

Internship Report

On

General Banking Activities Of Al-Arafah Islami Bank Ltd.

: An Evaluation

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Submited for the partial fulfillment requirement of the degree of Bachelor of Business administration

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“General Banking Activities Of Al-Arafah Islami Bank Limited

A case study on elephant road branch

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Letter of Transmittal

Date: 31 October 2022

Lecturer. Farzana Yeasmin Chowdury

Faculty of Business Adsministration Sonargaon University

Subject: Submission of Internship Affiliation Report.

Dear Madam,

With immense pleasure, I am submitting my internship report of **"General Banking Activities of Al-Arafah Islami Bank Ltd.: An Evaluation."** which was assigned me as a part of my BBA Program. I have tried my level best to complete this report with the necessary information and suggested proposal that you were provide me as your best as well.

I hope that the report will be completed as your expectations.

Thank you

Sincerely,

……..

Mst. Urmi Akter

ID No: 1901016071 BBA Program,

Department of Business Administration

Sonargaon University (SU)

Declaration

I do hereby solemnly declare that the work presented in this internship report named **"General Banking Activities of Al-Arafah Islami Bank Limited"** has been carried out by me and has not been previously submitted to any university/ college/ organization for an academic qualification/certificate/ degree.

The work I have presented does not breach any existing copyright and no portion of this report is copied from any work done earlier for a degree or otherwise.

I further undertake to indemenity the development against any loss or damage arising from breach of the foregoing obligations.

Mst. Urmi Akter

ID No: 1901016071 BBA Program,

Department of Business Administration

Sonargaon University

Certificate of approval

I am pleased to ceritfy that the internship report on ***" the General Banking Activities of Al-Arafah Islami Bank Limited (AIBL)*** *prepared by* ***Mst. Urmi Akter*** *bearing* ***ID Number :1901096071*** *of the* ***depertment of business administration (Major In Accounting)*** *is approved for presentation and defense. Mst.Urmi Akter work with " Al- Arafah Islami Bank Limited (AIBL)" as an intern under my supervision. She completed the work during the fall 2021 semister.*

I *am also pleased to certify that the data and the findings presented in the report seen to be authentic.*

Mst.Urmi Akter bears a good moral character and a very pleasing personality. It has indeeded been a great pleasure working with her. **I** wish her all success in life.

…….

Farjana Yeasmin Chowdhury

Lecturer department of business administration ,

Sonargaon University

ACKNOWLEDGEMENT

First and foremost, all credit goes to my Almighty. Then I would like to express my gratitude to all the people those were involved both directly and indirectly in the preparation of this report. I apologize to the people whose names that I have not mentioned, and their contribution is highly appreciated by me. At first, I would like to thank and convey my gratitude to honorable Supervisor, Lecturer .Farzanar Yeasmin Chowdury Department of Business Administration,SU for guiding me and for giving me the opportunity to initiate this report. More specifically, I would like to thank him for imparting his time and wisdom. I want to thank all the officials of Al-Arafah Islami Bank Limited that were involved. I would especially like to thank Md. Golam Kibria(Vice President), Arafat Ahmad Rahman (Principal Officer), Md. Abdul Hasan(Executive Officer), Md. Mushtak Ahmed Khan(second officer)of Elephat road branch for giving an opportunity of 3 month internship program and when any problem rose, they solved that and all time guided and supervised me friendly. I would like to thank them for giving me the required information to commence this report.

EXECUTIVE SUMMARY

The internship is designed to bridge the gap between the theoretical knowledge and real life experience. It is designed to have a practical experience while passing through the theoretical understanding. The report is the result of 3 month internship program in Al-Arafah Islami Bank Ltd – Mirpurcircle-10Branch. Today, necessity of a bank as a financial institution is undeniable. These institutions play a vital role in the field of financial stability of a country. Banking sector is one of the most stable financial institutions of any economy.

In the 1st chapter I have discussed the Introduction.

In Chapter 2 I have discussed about the Profile of Al-Arafah Islami Bank Ltd. Overview by which we will know history, important vision and mission and objective of AIBL & also objective of my report. On the next Chapter, I have discussed General Banking Activities. Basically I have discussed my work related activities in AIBL – Elephant road Branch. On next, I have mentioned SWOT analysis and findings associated with the organization and this report. I have also discussed about what I have learnt during the internship at Mirpur circle10 Branch.

Lastly in Chapter 5, I have given Conclusion, Recommendation and References.

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Chapter –1

Introduction

1.0 Introduction

Banking sector is expanding its hand in different financial events every day. At the same time the banking process is becoming faster, easier and the banking arena is becoming wider. As the demand for better service increases day by day, they are coming with different innovative ideas & products. In order to survive in the competitive field of the banking sector, all banking organizations are looking for better service opportunities to provide their fellow clients. As a result, it has become essential for every person to have some idea on the bank and banking procedure.

Private sector banks started functioning during the year 1983-84 with the objective of government policy to make sure effective and meaningful participation of the private sector in the overall national economy.

The perception of Islamic banking has been bloomed from the inspiration of building up a society on justice in accordance with basic socio-economic principles of Islam. The difference between Islamic bank and conventional bank is on principles. The functions of this type of bank are completely different.

'Islamic Bank' theory is established on Islamic Shariah and all types of transactions are free from interest. Justified profit is the basis of financial transaction of this bank. This bank is committed to establish socio-economic justice. Al-Arafah Islami Bank Limited is one of the progressing Islamic banks in Bangladesh. The bank has opened 103 (till July) branches covering important commercial areas.

Al- ArafahIslami Bank Bangladesh Limited is a financial institution whose status, rules and procedures expressly state its commitment to the principle of Islamic Shariah. Consequently the bank operates on Islamic principles of profit and loss sharing, strictly avoiding interest, which is the root of all exploitation and is responsible for large-scale inflation and unemployment

1.1 Rationale of the Study

Due to the increased competition of the increased number of commercial banks and the growing economy, the expectations of the customers have also increased than ever before. Realizing the present condition, banks, especially the commercial banks are trying to attract more and more people to use bank as their trusted saving way. So banks are coming more reachable to their customers. Presently the most serious difficulty facing the financial sector is the low level of interest rate and high level of inflation rate, due to political anarchy and syndicating of products. So it is the duty of the top management of the commercial banks to deal with the situation.

1.2 Origin Of The Report :

The internship program is a mandatory requirement for the students who wish to be a B.B.A graduate. In the internship program, I was attached to host organization name Al –Arafah Islami Bank Ltd. This report prepared on my practical experience on the day to day banking activities ,theoretical experience and under close supervision of my internal support as well as my official supervisor.

1.3 Objectives of the Report:

The main objectives of the report will be to provide an overview of the "General Banking Activities of Al-Arafah Islami Bank Limited-A Study On Elephant Road Branch fulfilling the requirement of BBA program. However, the objective behind this study is something broader. Objectives of the report are summarized in the following manner-

- To identify of General Banking Activities of Al-Arafah Islami Bank Limited.
- To Evaluate the performance of the bank.
- To analyze general banking activities of Al-Arafah Islami Bank Ltd.

1.4 Methodology Of The Report:

From my educational background I have learned different methodology in research process. So in this study I had the opportunity to implicate may educational knowledge in practical field. I have collected data from many sources:

Sources of data

Primary sources Secondary sources

• Primary Sources :

1. Personal interview- face to face conversation and in depth interview with the respective officers of the branch.

2. Personal observation- observing the procedures of banking activities followed by each department.

3. Practical work exposure on different areas of the branch.

4. Informal conversation with the client or customers.

5. Relevant documents related to the study as provided by the officers.

• **Secondary sources:**

1. Annual report of AIBL.

2. Periodical published by Bangladesh bank .

3. Internet is also used as a theoretical sources of information.

4. Website and news letters are also used as major sources .

1.5 Scope of The Report:

The study gives a lot of knowledge about general banking activities of AIBL. This report gives a broad overview of GB department of Mirpur Circle-10 branch, Dhaka of AIBL. It consists of my observation and on the job experience during the internship period. This report incorporates the different aspects of general banking tools and techniques and its effects on the performance of the bank.

1.6 Benefits:

- It gives us knowledge about islami shariah based Banking system.
- It helps to know about overall general banking activities of AIBL.
- It provides knowledge about deposit product and services.

1.7 Limitations Of The Report:

To prepare a report on the achieved practical experience in a short duration (only three months) is not an easy task. In preparing this report some problems and limitations have encountered which are as follows:

1. The main constraint of the study are insufficiently of current information, relevant to the study

2. All required information are not available in any specific branch of the bank and there are also limited opportunity to visit more then one branch

3. Due to time limitations many of the aspects could not be discussed in the present report

4. Lack of experience in internship report writing.

Chapter-2

Overview of the al-arafah islami bank ltd

2.0 Background of Al-Arafah Islami Bank Ltd.

Al-Arafah Islami Bank Limited has been established and functioning with effect from 27th September 1995 as a schedules commercial Bank of Bangladesh strictly based on Islamic Shariah principles.

Islamic Banking has been operating in more than 70 countries of the world including Bangladesh through 218 institutions. It has in the meantime established its beneficial approach and efficiency on operation. Islamic Banking system has its inborn inner strength as follows:

•It gives a fixed percentage of investment income to the depositors. Therefore, in order to give better rate of profit its investment portfolio is managed properly so that better investment income can be earned and paid to the depositors.

•The Management cost is to be borne out of a fixed portion of investment income and service charge earned by the bank. Therefore, efficient customer services and better portfolio management are required to be ensured by the management.

•The depositors can calculate their interest income to be earned from conventional banks and thereby make expenditure with consequential inflation which the depositors of Islamic Bank cannot do as they cannot foresee profit income.

•Since Islami Bank invests its fund in different Islamic Modes of Finance particularly in Mudaraba and Musharaka and also accepts deposits on Mudaraba principle, entrepreneurship as well as sense of belongingness to the Bank is developed.

•In buying &Selling modes of financing like Murabaha, Bai-Muajjal, Izara, enduses is ensured strictly as per principles of Islamic Shariah. Thus funds cannot be diverted for other purpose.

Islami Bank attaches importance to human resources development. As such the employees are trained discreetly, in this regard on which the conventional Bank does not give much importance.

2.1 Company Profile

Name of the Company:	Al-ArafahIslami Bank Limited.
Legal Identity:	A public limited company registered in Bangladesh on 18th June 1995, under the companies Act 1994 and enlisted in Dhaka Stock Exchange Ltd. & Chittagong Stock Exchange Ltd
Nature of Business:	Commercial Banking based on Al-Quran &Sunnah
Registered Office:	Head Office Peoples Insurance Building (6th – 9th Floor) 36, Dilkusha Commercial Area Dhaka-1100, Bangladesh
SWIFT Code:	ALAR BD IS (means Branch Code)
E-Mail:	aibl@al-arafahbank.com
Webpage:	www.al-arafahbank.com
Auditors:	Hoda Vasi Chowdhury Chartered Accountant BMTC Bhaban, Level-8, 7-9, Kawran bazaar, Dhaka-1100 Siful Shamsul Alam Chartered Accountant ParamountHeights, Level-6 (Box Culvert Road) 65, 2/1 Purana Paltan Dhaka-1100

2.2 Mission & Vision

∆ Mission

•Achieving the satisfaction of Almighty Allah both here & hereafter.

•Proliferation of Shariah Based Banking Practices.

•Quality financial services adopting the latest technology.

•Fast and efficient customer service.

• Maintaining high standard of business ethics.

•Balanced growth.

•Steady & competitive return on shareholders' equity.

•Innovative banking at a competitive price.

•Attract and retain quality human resources.

• Extending competitive compensation packages to the employees.

• Firm commitment to the growth of national economy.

•Involving more in Micro and SME financing.

∆ Vision

•To be a pioneer in Islamic Banking in Bangladesh and contribute significantly to the growth of the national economy.

• “To make our customers prosper, our staff excel and to create value for our stakeholders.”

2.3 Value &Commitments

∆ Value

AIBL values are based upon the fundamental principles that define our culture and are brought life in our attitude and behavior. It is their values that make us unique and seem from five basic principles:

• **Excellence:** The market is which AIBL operate is becoming increasing competitive and their customers now have abundance of choice. •**Integrity:** AIBL success depends upon trust. Their customers are society in general expect us to process and steadfastly to high moral principle and profession standard.

• **Customer focus:** AIBL need to understand fully the needs of their customers and to adapt our product and service to meet these.

•**Meritocracy:** AIBL believes in giving opportunities and advantage to its employee son the basic of their ability.

•**Progressiveness:** AIBL believes in the achievement of society through the adoption of enlightened working practice innovative new product and process a sprite of enterprise.

∆ Commitments

AIBL is a customer focused modern Islamic Bank making sound and steady growth in both mobilizing deposit and making quality Investment to keep our position as a leading Islamic Bank.

In Bangladesh, to deliver financial services with the touch of our heart to retail, small and medium scale enterprises, as well as corporate clients through our branches across the country. Our business initiatives are designed to match the changing trade & industrial needs of the clients.

2.4 Objective of Al-Arafah Islami Bank Ltd.

•Islamic banks operate on Islamic principles of profit and loss sharing, strictly avoiding interest, which is the root of all exploitation and is responsible for largescale inflation and unemployment.

• The objectives of Islamic banking are not only to earn profit, but to do good and welfare to the people. Islam upholds the concept that money, income and property belong to Allah and this wealth is to be used for the good of the society.

• An Islamic bank is committed to do away with disparity and establish justice in the economy, trade, commerce and industry; build socio-economic infrastructure and create employment opportunities.

2.5 Special Characteristics

•All activities are conducted on interest-free system according to Islamic Shariah Principles.

•Investment is made through different modes as per Islamic Shariah •Investment Income of the Bank is shared with the Mudaraba depositor according to an agreed upon ratio ensuring a reasonably fair rate of return on their deposits

• To introduce a welfare-oriented banking system and also to establish equity and justice in the field of all economic operations

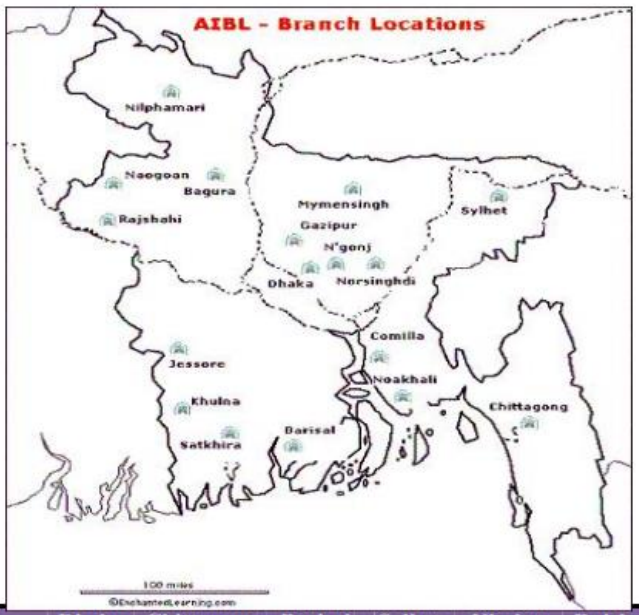
•Extend socio-economic and financial services to individuals of all economic backgrounds with strong commitment in rural uplift.

• Plays a vital role in human resources development and employment-generation particularly among the unemployed youths.

Portfolio of investment and investment policy have been specially tailored to achieve balanced growth and equitable development through diversified investment operation particularly in the priority sectors and in the less developed areas of the national economy.

2.6 Branch Location All Over Bangladesh

Graphically shown to below :



Division Name	Dhaka	Chittagong	Barisal	Sylhet	Khulna	Rajshahi	Rangpur
No. of Branch	51	22	4	7	7	5	4

2.7 Board of Directors

Badiur Rahman	Chairman
Sarker Mohammad Shameem Iqbal	Vice Chairman
Alhajj Md. Harun-ar-Rashid Khan	Director
AlhajjNazmul Ahsan Khaled	Director
Alhajj Abdul Malek Mollah	Director
Alhajj Hafez Md. Enayetullah	Director
Alhajj Abdul Moktadir	Director
Alhajj Ahamedul Haque	Director
Alhajj Abdus Samad	Director
Alhajj Abu Naser Mohammad Yeahea	Director
Alhajj Abdus Salam	Director
Alhajj Niaz Ahmed	Director
Md. Ashik Hossain	Director
Engr. Kh. Mesbahuddin Ahmed	Director
Mohammed Emadur Rahman	Director
Md. Rafiqul Islam Director Anwar Hossain	Director
Dr. Momtaz Uddin Ahmed	Director
Brigadier General M A Malek (Retd)	Director
Ekramul Hoque Managing	Director
Md. Rafiqul Islam	Deputy Managing Director
Khondoker Nayeemul Kabir	Deputy Managing Director
Md Mofazzel Hossain	Deputy Managing Director
Kazi Towhidul Alam	Deputy Managing Director
Md. Golam Rabbani	Deputy Managing Director

2.8Economic Value Edition By Bank:

Economic Value Added (EVA) indicates the true economic profit of the company. EVA is an estimate ofthe amount by which earnings exceed or fall short of the required minimum return for shareholders atcomparable risk. EVA of the Bank stood at BDT 1,544.58 million as on 31 December 2020 as againstthat of BDT 1,341.30 million in 2019

Particulars	2020	2019
Shareholders Equity	14,050.69	11,989.11
Total Income	16,692.58	11,332.59
Total Expense	(11,937.04)	(7,005.81)
Corporate Tax	(1,998.69)	(1,747.87)
Capital Charges	(1,212.27)	(1,237.61)
Economic Value Addition	**1,544.58**	**1,341.30**

Source: Annual Report of AIBL For 2012

2.9: 5 Year Financial Performance Of The Bank (2017- 2021):

5 YEAR FINANCIAL HIGHLIGHTS

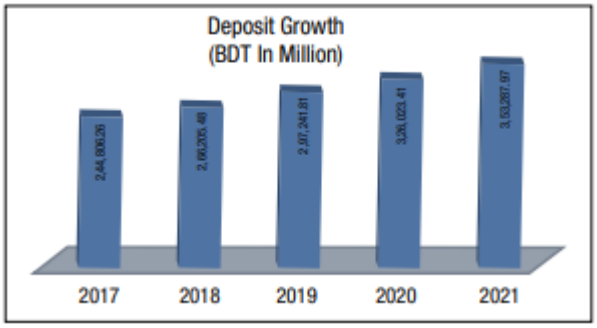
Figure in Million

Particulars	2017	2018	2019	2020	2021	Growth%
Income Statement						
Investment Income	20,491.03	24,956.81	28,811.65	26,331.28	23,446.01	(10.96)
Profit paid on Deposit	11,784.20	16,256.61	18,604.42	16,556.64	13,072.79	(21.04)
Net Investment Income	**8,706.83**	**8,700.20**	**10,207.23**	**9,774.64**	**10,373.22**	**6.12**
Non Investment Income	3,557.36	3,769.39	4,037.57	3,655.46	4,250.17	16.27
Non Investment Expenses	5,308.42	6,160.70	6,384.18	6,742.33	7,129.25	5.74
Net Non Investment Income	**(1,751.06)**	**(2,391.31)**	**(2,346.61)**	**(3,086.87)**	**(2,879.08)**	**(8.85)**
Profit Before Tax & Provision	**6,955.77**	**6,308.89**	**7,860.62**	**6,687.77**	**7,494.14**	**12.06**
Provision For Investment	1,354.89	2,177.98	2,867.66	1,887.90	2,655.58	40.66
Profit Before Tax	**5,600.88**	**4,130.91**	**4,992.96**	**4,799.87**	**4,838.56**	**0.81**
Provision For Tax (including Deferred Tax)	2,431.38	1,674.11	2,565.33	2,228.06	2,712.12	21.73
Profit After Tax	**3,169.50**	**2,456.80**	**2,427.63**	**2,571.81**	**2,126.44**	**(17.32)**
Balance Sheet						
Authorized Capital	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	-
Paid up Capital	9,943.06	10,440.22	10,649.02	10,649.02	10,649.02	-
Reserve Funds & Other Reserves	8,556.96	9,365.62	10,318.64	11,418.96	11,733.35	2.75
Shareholders' Equity (Capital & Reserve)	22,520.68	23,483.22	24,148.24	25,455.85	25,900.33	1.75
Deposits	244,806.26	266,205.48	297,241.81	326,023.41	353,287.97	8.36
Investment	235,905.23	261,874.13	288,486.02	308,620.66	336,890.72	9.16
Investment in Shares & Securities	10,145.49	12,214.67	16,170.52	21,563.67	30,156.14	39.85
Fixed Assets	3,260.38	4,494.61	4,351.93	5,833.88	5,470.27	(6.23)
Total Assets (Excluding off-balance sheet items)	319,255.29	338,465.30	381,051.81	418,298.65	462,687.05	10.61
Foreign Exchange Business						
Import Business	156,700.00	168,573.80	171,611.70	169,378.90	261,566.10	54.43
Export Business	104,540.00	114,481.90	108,967.10	104,939.40	135,786.90	29.40
Guarantee Business	6,443.41	7,096.02	8,274.25	10,511.21	13,673.41	30.08
Inward Foreign Remittance	20,700.00	36,917.20	37,713.40	43,807.00	52,662.10	20.21
Capital Measures						
Core Capital (Tier-I)	21,459.85	22,379.93	22,817.41	23,930.89	29,301.30	22.44
Supplementary Capital (Tier-II)	5,488.97	10,078.56	9,735.77	15,327.20	14,359.58	(6.31)
Tier-I Capital Ratio	10.40	10.12	10.22	9.59	10.37	0.78
Tier-II Capital Ratio	2.66	4.56	4.36	6.14	5.08	(1.06)
Total Capital	26,948.82	32,458.49	32,553.18	39,258.09	43660.88	11.21
Total Capital Ratio	13.06	14.68	14.58	15.74	15.46	(0.28)
Investment Quality						
Volume of Non-Performing investment	9,921.51	12,690.72	14,100.41	11,769.58	16,566.84	40.76
% of NPIs to Total Investment	4.10	4.79	4.82	3.80	4.81	26.58
Provision for Unclassified Investment	1,723.04	1,891.00	2,157.28	2,787.10	3,084.10	10.66
Provision for Classified Investment	3,096.15	3,946.09	6,022.02	6,436.96	8,173.23	23.01
Provision for Off Balance sheet Exposures	570.42	689.80	778.50	935.50	1,093.40	16.88

Source: Annual Report on 2016 to 2020

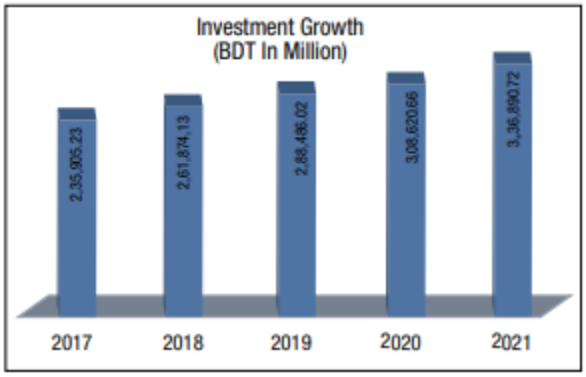
Deposit:

The total deposit of the bank was Tk. 353,287.97 million at 31st December 2021 as against Tk. 326,023.41 million at 31st December 2020 a growth of 8.36 % of which Tk 1,933.63 million was bank deposit and Tk. 351,354.34 million was general deposit. The present strategy is to increase the deposit base through maintaining competitive profit rates and having low cost of funds to ensure a better spread with an average return on investment.



Investment :

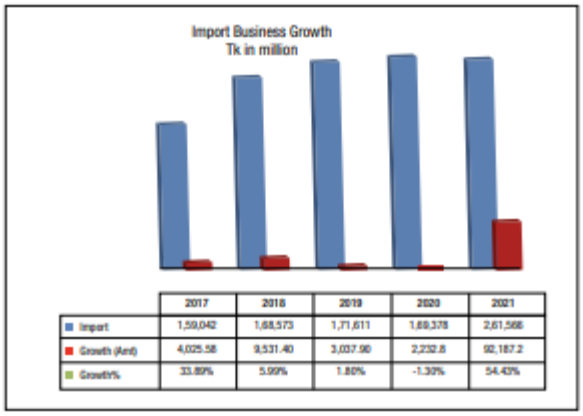
The investment of the bank has stood at Tk. 336,890.72 million as on 31st December 2021 as against Tk. 308,620.66 (Net off PR) million in the previous year showing an increased by 9.16%. The investment portfolio of the bank is well diversified and covers a broad spectrum of businesses and industries including readymade garments, textile, edible oil, ship scraping, steel & engineering, chemicals, pharmaceuticals, cement, telecommunication, construction, health care, real estate, education, transport and investment under consumer schemes. We have geared up efforts to improve the recovery rate of disbursed investment and also taken adequate measures for converting the classified investment into performing assets. As a result, classified investment of the bank could be kept at a low level far below the national average. It is 4.81% in our bank as on 31 December 2021.



The bank gives top-most priority to the creation of quality assets and does appropriate risk grading while approving commercial, trade and project investment to different clients.

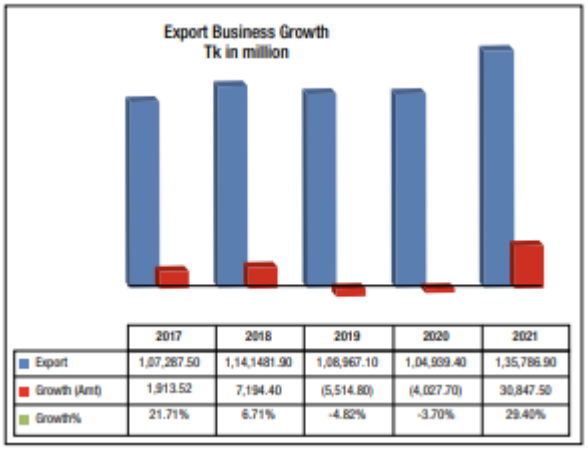
Export And Import :

Import Business Total import business of the bank stood at Tk. 261,566.10 million during the year 2021 as against Tk. 169,378.90 million, Tk. 171,611.70 million and Tk. 168,573.80 million in the previous year 2020, 2019 and 2018 respectively. Our import business increased by Tk. 92,187.20 million i.e. 54.43% growth in 2021 as compared to decrease of Tk. 2,232.80 million i.e. -1.30% growth in 2020 and increase of Tk 3,037.90 million i.e. 1.80% in 2019 respectively. Target for Import business for the year 2022 has been fixed at Tk. 300,000 million with an expected growth of 14.69%.



	2017	2018	2019	2020	2021
Import	1,59,042	1,68,573	1,71,611	1,69,378	2,61,566
Growth (Amt)	4,025.58	9,531.40	3,037.90	2,232.8	92,187.2
Growth%	33.89%	5.99%	1.80%	-1.30%	54.43%

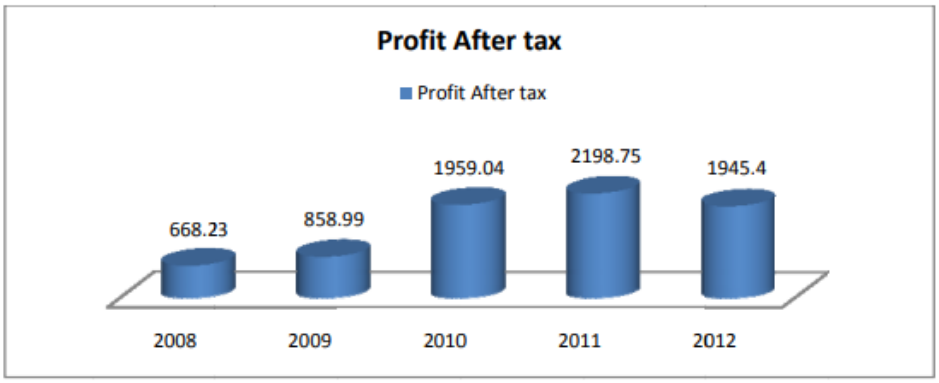
Total Export business of the bank stood at Tk. 135,786.90 million during the year 2021 as against Tk. 104,939.40 million, Tk. 108,967.10 million, Tk. 114,481.90 million in the previous year 2020, 2019 and 2018 respectively. Our export business increased by Tk. 92,187.20 million i.e. 29.40% growth in 2021 as compared to decreases of Tk. 4,027.70 million i.e. -3.70% growth in 2020, decreases Tk. 5,514.80 million i.e. -4.82% growth in 2019. Our target for Export business for the year 2022 has been fixed at Tk 170,000 million with an expected growth of 25.20%



	2017	2018	2019	2020	2021
Export	1,07,287.50	1,14,1481.90	1,08,967.10	1,04,939.40	1,35,786.90
Growth (Amt)	1,913.52	7,194.40	(5,514.80)	(4,027.70)	30,847.50
Growth%	21.71%	6.71%	-4.82%	-3.70%	29.40%

Profit After Tax :

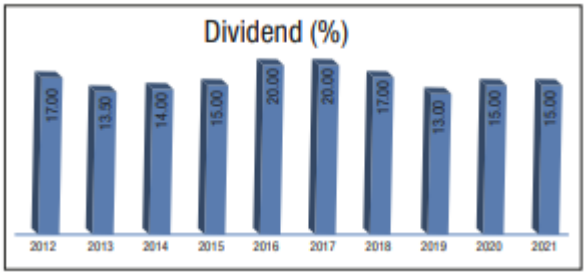
In 2017 the bank earned profit after tax of Tk 668.23 million which in increased in 2018 of Tk 858.99 million. Again in 2019 it was gradually increased to Tk 1959.04 million the bank earned profit after tax of 1985.40 million during the year 2020. The profit of the bank during the year 2021 was Tk 2198.75 million and thus the bank attend negative growth of 11.52%.



Dividend:

The bank has been paying dividend every year since 1998 just after conversion of a public limited company. The Board of Directors of the Bank is pleased to recommend dividend 15% Cash in the year 2021. Table of Historical Dividend Payment Percentage are as follows:

Year	Dividend
2012	17% Bonus
2013	13.50% Bonus
2014	14% Cash
2015	10% Cash & 5% Bonus
2016	20% Cash
2017	15% Cash & 5% Bonus
2018	15% Cash &2% Bonus
2019	13% Cash
2020	15% Cash
2021	15% Cash



Chapter-3

General banking activities

3.0 General Banking (Work Related Activities)

The division of general banking plays the most significant role in all commercial banks. It is mainly a liability side. General Banking division of AIBL can be functioned in the following way:

One who want to open an account, he has to fill up an account opening form. This form is a legal contract between the bank and prospective customers. The rules and regulations for opening of an account vary from customer to customer, if he wants to open different types of accounts. First of all various types of customers such as individual, joint, proprietorship, partnership, private limited company, public limited company, associations, clubs, societies, trusts etc. can open their various types of accounts as their requirements which are mentioned below:

3.1 Various Types of Deposit Account

AIBL Bank offers following types of deposit account:

1. Al Wadiah Current Deposit (CD)	7.MudarabaLakhpoti Deposit Scheme (LDS)
2. Mudaraba Savings Deposit (MSD)	8.Mudaraba Millionaire Deposit Scheme (MDS)
3. Mudaraba Term Deposit (MTDR)	9.MudarabaKotipoti Deposit Scheme (MKDS)
4. Monthly Installment Based Term Deposit (ITD)	10.Al-Arafah Monthly Hajj Deposit (MHD)
5.Mudaraba Short Notice Deposit (SND)	11.Pension Deposit Scheme (PDS)
6.Mudaraba Double Deposit (MDD)	12. Mudaraba Double Benefit Deposit Scheme (MDBDS)

And Continuing- Al-Arafah Termed Hajj Deposit (THD), Monthly Installment Based Marriage Savings Investment Scheme (MIS), Al-Arafah Savings Bond (ASB), Foreign Currency Deposit (FCD), Cash Waqf Deposit Scheme (CWD), Mudaraba (Special) Pension Deposit Scheme (MSPDS).

Al-Wadia Current Deposit

No profit is payable in current accounts. Current account has advantages over savings account. Advantages are - no such withdrawal limit and overdraft facility. The minimum account opening balance is Tk.2000. The minimum balance must be maintained in the account. The account maintaining fee is Tk.250 and charged twice a year. If the balance falls below Tk.2000, bank will charge minimum balance charge Tk.250 half-yearly.

Mudaraba Saving Deposit (MSD)

In savings deposit account, profit is payable to the customer. The profit for savings account is 4 percent. Profit is calculated on a monthly basis on the lowest balance in the account during the month. Customer can withdraw twice in a week and maximum limit per transaction is BDT.5 Lac and withdrawal beyond this limit requires 7(seven) days prior notice. If the total withdrawal without notice is allowed twice in a week up to 25% of the balance in the account subject to maximum limit of BDT.5,00,000 withdrawal beyond the maximum limit will require 7(seven) days prior notice, failing of which profit will not be allowed for the month in which the withdrawal occurs. Profit rate may be subject to change without notice to customer. Profit will be credited to customers account on half-yearly basis.

The minimum account opening balance is Tk.500. The minimum balance must be maintained in the account. The amount of minimum initial deposit is the minimum balance for maintenance. The account maintaining fee is Tk.500 and charged twice a year. If the balance falls below Tk.500, bank will charge minimum balance charge Tk.250 half-yearly. The bank reserves the right to realize an incidental charge and or/ to close the account without prior notice to the customer(s), if he/she/they fail to maintain the minimum balance.

Mudaraba Term Deposit Receipt (MTDR)

It's a certain period deposited system, which is not repayable before the maturity date of a fixed period. AL-ARAFAH-ISLAMI Bank offers higher rates of profit on such deposits. Usually customers are allowed to open this account for a certain period and the rate of profit in accordance with the terms of the deposit. The features of MTDR as follows:

Minimum balance: TK 10,000.00

Month	1	3	6	12	24	36	6 Yrs
Profit	12.00	12.50	12.50	12.50	12.00	12.00	Double

Installment Term Deposit (ITD)

It's a sure investment for a steady return. It can be opened for 2, 3, 5, 8, 10, or 12 years for Tk.200 , TK.300, TK.500, Tk1000, Tk.1500 and Tk2000, Tk 3000, Tk.4000, TK.5000. The savings amount is to be deposited any day of the month. If the depositor has a separate account in the bank for which a standing instruction can be given to transfer the monthly deposit in the scheme's account. After 3 years of savings in this schemed the depositor is eligible for a loan up to 80% of his deposited amount.

Short Notice Deposit (SND):

Short Notice Deposit has following attributes:

- 3.5% profit rate against SND.
- No restriction over withdrawal of money
- 5000/- is the minimum balance.

Mudaraba Double Deposit (MDD)

Savings works as the very foundation of development. Savings is the prime source of business investment in a country. So it helps to build up capital. To create more awareness and motivate people to save, AL-ARAFAH-ISLAMI Bank offers Mudaraba Double Deposit. Here people put their money for double return after 6 years.

MudarabaLakhopoti/Millionaire/Kotipoti Schemes

Conditions of the Schemes:

1) By filling up a form an account is opened.

2) A non-transferable deposit receipt will provide to the customer after opening the account.

3) If the deposit is withdrawn before a 5-year term, then saving interest rate will be applicable and paid to the depositor. However, no in profit paid if the deposit is withdrawn within 1 year of opening the account and Monthly Income paid to the customer will be adjusted from the principal amount.

4) This scheme will be credited to the loan account until liquidation of the loan amount inclusive of profit. A depositor can avail loan up to 80% of the deposit amount under this scheme.

MudarabaLakhpoti Scheme

ForMudarabaLakhpoti Scheme 3,5,8,10,12 year's monthly installments are 2,440/- 1350/- 740/- 540/- 420/-/- respectively and will get 1lak.

Mudaraba Millionaire Scheme For Mudaraba milliner Scheme 3,4,5,6,7,10,12,15,20 year's monthly installments are 23,200/- 16,400/- 12,700/- 10,020/- 7,820/- 4,500/- 3,330/- 2,120/- 1,175/- respectively and will get 10million.

MudarabaKotipoti Scheme

One can open for 3,4,5,6,7,10,12,15,18,20 years and have to pay (Monthly installment) 2,44,000/- 1,75,300/- 1,35,000/- 108,000/- 88,000/- 54,000/- 41,000/- 28,600/- 20,700/- 16,900/- respectively and will get 1crore. 3.2

Profit Rates Of AIBL On Different Deposits:

SL NO	Account Head/Deposit Scheme	Profit Rate in %
1	Al-Wadiah Current Deposit	Nill
2	Mudaraba Saving Deposit	5.00 %
3	Mudaraba Short Notice Deposit (SND)	4.00 %
4	Mudaraba Investment Term Deposit (ITD)	12 %
5	Mudaraba PTD	12 %
6	Monthly Hajj Deposit	12 %
7	MTDR 36 Months	12.50 %
8	MTDR 24 Months	13.00 %
9	MTDR 12 Months	13.00 %
10	MTDR 6 Months	12.50 %
11	MTDR 3 Months	12.00 %
12	MTDR 1 Month	12.00 %
13	MudarabaLakhopoti	12 %
14	Mudaraba Millionaire	12 %
15	MudarabaKatipothi	12 %
16	Double Benefit Deposit Scheme	12.25 %
17	Special Savings (Pension) Scheme	10.25 %
18	Marriage Saving Investment Scheme (MSIS)	8.25 %

3.3Annual Performance of Deposits

Deposit & Other Accounts	2012	2011	2010
Mudaraba Saving Deposits	9,998,519,808	8,365,529,395	7,227,520,700
Mudaraba Term Deposits	76,618,032,206	50,030,522,304	26,535,425,683
Other Mudaraba Deposits	18,208,830,719	13,428,545,310	11,941,816,975
Al-Wadia Current Account & Others	12,898,844,570	9,609,727,873	6,667,082,751
Bills Payable	959,167,532	752,651,888	812,514,055
	118,683,394,835	82,186,976,770	53,882,959,505

3.4 General Procedure of Account Opening

Step1: Bank provides account opening form to the prospective customer or applicant.

Step 2: Applicant fills up the form.

Step 3: Application submits the form dully signed by an introducer and along with 2pasport size photo signed by the introducer.

Step 4: The authorized officer scrutinizes the application form.

Step 5: If they are satisfied, they will open the account.

Step 6: They issue deposit slip and deposit must be made it.

Step 7: After deposition one checkbook is issued Signature card to verify the signature of the client.

Step 8: Bank preserves the specimen.

Step 9: Account is opened.

3.5General Procedure of Account Closing

Account closing is also done by account opening section. The customer may close his/her/their account(s) at any time giving notice to the bank. Similarly, the bank on genuine ground may close customer(s) account giving reasonable notice for the action or without any notice if the conduct of the account is not satisfactory to the bank or any reason(s) whatsoever. In either case, bank will realize a closing charge from the customer's account. The usual closing charge is Tk. 300 + 15% VAT. But, the closing charge of account within three months of opening is Tk.500 + 15% VAT.

To close an account:

• Account holder requires applying in a specific form with full signature.

•He/she/they must surrender the unused leaves/cheque book provided by the bank.

•Verification of signature and approval by operation head.

• Close the account.

On closure of the account, the bank will pay the credit balance (if any) of the account and any profit due to the customer(s). The customer(s) shall surrender the unused cheque books/leaves along with the requisition slip and other materials (if any) supplied by the bank for operation of the account.

3.6 Clearing Section

The main function of clearing section is to operate with safety and security of financial transaction of financial instrument like DD, PO, check etc. on behalf of the customers through Bangladesh Bank Clearing House, Outside Bank Clearing (OBC), Inter Branch Clearing (IBC). This section examines in the following way:

•Whether the paying bank within the Dhaka city.

•Whether the paying bank outside the Dhaka city. Then these checks can be cleared by OBC, OBC stands for Outward bill for collection.

•Whether the paying is their own branch. These checkscan be cleared by IBC, IBC stands for Inter Brunch Bill for Collection.

Outward Clearing

When the financial instruments like P.O., D.D., and Checks collected by specific branch within the Dhaka city and not of their own branch then the Outward clearing will be functioned. The procedures of Outward Clearing are followed:

•The instruments with schedules to the main branch of AL-ARAFAH-ISLAMI Bank Ltd. With issuing an Inter Branch Debit Advice (IBDA).

•Clearing stamps are affixed on the instruments.

•Checked for any apparent discrepancy.

• The authorized signature endorses instruments.

•Particulars of the instruments and vouchers are recorded in the 'Outward Clearing' register

•The clients receive the duty signed instruments and also branch code number affixed on the instruments.

Inward Clearing

When the checks of its customer are received for collection from other banks, the following should be checked very carefully;

•The check must be crossed.

•The check should not carry a date older then the receiving date for more than 6 months.

• The collecting bank must check whether endorsement is done properly or not.

•The amount both in words and figures in deposit slip should be same and also it should be in conformity with the amount mentioned in words and figures in the checks.

Essential elements for Clearing

There are three essential elements are required for clearing the Instruments:

1. Clearing Seal,

2. Crossing Seal.

3. Endorsement Seal.

3.7Banker's Cheque (BC)

BC is used only to make the payment of different kinds of bills like utilities bill of the bank. Some special features of BC are as follows:

•It should be Crossed Cheque and Account Payee Only.

• There is no commission for issuing a pay slip.

•Bank is the maker of the pay slip.

•A revenue stamp is required in case of payment.

•It has two parts; one part belongs to account payee and the other to the bank.

3.8 -AInter Branch Credit Advice (IBCA)

It is an advice written by originating branch to the responding branch to credit the general account of responding branch for the transaction mentioned on it. IBCA is issued to responding branch to pay. The responding branch makes payment.

3.8 -BInter Branch Debit Advice (IBDA)

It is an advice written by origination branch to the responding branch to debit the general account of responding branch for the transaction mentioned on it. IBDA issued to collect money from other branch. The originating branch collects money.

3.9 Remittance Section

The word 'Remittance' means sending of money from one place to another place through post and telegraph. Commercial banks expose this facility to its customers by means of receiving money from one branch of the bank and making an easier arrangement for payment to another branch within the country.

3.10 Payment Order (P.O.)

Payment Order is a process of money transfer from payer to payee within a certain clearing area through banking channel. It's an order of local payment on behalf of the bank or its constitution. A customer can purchase different modes of payment Order such as pay order by cash and pay order by check.

AL-ARAFAH-ISLAMI bank charges different amount of commission on the basis of payment order amount:

Total Amount of PO	Commission (Tk.)	VAT (Tk.)
1-1,00,000	20	3
1,00,000-5,00,000	30	5
5,00,000-10,00,000	50	8
Above10,00,000	100	15

3.11 Demand Draft (D.D.) & Telegraphic Transfer (T.T.)

DD is a one kind of bill of exchange. DD is the most frequently used mode of inland remittance. DD is an unconditional order of the bank from one branch to another branch to pay certain amount of money to a certain person on demand. It is applicable outside the Dhaka City. The DD generally issued for party's safety. If there is a huge amount to bear one place to another, then customer can do the DD and bear it to his destination instead of cash.

Telegraphic Transfer is the most rapid and convenient but expensive method. There are different modes of telegraphic transfer such as Fax, Mobile, Telephone Telex, and Telegram. If an applicant wants to transfer money quickly to the pay in another city or district he /she may request the banker to send it by TT.

3.12 Cash Section

Cash section is an important part of any branch. Most of the activities are relate to cash section. The functions of cash section are receipt & payment of cash.

3.13 Investment (Organization Wide Activities)

Al-ArafahIslami Bank is a new generation bank. It is committed to provide high quality financial services/products to contribute to the growth of G. D. P of the country through stimulating trade & commerce, accelerating the pace of industrialization. In investment operation of the bank is of paramount importance as the greatest share of total revenue of the band is generated from it, maximum risk is centered in it and even the very existence of band depends on prudent management of its investment portfolio. The failure of a commercial bank is usually associated with the problem in investment portfolio and is less often the result of reduction in the value of other assets. In view of the above this investment policy and control guidelines of the bank has been prepared which is subject to amendment, revision, readjustment and refinement from time to time as may be warranted by the change of circumstances due to passage of time to suite the requirement of the bank.

Allah has permitted Bai (Buying and selling i.e. trading) & prohibited Riba. Islamic Banks in all its transactions follow the verdict of Al-Qur'an and Sunnah and prohibit Riba in all its operations. The Banks conduct investment portfolio under three mechanism i.e. (1) Bai Mechanism; (2) Share Mechanism (3) Ijara.

3.14 Other Relevant Activities

I have done others Bank related activities of document typing, electric bill entry, mail, and call to customers for different reasons. I visited clients' residence with my supervisin

Chapter-4

Learning swot analysis and findings

4.0 Learning

Staying the internship period of 3 months in Al-ArafahIslami Bank – Mirpurcircle -10 Branch as an Internee was extensively experiencing. I have gone through a lot of new situations, experienced a very new environment and learned about professional life.

4.1 LearningsFromOrganization

In the processing of collecting, gathering, synchronizing several information and preparing this report; I have learned many banking procedures, facts such as Account opening, closing, Profit taking, transferring also dealing with different types of customers & situations.

4.2 LearningsFromInternship Program

The learnings form Internship program was a new experience since such event is very new in a student's life. I have learned to study a bank's documents and prepare an affiliation report.Within the period, I had to deal with different designated employees & stuffs of the branch and several types of clients. I faced several types of situation, some made me happy, some sad, some anger etc. Through this ups and downs, I have come to know what is the environment of an office and how to deal with it. This experience surely made me prepared for my next corporate life.

4.3 SWOT Analysis

SWOT analysis provides an opinion and adjustment whether the organizations current position is satisfactory or not.

Strengths Of AIBL

•All activities of the bank are conducted according to Islamic shariah where profit is the legal alternative to interest.

• The bank has earned customers loyalty as organizational loyalty.

• AIBL maintain corresponding relationship with many foreign banks so that it is an effective measure for the smooth business.

• Skilled manpower and efficient employees are being involved to meet the clients' satisfaction.

• The amount of deposits is one of the biggest strengths of AIBL.

• AIBL is always trying to add new and modern equipment.

Weaknesses Of AIBL

• In addition to that a huge number of financial institution working besides commercial Banks of our country. As such their business is becoming more and more vital weakness of AIBL because our financial market is not expanding in comparison with the establishment of new banks.

• The advertising and promotional activities of this bank are up the mark.

• There some officer who work hard but are not appreciated by the authority.

• AIBL has not set up proper network system among branches. •

The bank does not have any research and development division

• Risk Management system is not strong. The bank has already exposed to a variety of risks the most important of which are credit risk, market risk and liquidity risk.

• IT Division is not strong because bank put due importance to utilization of technology-based service to the customers.

Opportunity Of AIB

• Favorable business climate for commercial banks in the country in comparison with other business.

• The bank can introduce more innovative modern cust omer service to better survive in the competition.

• They can also offer the micro credit business for individual and small business.

• Expanding the financial policy with credit facility customer is very secure in business environment.

Threats Of AIBL

• The world is advancing towards technology very fast. Though AIBL taken effort to join the stream, it is not possible to complete the mission due to the poor technological infrastructure of our country.

• Local competitors can also capture as huge market share by offering similar products and services provided by the bank.

• Though the innovative working is in contentious process but the other rival banks are coping it within the short time.

• They are carrying out aggressive campaign to attract lucrative corporate client as well as big-time depositor.

• Bangladesh Bank is always supervising the local and foreign banks in Bangladesh and sometimes it is hampering the normal operation of private bank. 4.4 Overall Findings

• They have not sufficient efficient employees to operate different department in the bank. So they should increase efficient employees in different department.

• Staff meetings and departmental meetings at the branch level does not held or very few which is very essential to develop service quality as well as problem solving. But this practice is very few. So it may create major problem in future.

• PC Bank is not modern and comprehensive banking software. It does not provide adequate support on providing the services. It is not user friendly and management should consider replacing the PC Bank system by a more comprehensive banking system.

• They never keep anything pending. 37 © Daffodil International University ATM booth service is an online popular service. The bank's online service is very poor. So if they want to survive in competition, they should introduce online service as early as possible.

• Technology that AIBL is using for their banking system is not up to date. There are some international banks in Bangladesh, they are very fast and very up dated. AIBL is losing their clients because of lack of technology.

• There is a gap between the customers and bankers. Customers are unaware about the moral of Islamic Banking System. Sometimes they are not familiar with the rules of Islamic Banking.

• The Al-ArafahIslami Bank is too much centralized. For each and every work branch office has to get permission from the head office. The head office tightly controls each and every branch office. This dependency on head office causes slow down their activities.

• Advertising and promotion are the weak points of Al-ArafahIslami Bank Limited. AIBL does not have any effective marketing activities. Other banks have better marketing strategy.

• Some international and local savings bonds give high rate of returns. AIBL does not buy these because it is against the rules of Islamic Banking System.

CHAPTER -5

Recommendations And Conclusion

5.1 Recommendation for AIBL

AIBL need to consider these things for their General Banking to overcome the problems -

• They need to upgrade their existing marketing strategy to come more close to the people.

• They need to provide market transparency, which is lacking so much in Al-Arafah Islami Bank.

• They have to spread ATM card system very soon to compete with top ranking banks.

• AlBL has not sufficient number of branches. They should immediately provide branches in urban area where other banks are enjoying their business lonely.

• They have no marketing department at all, which create problems in advertising.

• Their Online banking need to be enforced to attract upper class people.

• Proper Banking software should be used to get best benefit from this department. AIBL should use the latest banking technology to provide better services to the customers.

• Staff meetings and departmental meetings at the branch level must be increased to develop service quality as well as problem solving

• The bank should give an aggressive advertisement campaign to build up a strong image and reputation the potential customer.

• AIBL should pursue advertising campaign in order to build a strong image among the people. They should carry out aggressive marketing campaign to attract clients.

• The management should take immediate decision to take the current opportunities.

• AIBL should give equal priorities to the female candidates in terms of recruitment.

• AIBL should play a big role in social responsibility. However, they have a library and an English medium school, but which is not sufficient. If Al-Arafah Islami Bank Ltd, wants to do business in this modern banking field they have to overcome those problems.

5.2 Conclusion

Banks have their own unique strategy, which leads to their objectives. Some wishes to grow faster and achieve some long range growth. On the other hand some banks want to lead a quite life minimizing risk and convey an image of a sound bank. AIBL is pretty new in its operation. Even though the financial analysis on the banks performance seems the banks doing very well in the banking industry of Bangladesh, and has prosperous future.

AIBL has established goodwill through innovative products and services. Technology development has opened up a new dimension in the development of creative products, efficient services and customer satisfaction. The bank must cope with this technological advancement its present status.

Though there are some drawbacks in some sectors of Al- Arafah Islami Bank Ltd., still modern banking technology and employee and employer sincerity may lead to increased profit. The progress of AIBL in Bangladesh is depended on the environment, structure, special features offered by the bank, rapid increase of deposit, investment, profit, dividend on behalf of short time, the public respond over the bank.

The aim of the internship program is to gain knowledge of practical banking and to compare this practical knowledge with theoretical knowledge. During the 3month internship program, it is not possible to go to the depth or each activities of division because of time limitation. So, objectives of internship program have not been fulfilled with complete satisfaction. However, highest effort has been given to achieve the objectives of internship program. I think this report may show a guideline to AIBL for its future planning and its successful operation to achieve its goal in the competitive environment.

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- Several News letters from AIBL

Website

- http://www. al-arafahbank.com

Appendix: List of Abbreviation

Particulars	Abbreviation
AIBL	Al-Arafah Islami Bank Limited
DD	Demand Draft
PO	Payment Order
TT	Telegraphic Transfer
IBC	Inter Branch Clearing
OBC	Outside Bank Clearing
IBDA	Inter Branch Debit Advice
IBCA	Inter Branch Credit Advice
BC	Bankers' Cheque