBBL.

6.3.1 Time Management and Punctuality

The most important thing in the banking industry is management of time. Without being punctual, it is almost impossible to work at a bank. we always had to report to our supervisor before 10:00

A.M. I also saw the level of patience which our senior officers showed during busy hours. Different types of clients came to banks every day and as a banker it was our responsibility to treat them patiently.

6.3.2 Dissolved hierarchy within the organization

Even though hierarchical positions are explicitly eminent in IBBL, we had never seen a higher ranked officer to be rude towards his sub-ordinates. And according to our, this is one of the reasons why such a healthy corporate culture exists in IBBL. Since the sub-ordinates are free towards their boss, they can frankly share any problem which they counter and their boss can guide them thoroughly in this regard. In this way, by relating my knowledge of Human Resource Management course, we was able to understand the dissolved hierarchical condition within Islami Bank Bangladesh Limited.

6.3.3 Discussion regarding goals at prayer time

In IBBL, there is a beautiful ritual regarding the prayers. As soon as Azan is commenced, employees leave their respective seats and get in line to have their prayer. As IBBL is a Shariah-compliant bank, it tries to comply with Shariah even during working hours. During Asr prayer, most of the time, the Senior Vice President who is the head of a particular department always discussed about the yearly goals and motivated the employees towards achieving them. In this way, by complying to Shariah, IBBL tries to drive excellence in every aspect of banking industry.

Apart from all these, our internship experience taught me about the corporate culture and made our realize the importance of positive attitude in the workplace. It also enhanced our technical skills and made our understood how everything around us is getting one step closer to digitization. Internship at IBBL also gave me a moral lesson of performing every task by complying to Islamic Shariah. This internship also gave me a teaching that humility and punctuality goes a long way to strengthen one's position in the corporate world.

6.3.4 Correlation between internship activities and academic knowledge

At first, we thought that the real-life experience would differ drastically from our academic learnings. But as we started working, we realized that most of our daily activities were a mere reflection of our academic knowledge.

The Additional Delivery Channels which have been introduced in the General Banking Department of IBBL are directly related to our Technology Management course. The concepts of technology transfer, technological innovations and their adoption and the idea of digital transformation have been directly applied here. Apps like- CellFin and services like-iBanking are taking banking to a more digitalized concept and as a major player in the banking industry, IBBL is not going to stand back at all.

Besides in our MIS course, we came to learn about how MIS obtains data from TPS (Transaction Processing Systems). The same phenomenon is also obtained in the eIBS of IBBL. Whenever a client gets registered under general banking, all of his information is recorded int the eIBS. In the eIBS, a separate section for MIS has been allocated where auto generation of MIS reports take place. Thus, our knowledge of MIS course was helpful for me to understand these processes.

During my Financial Management course, I came across LC (Letter of Credit). Whenever we started working at the foreign exchange department of IBBL, we found out that more than 65% of earning of Forex comes from LC. Because of my prior idea of LC, we was able to work properly with LC related tasks of foreign exchange department.

While studying Human Resource Management course, we came to know about organizational citizenship behavior. I also found it among the employees of IBBL. Because of their extra commitment towards IBBL, IBBL has been able to provide superior customer service which has in turn helped IBBL to retain most of their loyal customers.

Moreover, we have also been benefited from our learnings of Leadership, Strategic Operations Management, International Business, Legal Environment of Business etc. courses. It made our realize that both our academic knowledge and real-life experience are reciprocal to each other and one becomes useless in absence of the other. So, both academic knowledge and real-life experience must work hand-in-hand in order to provide a smooth corporate experience.

Chapter-7: Findings & Recommendations

During our internship, I observed some key features which were prominent only in IBBL. In this chapter, we have tried to highlight those findings. In spite of being one of the most successful banks of the country, IBBL still has scope for some improvements. we have also tried to point out some recommendations which can prove to be fruitful for IBBL in the long run.

7.1 Findings

- ✓ IBBL cannot invest in every profitable economic sector because it has to abide by the laws of Islamic Shariah. The sectors which are prohibited by laws of Islam are strictly avoided by IBBL.
- ✓ The RDS (Rural Development Scheme) of IBBL is playing a massive role in women empowerment. More than 85% beneficiary of RDS are women. That means, IBBL is trying to create more independent women specially in the rural areas of the country.
- ✓ According to the annual report of 2020, IBBL has highest investment in industrial sector which is almost 54.36% of its total investment. Trade and Commerce is in the 2nd position with a percentage of 29.41%. The lowest investment of IBBL has been observed in the construction sector.
- ✓ As of 2020, among the industrial sectors, the highest investment of IBBL is in textile sector which accounts for almost 24.53% of the total industrial investment.
- ✓ Though the NPLs (Non-performing Loans) of IBBL is lower than the industry average, for the past few years, it has been on the rise. The Covid-19 outbreak is the main reason behind this increased NPL.
- ✓ A disruption of balance has been observed in mode-wise investment. Without Bai-Murabaha and Hire Purchase under Shirkatul Melk (HPSM), all types of modes of investment are less than 5%.
- ✓ One of the major problems that I have seen in IBBL is that, it gives very less effort in marketing its products. The products of additional delivery channels which are a part of digitized banking are not strongly promoted by IBBL. Though advertisements are available in traditional and digital media, more efforts need to be delivered in marketing of these new products and services.
- ✓ As today's world is becoming digitized more than ever, its effect is seen in the banking industry too. Since everything is becoming digital, the traditional practices in banks are becoming obsolete. But the problem is that many of the bankers are quite old and they feel quite uncomfortable while working on desktops. So, the older employees are having a hard time at IBBL in order to cope up with the digital banking practices.

- ✓ A wonderful delegation of work is prominent in IBBL. When working at foreign exchange department, I have seen that they had formed teams of small people and under each team there were certain companies (clients). Because of this perfect delegation, it was seen that a certain company was always maintained by the same groups of people which definitely made the whole communication between the bank and clients easier, faster and convenient.

7.2 Recommendations

- ✓ A skilled workforce who are expert with technologies must be recruited in order to combat the industrial revolution 4.0. The elder officers who struggle to use computers or certain software must be provided appropriate training so that work doesn't become a burden for them.
- ✓ Although IBBL has the highest number of branches in Bangladesh. In spite of having a huge customer base, it lacks sufficient number of ATM booths. That is why, more ATM booths of IBBL needs to be established in the country.
- ✓ Many people have a common stereotype about IBBL and they regard the operating procedure of IBBL as "indirect generation of interest". Because of their ignorance regarding Islamic Shariah Based Banking, they cannot differentiate between conventional and Islamic banking. IBBL should try to change this stereotype through Islamic discussions and seminars.
- ✓ IBBL generates most of its profit from HPSM and Bai-Murabaha modes of investment. Instead of focusing only on these two modes, IBBL should try to diversify other investment modes like- SME, Bai-Salam etc.
- ✓ The promotions and advertising of IBBL needs to be strengthened. In order to acquire potential customers and retain current customers, IBBL must put emphasis on its marketing activities.
- ✓ IBBL should use their "Internship Program" as one form of promotion to entice current and new investment clients. To do this, IBBL should give interns with amenities such as suitable placement and actual operations, as well as job security for those who excel during their internship.
- ✓ In light of Bangladesh's current socioeconomic situation, IBBL should explore utilizing rural potentials from both an efficiency and equity standpoint. The best ways to do this are to make firm pledges and to step up through experimentation and the execution of fresh ideas.
- ✓ Because microfinance alone cannot eliminate poverty, Social Safety Nets in the form of Zakat and transfer funds in the form of grants may be established from the surplus generated by the respective MFIs' commercial operations. Furthermore, wealthy individuals and institutions can make donations that can be used to alleviate poverty.

Chapter-8: Conclusion

Though the banking industry has somewhat seen a growth decline in recent years due to Covid-19, IBBL has managed to cope with this decline. It is because of their excellent customer service and rapid adoption of disruptive technologies. In a country where 89.1% people are Muslims, it is quite evident that people are interested about Islamic Shariah based banking. As the first Islamic Shariah based bank of Southeast Asia, IBBL has positioned itself as a top priority in the minds of people of Bangladesh. It has been relentlessly working to reduce the income disparity among the rich and poor by providing microcredit facilities to the downtrodden section of society. IBBL also tries to achieve maximum welfare by engaging in investments which are most likely to generate more employments. Besides, it is solely responsible for 1/3rd of remittance collection of Bangladesh. In this way, IBBL is playing a major role in shaping the economy of our country. It has been relentlessly working to achieve its vision of becoming a leading Islamic bank by strictly complying to the rules and regulations of Islamic Shariah.

As for me, it was an honor to work at one of the largest and most prestigious banks of the country. I have passed a wonderful time during these 3 months because of IBBL's excellent working environment. I was able to get a 360-degree overview of the banking functions because of my rotating responsibilities at different departments. I have gained a lot of experience and learnt a bunch of new skills while working at these varying departments. This experience is certainly going to have an impact in my future endeavors too. I hope that IBBL continues to grow further and it becomes one of the most successful banks of the world in the near future.

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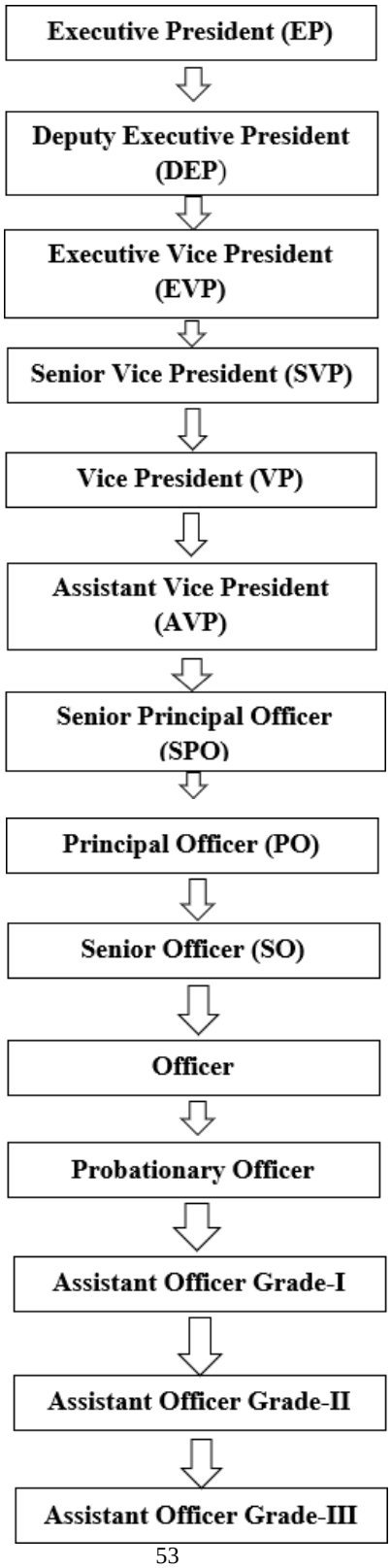
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8.2 Appendices

Appendix-1: Corporate Organogram of IBBL



Appendix-2: -June First Half Operating Profits of Banks of Bangladesh

Name of Banks	Operating Profit H1 2020 (Taka in Crore)	Operating Profit H1 2021 (Taka in Crore)
Islami Bank Bangladesh Limited	1,007	1,020
Pubali Bank	405	504
Southeast Bank	342	472
Eastern Bank	372	450
Prime Bank	270	400
Mercantile Bank	243	358
Al-Arafah Islami Bank	305	310
Jamuna Bank	262	301
Premier Bank	186	300
Social Islami Bank	175	227
NRB Commercial Bank	91	150
Modhumoti Bank	125	127
SBAC Bank	70	80
Meghna Bank	12	70

Table-2: Jan-June Operating Profits of Banks of Bangladesh