

**Internship Report**  
**on**  
**General Banking Features of a Private Commercial Bank: A case**  
**study of Al-Arafah Islami Bank Ltd.**

**Submitted to:**

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**Date of Submission: 22<sup>th</sup> January, 2021**



United International University  
QUEST FOR EXCELLENCE

**United International University**

## Letter of Transmittal

22<sup>th</sup> January, 2021

Mohammad Tariq Hasan

Assistant Professor

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**Subject:** Submission of the Internship Report on ***“General Banking Features of A Private Commercial Bank: A case study of Al-Arafah Islami Bank Ltd.”***

Honorable Sir,

With due respect, I have the honor to place my internship report ***“General Banking Features of A Private Commercial Bank: A case study of Al-Arafah Islami Bank Ltd.”*** For the partial fulfillment of the requirements of completion of my BBA program. While writing my report, I have followed the instructions that you have given me in the counseling. I have also applied relevant concepts that I have learnt while doing my internship at **AIBL**, Dhanmondi Branch.

Finally, I would love to express my gratitude for your supportive thoughts and kind consideration in and outside of the counseling.

Yours sincerely

Anika Tabassum

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## Declaration

I do here by declare that the work done in the internship report has been done by me and has not been previously submitted to any other University / college / organization for a tutorial qualification / certificate / diploma or degree.

The work I have introduced does not violate any current copy right Act of Bangladesh and no part of this report is copied from other persons work.

With Regards

Anika Tabassum

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## Acknowledgment

All praises to Almighty Allah for making me able to complete the internship report on **“General Banking of A Private Commercial Bank: A case study of Al-Arafah Islami Bank Ltd.”** successfully with a sound health condition.

I would like to say a warm and special thank you to my academic supervisor **Mohammad Tariq Hasan**, Assistant Professor, School of Business and Economics, United International University, for his continuous guidance, encouragement and patience. His valuable suggestion and guidance made it easy for me to prepare this report.

I am very grateful to **MD Nizamul Hoque Chowdhury**, Senior Vice President & Manager. I want to extend my gratitude to **Aiyub Ali**, FAVP & second man, **Benjamin Forhad**, FAVP & Investment In-charge. I am very much grateful to **Fargana Akther** and **Sharifa Billah**, Principal Officer and all the employees of Al-Arafah Islami Bank Ltd. Dhanmondi Branch, for giving me the opportunity to work as an intern.

I have to say, as an intern in banking sector, these few days are not enough to cover every aspects of banking and complete such a report. There might be some mistake due to my limited knowledge. In this regard, I do believe to get a kind consideration from you.

Finally, I am very grateful to my Head and Dean, School of Business and Economics, United International University for providing me such an opportunity to conduct an Internship Program to Al-Arafah Islami Bank Ltd.

## Executive Summary

This report is a pre-requirement for the competition of BBA course, to get knowledge of practical banking activities. I have done my internship in Al-Arafah Islami Bank Ltd. Dhanmondi Branch. Banking is now more valuable and important part of our economic system. Modern trade and commerce would almost be impossible without the technology of suitable banking service. Al-Arafah Islami Bank Ltd. is the first and major private sector commercial bank in Bangladesh, which is fully owned by Bangladeshi Entrepreneurs. The bank started its operation from June 18, 1995. Now with its 184 branches in all over the country AIBL serving its valued customers through diversified banking activities. The whole banking process of AIBL is divided into 3 sections. These are: 1. General Banking, 2. Investment and 3. Foreign Exchange Division. Here, first chapter basically I introduced AIBL, in the second chapter, I discussed about overview of AIBL. In the third chapter, I discussed about my experience in AIBL and in the fourth chapter, I added the conclusion and recommendation if needed. So, overall performance of AIBL is improving day by day. Because most of the people in our country are religious minded and that they want to take a position their money consistent with Islamic Shariah

**Key words:** private commercial Bank, general banking, investment, foreign exchange.

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## List of Abbreviation

<b>AIBL</b>	Al-Arafah Islami bank Ltd.
<b>SME</b>	Small and Medium Enterprises
<b>ATM</b>	Automated Teller Machine
<b>MVA</b>	Market Value Added
<b>EVA</b>	Economic Value Added
<b>SND</b>	Short Notice Deposit
<b>ITD</b>	Monthly Installment Term Deposit
<b>PTD</b>	Monthly Profit Based Term Deposit
<b>SID</b>	Monthly Savings Investments
<b>FBP</b>	Foreign Bill Purchase
<b>IBP</b>	Inter-Branch Payment Transaction
<b>FTT</b>	Foreign Telegraph Transfer
<b>TT</b>	Telegraph Transfer
<b>PO</b>	Pay Order
<b>DD</b>	Demand Draft
<b>NID</b>	National Identity Card
<b>L/C</b>	Letter of Credit

# CHAPTER 1: INTRODUCTION

## 1.1 Background of the Report

United International University is one of the most nominal educational institute of Bangladesh. United International University has tried to show outstanding performance though the curricular programs, market exposure and practical orientation which is very important for business graduates. The university has included compulsory internship program to finish BBA program. The purpose of the internship is to exposure the activities of all the departments. This internship helped me with learning experience and knowledge in several areas. I was not only learnt about the activities and operations of correspondent Bank, but also gathered some knowledge about basic business of banking. Bank and financial institutes play an important role in financial inter mediation and thereby contribute to the overall growth in the economic. This report is based on a commercial Bank that is the Al-Arafah Islami Bank Ltd.

I have selected the topic ***“General Banking Features of A Private Commercial Bank: A case study of Al-Arafah Islami Bank Ltd.”*** The treatise report is an unabated part of the BBA program of our University. It is necessary to undertake such task by the students who desire to complete and successfully end their BBA degree. This also provides an opportunity to the students to differentiate between theoretical and practical knowledge. Students are momentous to work on a specific topic base on their theoretical and practical knowledge gained during the period of the internship program and then submit it to respective authority. This is why I prepared this report.

The reason behind choosing banking industry because nowadays banking industry is becoming the fastest growing sectors in our country. It provides a supportive opportunity for career development. The modern economic of our nation can't work without banks. Banks are working as mainstream in financial

system. It creates new capital in our country. It also helps in economic growth. Banking industry is the most promising industry in our country.

## 1.2 Objectives of the Report:

The main purpose of the study is to understand the general banking features of Al-Arafah Islami Bank Ltd. and fulfilling the practical requirement of the BBA program.

### **General Objective of the Report:**

The general objective of this report is to glean Islamic Banking Process. To glean that Islamic banking is not only to earn profit but also to do good. Islam supports the concept that money, income and property belongs to one and only Allah and this wealth is to be used for the good of the society.

### **Specific Objective of the Report:**

- To gain or achieve the practical idea of banking system of AIBL.
- To explain the general banking activities of AIBL.
- To show the investment mechanism and product offerings in different modes of AIBL.
- To understand various forces those have impact on investment operations.
- To familiarize with the various investment schemes.
- To evaluate the foreign exchange inflows and outflows performance of AIBL.
- To identify weakness and problems of AIBL.
- To make recommendation on the basis of the findings.

### 1.3 Motivation of the Report:

I am enthusiastic about supporting the work of AIBL and gaining the experience that this internship provides in **“General Banking of A Private Commercial Bank: A case study of Al-Arafah Islami Bank Ltd.”** the great and welfare work is that the reason which motivated me to urge going with internship. The work environment is another reason which motivated me to work for AIBL.

### 1.4 Scope and Limitations of the Report:

#### 1.4.1 Scope of the Report:

As I was working in the Al-Arafah Islami Bank Ltd. Dhanmondi Branch, I got the opportunity to learn different part of banking system. My supervisor suggested me to work on specific areas of the bank which made me easy to choose the work. I also tried to increase my knowledge about banking activities and think that the information collected from AIBL will help me to know General banking, investment and foreign exchange division. The scope of the organizational part covers the organizational structure, background and objectives, functional, departmental and business performance of AIBL as an entire.

#### 1.4.2 Limitations of the Report:

Only few weeks were not enough to collect and understand all the activities related to Banking. Limitations which I found during the internship are given down below:

- The communication gap among the different rank because of excessive workload.
- Because of security purpose, the departments do not want to disclose information about the financial situation, which leads to lack of knowledge.
- In many cases, recent and updated information is not published. In my case, I couldn't find the report of 2020 of AIBL. So I had to work with the annual report of 2019.

- Time constraint, within such short time period, it was not possible for me to observe and analyze all the operations deeply of AIBL.
- Too much of massive data in the internet which made me very confused about the reliability of the data.
- The problem I have faced during preparing the report was to condiment a small scale survey on clients.
- Lack of accessibility to respondents.
- The prime obligation was lack of information, which is highly required for the report.

## CHAPTER 2: OVERVIEW OF AIBL

### 2.1. Overview and history

Peace is the other name of Islam. It provides us with a complete pure and presumption free lifestyle. The major aim of Islamic lifestyle is to be successful in our mortal as well as immortal life. With the purpose of achieving success here and hereafter by obeying the way Allah and path shown by His Rasul (SM). Al-Arafah Islami Bank Limited was established as a private limited company on 18<sup>th</sup> June, 1995. The Head Office is located at Al-Arafah Tower, 63, Purana Paltan, Dhaka-1000, Bangladesh. Al-Arafah Islami Bank Limited was established based on the principle of Holy-Quran and the Sunnah as a private limited company and introduced the modern Islamic banking system. The opening ceremony was 27<sup>th</sup> September, 1995. The bank also known as AIBL. It provides all types of commercial banking operations to its awaited customers remaining within of the Bank Companies Act, 1991 and maintaining the injunction and policy guideline laid down by Bangladesh bank. During the year 2016, the bank participated in CSR activities by financial assistance in different areas like education, training, healthcare, sports, natural disasters etc.

A group of established, dedicated and pious individuals of Bangladesh are the architects and directors of this Bank. Among them an Islamic scholar, writer, and economist of Bangladesh Government MR. A. Z. M Shamsul Alam who was the founder and chairmen of this bank. His continuous inspiration and dynamic leadership provided a vest knowledge and help this bank turn into a modern Islamic bank among other banks of Bangladesh. AIBL is one of the most modern and leading bank in Bangladesh. The bank has achieved a continuous profit and disclosed a good technology. High quality customer service through the mixing of recent technology and new products is that the tool of the bank to realize success. The bank has a mosaic arrangement of carefully tailored products and services to satisfy customer needs. AIBL provides many opportunities to their clients.

## 2.2 Objectives of AIBL

The objectives of AIBL are not only to earn profit but also to do good for the people and society. The main objective of AIBL are given down below:

- Al-Arafah Islami Bank Limited believes in its uncompromising commitment to fulfill its customer needs and satisfaction and to become their first choice in banking. The bank was made to run all its activities by the light of Islamic Shariah. Its steady progress has earned lots of reputation that made AIBL one of the leading private banks in Bangladesh.
- It aims to reduce a welfare-oriented banking system and also establish equity and justify in the field of all economic activities.
- Investment is formed through different mode permitted under Islamic Shariah.
- All the activities of AIBL are conducted on interest-free system according to Islamic Shariah.
- It plays an important role in human resource development and employee-generation, particularly for the unemployed generations.
- Investment income of bank is shared with Mudaraba depositors, according to ensure a reasonably fair rate of return on their depositors.
- It aims to achieve balanced growth and development of the country through investment operation, particularly in the less developed areas.
- It extends co-operative to the poor, helpless, and the low income group of people for their economic enlistment particularly in rural areas.

## 2.3 Vision of AIBL:

Wisdom of the directors, Islamic bankers and the wish of Almighty Allah made AL-Arafah Islami Bank Ltd. most modern and a leading bank in Bangladesh. The Vision of AIBL is given down below:



- To work supported Islamic principles of transactions in conjunction with ensuring justice and equity within the economy.
- To enhance banker-customer relationship through improving customer service.
- To exhibit new and innovate product/service through integration of technology and policy and principle.
- To be a pioneer in Islami Banking in Bangladesh and contribute significantly to the expansion of economy.
- To be a leader in Islami banking in Bangladesh and contribute significantly to the growth of national economy.

## **2.4 Mission of AIBL:**

The missions of AIBL is given down below:

- Gaining the satisfaction of Almighty Allah both here and hereafter.
- Quality financial services adopting the newest technology.
- Rapid and efficient customer service.
- Fostering high standard of business ethics.
- Steady and competitive return on shareholders' equity.
- Innovative Banking at a competitive price.
- Allure and retain quality human resources.
- Firm commitment of the growth of national economy.
- Involving more in Micro and SME financing.

## **2.5 Commitments of AIBL:**

The Commitments of AIBL is given down below:

- To keep their position a leading bank, they give the best quality service to the customers. As a customer focused bank, they always try to make sound and steady growth for the development.

- Mobilizing deposit and making quality Investment to stay our position as a number one Islami Bank in Bangladesh.
- To give financial services with the tig of our heart to retail, small and medium scale enterprises, also as corporate clients through our branches across the country
- Our business implants are planned to match the changing trade industrial needs of the clients.

## 2.6 Core Values of AIBL:

The core values are tye basic elements of how we go on about our work. The core values of AIBL is given down below:

- Trust in Almighty Allah.
- Strict observances of Islamic Shariah.
- Highest standard of Honesty, Integrity and Moral.
- Welfare Banking.
- Equity service.
- Environment consciousness.
- Personalized services.
- Adoption of changed Technology.
- Proper Delegation, Transparency and Accountability.

## 2.7 Features of AIBL:

AIBL is unique in every dimension. Unlike other banks it provides halal Islamic services among the peoples. Some of the Special and unique features which make AIBL a good bank are given down below:

- All activities of AIBL are done under the profit and loss based on Islamic Shariah rules.

- All of the work of this bank is monitored by Shariah council. If they give instructions to the bank, the bank follows it properly.
- In the year 2018, they came with a new service which was online banking.
- AIBL regularly fix up its AGMs (Annual General Meeting). Whenever they need any extra meeting is also fixed up.
- The dividends of the bank is regularly paid to shareholders.
- AIBL provides best services to the clients alone with Islamic knowledge.
- AIBL has a fund for the poor clients who need help.
- AIBL carries the core Islamic values of establishing a justified economic system through equal distribution of wealth among the society.

## **2.8 Economic Impact Report:**

Economic impact can be defined as any increase or decrease in production potential of an economy. By exploring the economic impression, we can understand how a bank adds value to the society. Economic impacts can be broadly categorized as:

- 1) Direct Impact
- 2) Indirect Impact

### **2.8.1 Direct Impact:**

Direct influence are the immediate economic effects turning from the banks financial transactions. Bank's straight exploit to the economy besotted in the creation of employment opportunities, payment of tax to the government and maximization of shareholders wealth.

### **2.8.2 Indirect Impact:**

Indirect impacts are the spill over economic effects that occur through Bank's normal course of operation. Banks propagate indirect impact by accosting the deficiency of

capital in the economy by putting together deposit and channelizing the same to prospective investors. Through catering financial services, the Bank helped distribute the wealth among all the stakeholders for example shareholders received, depositors and investors got profit, employees received compensation and other benefits, the under privileged reaped benefits out of CSR while government earned tax revenue. In 2018, total value added by AIBL was 8,649.60 million as against BDT 9,430.52 million in 2017. Bank's direct contribution to the economy was BDT 1,674.11 million in the form of corporate income tax. The Bank allotted BDT 4,135.51 million for its total 3,682 officials in 2018 as in opposite to that of BDT 3,587.79 million for 3,466 in 2017. At the end of 2018, the bank mobilized total deposits of BDT 266,205.48 million and aided the economy in the meeting its growth target by deploying BDT 279,000.00 million as investment to different sectors of the economy. Apart from these, the Bank accomplished momentous import and export business.

## 2.9 Corporate Information of AIBL:

AIBL has come a long way since its registration. Some information like the date of registration, the first ever branch of AIBL, amount of deposit, investment, equity, shareholders, paid-up capital and number of branches are collected. The corporate information of AIBL is given down below:

**Table No. 01**

***Title : Corporate Information of AIBL***

Date of Registration	18 <sup>th</sup> June, 1995
1 <sup>st</sup> Branch	Motijheel Branch, Dhaka
Opening Ceremony	27 <sup>th</sup> September, 1995
Chairman	Alhajj Abdus Samad Labu
Vice Chairman	Alhajj Abdus Salam
Local Partnership of capital	100%

Equity	24,148.21 Million
Authorized capital	15,000.00 Million
Deposit	297,241.81 Million
Investment	288,486.02 Million
Paid-up capital	10,649.02 Million
Number of outstanding Securities	1,064,902,185
Number of Shareholders	24,276
Number of Branches	184 Branches
Rural Branches	100 Branches
City Branches	84 Branches

## 2.10 Auditors Information:

Auditors play an important role in financial sectors of a bank. It acts as discipline for directors and management. AIBL has two auditor companies working for them. The name of the auditors and their address is given down below:

**Table No. 02**

***Title: Auditor Information***

Auditors	
HUSSAIN FARHAD & CO.	RAHMAN Mostofa Alam & CO.
Chartered Accountants	Chartered Accountants
House #15, Road #12, Block #F	Paramount Heights (7 <sup>th</sup> Floor D2, C1 & A)
Niketon, Gulshan-1, Dhaka-1212	65/2/1 Box Culvert Road Puranapolton, Dhaka-1000

## 2.11 Board of Directors:

The board of directors are some elected individuals who actually represents shareholders. Every private and public limited company must have some directors. In

AIBL, there are 21 directors including independent and nominee directors. The list and name of the directors are given down below:

**Table No. 03**

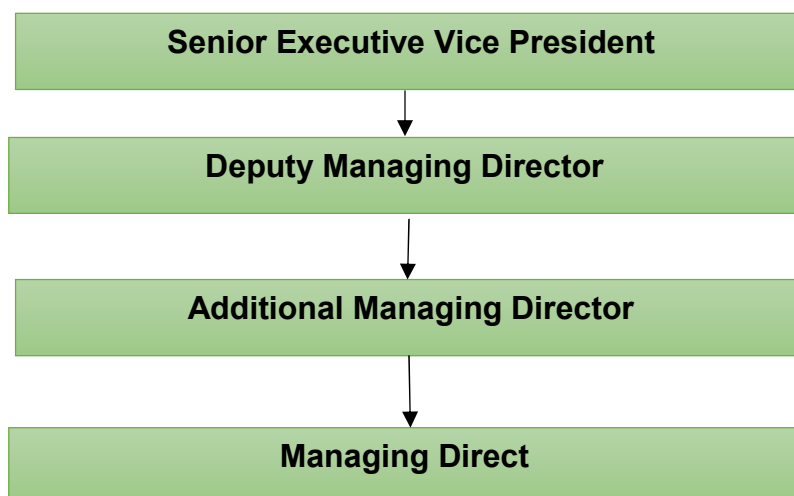
***Title: List of the Directors***

<b>Name</b>	<b>Designation</b>
Alhaji Abdus Samad Labu	Chairman
Alhaji Abdus Salam	Vice Chairman, Board of Directors
Hafez Alhaji Md. Enayet Ullah	Vice Chairman, Executive Committee
Alhaji Salim Rahman	Chairman, Executive Committee
Alhaji Md. Liakat Ali Chowdhury	Director
Md. Amir Uddin PPM	Independent Director
Alhaji Nazmul Ahsan Khaled	Director
Alhaji Abdul Malek Mollah	Director
Alhaji Md. Harun-ar-Rashid Khan	Nominee Director
Alhaji Md. Anwar Hossain	Director
Alhaji Badiur Rahman	Chairman, Risk Management Committee
Alhaji Engr. Kh. Mesbahuddin Ahmed	Director
Alhaji Ahmedul Haque	Director
Alhaji Abu Naser Mohammad Yeahea	Director
Alhaji Niaz Ahmed	Director
Alhaji Mohammed Emadur Rahman	Director
Dr. Md. Shafiul Haider Chowdhury	Alterbative Director of Alhaji Badsha Meah
Alhaji Anwar Hossain	Alternative Director of Alhaji Mohammed haroon
Jb. Mahbubul Alom	Independent Director and Chairman of Audit Board Committee
Jb. Md. Rafiqul Islam	Director
Alhaji M. Kamaluddin Chowdhury	Independent Director
Farman R. Chowdhury	Managing Director

## 2.12 Hierarchy of AIBL

Hierarchy means the organization individual employees within a corporation according to status, power, rank and job function. In AIBL, the first position is called a probationary officer which ends with the rank of managing director. The list of the hierarchy of AIBL is given down below:





**Figure No. 01**

***Title: Hierarchy***

### 2.13 Value Added Statement:

Value added is a measure of wealth created through various business activities by the bank. The statement of value added shows the total wealth are created and how it is distributed among shareholders, including the Government, employees and shareholders.

**Table No. 04**

***Title: Value Distribution***

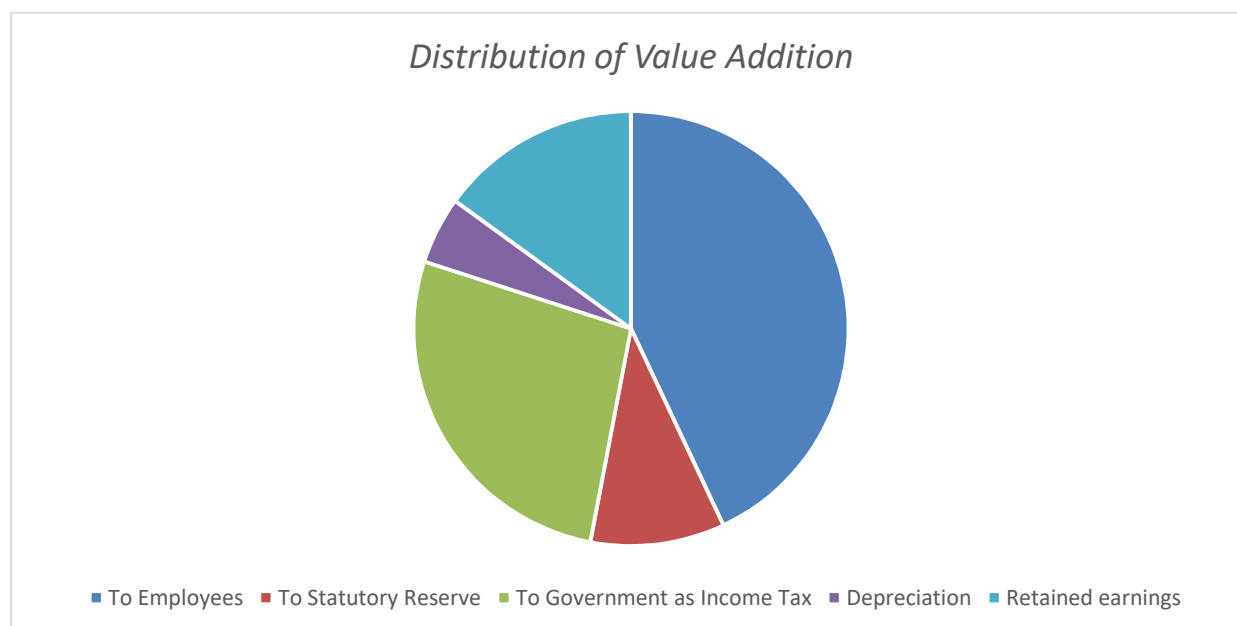
Particulars	(BDT in Million)	
	2019	2018
Income from banking Service	32,849.22	28,726.20
Cost of Services & Supplies	(20,296.80)	(17,898.62)
Value added by Banking Services	12,552.42	10,827.58
Provision for Investment & Off balance Sheet Items	(2,867.66)	(2,177.98)
Total value Addition	9,684.76	8,649.60



Value Distributed		
To Employees	4,197.62	4,135.51
To Statutory Reserve	991.95	811.46
To Government as Income Tax	2,565.33	1,674.11
Depreciation	497.98	390.10
Retained Earnings	1,431.88	1,638.42
Total Value Distributed	9,684.76	8,649.60

## 2.14 Distribution of value Addition:

AIBL distributed its value among employees, statutory reserve, government as income tax, depreciation and retained earnings. They are 43%, 10%, 27%, 5% and 15% serially. The figure of distribution of value addition is given down below:



**Figure No. 02**

***Title: Distribution of Value Addition***

## 2.15 Economic Value Added Statement:

EVA means the true economic profit to the company. EVA is a catalog of the amount by which earnings conquer or fall short of the necessary minimum return for shareholders

at matchable risk. Eva of the Bank stood at BDT 3,910.92 million as on 31<sup>st</sup> December 2019 as against that of BDT 2,859.94 million in 2018.

**Table No. 05**

***Title: Economic Value Added Statement***

Particulars	(BDT in Million)	
	2019	2018
Shareholders' Equity	24,148.21	23,483.22
Total Income	32,849.22	28,726.20
Total Expenses	24,988.60	22,417.31
Corporate Tax	2,565.33	1,674.11
Capital charge	1,384.37	1,774.84
Economic Value Addition	3,910.92	2,859.94

## 2.16 Market Value Added Statement:

MVA is the odds between the equity market value of the company and the book value of equity bestowed in that company. MVA statement indicated how much wealth has been created for the capital providers in a particular period of time. A high market value addition strikes that the company has manufactured substantial wealth for the equity holders.

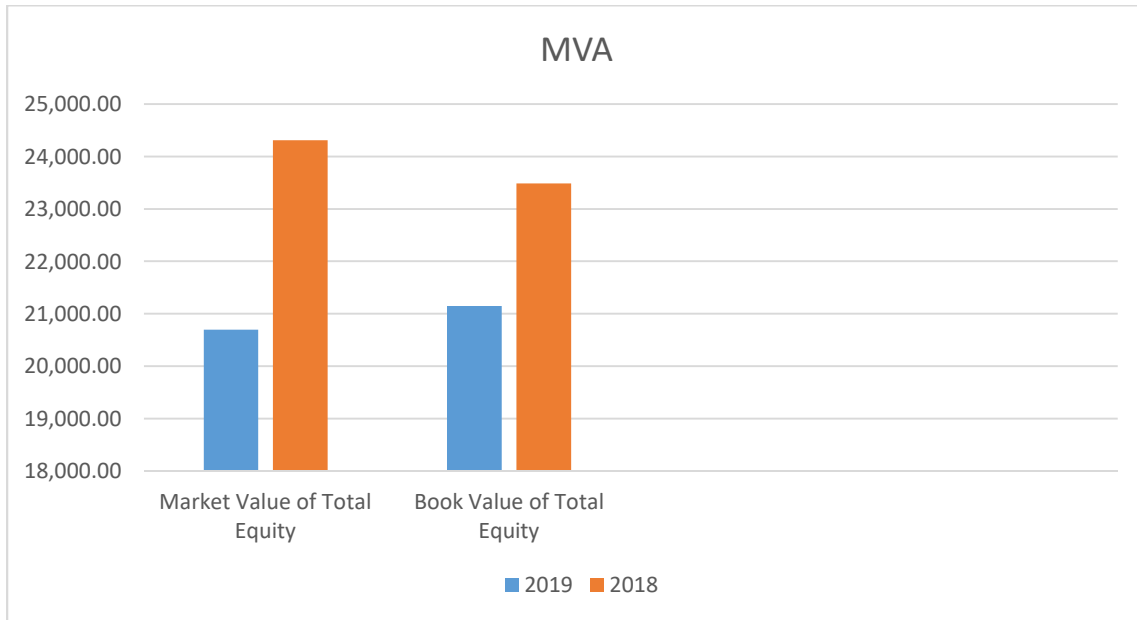
**Table No. 06**

***Title: Market Value Added Statement***

Particulars	(BDT in Million)	
	2019	2018
Market Value of Total equity	20,697.44	24,307.96
Book Value of Total Equity	24,148.24	23,483.22
Market Value Addition	(3,450.80)	824.74

## 2.17 Market Value Addition

In the following graph, I tried to show differences between market value of total equity and book value of total equity of 2018 and 2019. The graph of MVA is given down below:



**Figure No. 03**

***Title: MVA***

Total number of share outstanding: 1,064,902 (1,044,021,750)\*

Market value per share: BDT 17.20 (19.90)\* \*Previous Year's figure in brackets.

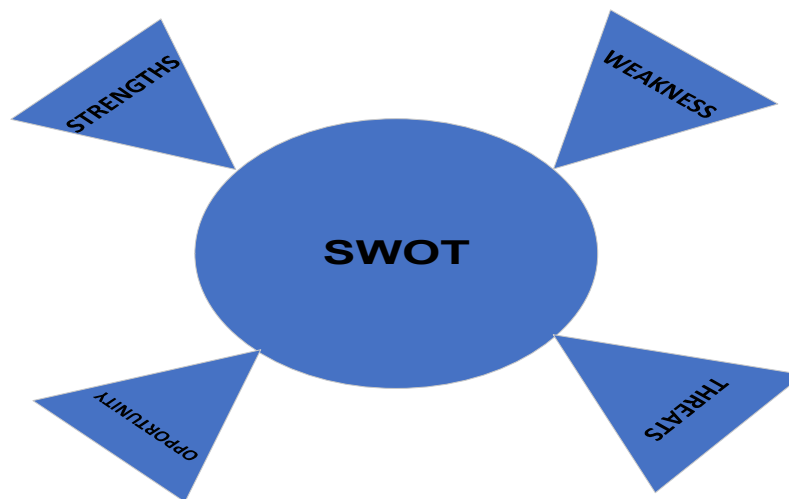
## 2.18 Social Responsibility:

AIBL recognize that Banks are not undiluted profit earning institutions rather they have great responsibility towards the society in which they are conducting. In this respect, I am happy that AIBL has been able to make its availability felt in the national level. A number of seminars have been stationed under its auspice on the topics of economic

and social aspects which provided a way of looking at the picture from different spectacle.

## 2.19 SWOT Analysis:

SWOT Analysis is a tool that prescribes the strengths, weakness, opportunities and threats of an organization. It helps to find out the organization's strengths and weakness as well as gives the opportunity for finding new sector of investment and also elicits threats from the antagonists. It helps to determine what may support the firm in achieving its objectives, and what blocks must be overcome to achieve desired results. Banking service is the fastest growing sector that are coming with new financial products and services every day. The customer impregnation will help the bank to put its main focus on related fields for upliftments and make the sector more lucrative. In banking sector, SWOT analysis figure out the immediate position of the bank in the industry likened to the rivals. It is used to raise and appraise customer satisfaction level.



**Figure No. 04**

***Title: SWOT Analysis***

Materially, SWOT Analysis is to receive the actuality from the environment analysis that can be segregated into two factors. They are given down below:

- Internal factors including strengths and weakness.
- External factors including opportunities and threat.

#### **I. Strengths (S):**

The strengths of a bank are the most serious building blocks required for enhancement to take place. AIBL has some strengths which helps them to make them much stronger from their competitors. Some Strengths of AIBL are given down below:

- AIBL has a good prestige in the banking sector.
- AIBL maintains a costly R&D sector for better awards and schemes.
- AIBL is more customer oriented then other banks.
- AIBL is trustable and secure in transaction for customer.
- All activities of the bank are guided according to Islamic Shariah where profit is the legal substitute to interest.
- AIBL uses the latest technology to operate its daily covenant.
- Wide product line for customers to choose the wished one.
- Gives better service swiftly.
- Novelty in service and personalized.
- Using up to date software in foreign exchange department that will save time and labor of employees.
- Employees are pious, understanding and helpful with their customers.
- Provides online services which are very useful nowadays for customers.
- The environment of the bank is very comfortable and satisfactory for the customers.
- Employees are highly performed.
- AIBL has a good financial backup.
- Employees are well mannered and peppy.

- The accuracy during banking transaction is increased.
- Customers can easily get the information they need.
- Provides various type of products and services to the customer which are unique to others.
- The customer service cost is very low.
- The products are unfailing.
- Already have a large range of customers which makes other new customers believe in AIBL.
- AIBL believes in long term customer-bankers relationship.
- Branches of AIBL is available throughout Bangladesh.
- AIBL has highly educated employees.
- AIBL tries to deliver cards and cheques on time.
- AIBL has the facility to have debit and credit cards.

## II. WEAKNESS (W):

Some weakness of AIBL were noticed during making the report. They are given down below:

- In AIBL, interest rate is unstable due to Shariah, which can be sometimes spiny to customers.
- Website of AIBL is not always updated.
- AIBL has very confined booth throughout Bangladesh.
- Superfluous IT infrastructure.
- The existing marketing policy is not always good enough for customers.
- The rate of tax is high.
- Funds are very costly.
- Employees sometimes make mistakes which lowers customer satisfaction.
- The mode of credit facility takes a long time.
- Advertising is not enough to attract customers.
- AIBL don't have enough promotional campaigns like other banks.

### **III. OPPORTUNITIES (O):**

Opportunities are positive external environmental factors of AIBL. These opportunities are very inevitable to achieve success and increase the level of amusement to the customers. The opportunities of AIBL is given down below:

- Potential customers are more sensible about Islamic Shariah.
- Variety of products that augment customer's interest towards AIBL.
- The top management of AIBL is very experienced.
- AIBL has increased of investors in the country.
- Flourishing demand of customer finance.
- AIBL has innovative ideas about banking facility.
- The banking policy of AIBL is very effective.
- AIBL has increased new sectors for loan facilities.
- Development of online service which is doughty of serving quicker.
- Modern technology of AIBL is getting adroit.
- AIBL focuses more on corporate social responsibility to acquire long term goodwill.

### **IV. THREATS (T):**

Threats are negative external environmental factors of AIBL. The threats limns obstacles for the bank in its future growth and also liable for losing the level of customer satisfaction. The threats are given down below:

- Increasing number of Islamic bank and conventional banks is a threat for AIBL.
- Other commercial banks are also offering Islamic Banking.
- Scarcity of customer awareness regarding Islamic Banking is a threat for AIBL.
- Inflation affects are hampering profits of AIBL.
- Innovative competitor activities.

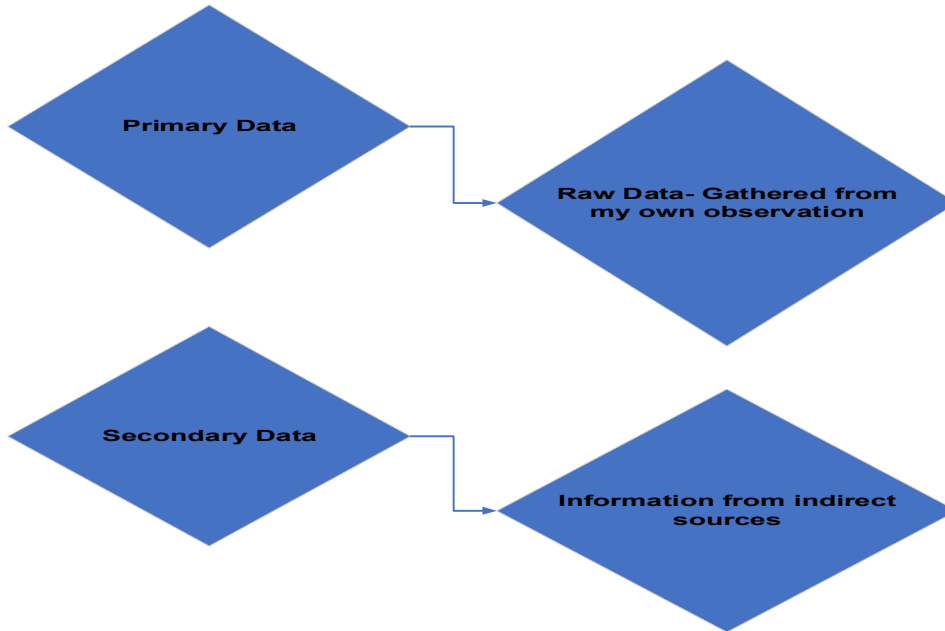
- The rates of profit attenuate due to use 9% profit Quota.
- Vagueness of banking industry.
- AIBL is losing customers for increasing similar types of private commercial banks.
- Other banks has better technology for customer service than AIBL.
- Continuously changing technology.
- There are many restrictions for many rules and regulations from Bangladesh bank.
- Possible dud of products if customers do not accept it.



# CHAPTER 3: METHODOLOGY OF THE REPORT

## 3.1 Methodology of the Report:

For preparing the report, I have used both primary and secondary data. The sources are given down below:



**Figure No. 05**

***Title: Methodology***

### 3.1.1 Primary Data

I collected many of the data and information during my internship through practical experience and queries from the executives at AIBL. Some sources are given down below:

- I talked with the employees of the bank to get the information. It was a face to face conversation with the employees.
- I also talked with clients, existing and new clients.
- There were some personal observations.

- I made asked questions through questionnaire.
- I did some practical desk work.
- Relevant document's studies were provided by the employees.

### 3.1.2 Secondary Data

Many of the information in this report additionally has been drawn together from some secondary sources. They are given down below:

- I searched the official website of AIBL.
- I went through some official documents of AIBL.
- I went through annual report of AIBL of 2018 and 2019.
- I read some of the book called AIBL Shariah Manual.
- Some information were found from different journals and articles.
- I did some website surfing.
- I searched some internship reports which is already made in the internet.

## CHAPTER 4: INTERNSHIP EXPERIENCE

### 4.1 Positions, duties and responsibilities:

While working at AIBL, my position was an intern. As my designation was just an intern, I couldn't work in sensitive issues deeply (Investment, Foreign Exchange, Cash). The information which the bank carries hold an important value. I got to work at GB (Help Desk, Account Opening, Clearing Section, ATM Card), Investment Division (All types of deposit collection, Different special scheme) and Foreign Exchange Division (Export & Import, L/C Account, Foreign Remittance, Locker Service) but at a limited range.

### 4.2 General Banking:

I worked at GB for the first 1 month. My experience at GB was good because I got the chance to experience how to deal customers. I worked with the account application forms. I got to know what majority of customers do in bank, which accounts are more profitable for the customers. My responsibility was to fill the forms up for the clients of AIBL. I had the chance to know what AIBL has to offer in deposit products. They are given down below:

- I. Mudaraba Term Deposit.
  - 36 Months.
  - 24 months.
  - 12 months.
  - 06 months.
  - 03 months.
  - 01 months.
- II. Mudaraba Savings Deposit.
- III. SND
- IV. Monthly Hajj Deposit.
- V. ITD

- VI. PTD
- VII. SID
- VIII. One Time Hajj Deposit.
- IX. Al-Arafah Savings Bond (3 Years).
- X. Al-Arafah Savings Bond (5 Years).
- XI. Al-Arafah Savings Bond (8 Years).
- XII. Marriage Saving Investments.
- XIII. Pensioners Deposit Scheme.
- XIV. Special Saving (Pension) Scheme.
- XV. Cash WAQF.
- XVI. Lakkhopati Deposit Scheme.
- XVII. Kotipoti Deposit Scheme.
- XVIII. Millionaire Deposit Scheme.
- XIX. Double Benefit Scheme.
- XX. Triple Benefit Deposit Scheme.
- XXI. Probashi Kallyan Deposit Pension Scheme.
- XXII. Mudaraba Student (minor) Saving A/C.
- XXIII. Mudaraba Farmers, Freedom Fighters Savings A/C.
- XXIV. Mudaraba Education Savings Scheme.
- XXV. Mudaraba Shadhin Savings Scheme.

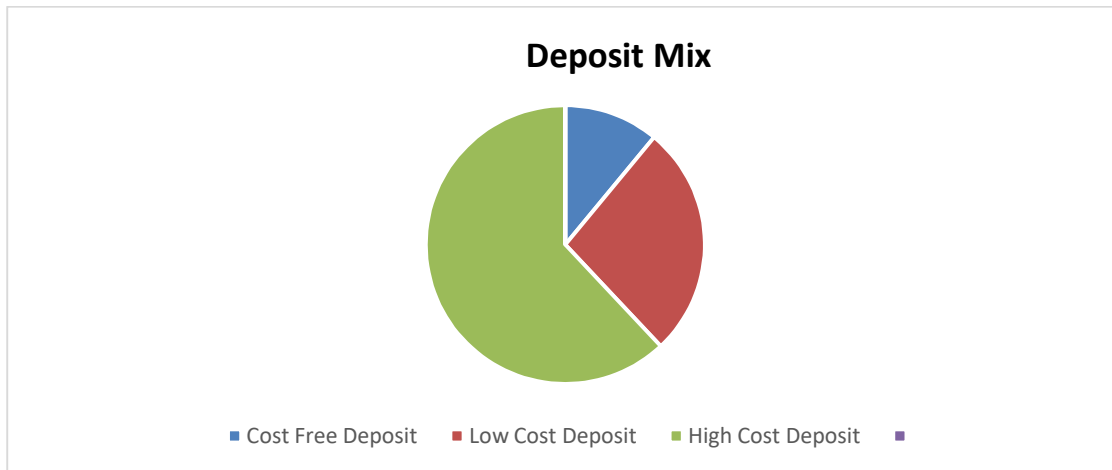
**Table No. 07**

***Title: Deposit Mix***

Products	Taka in Million	% of Total
a) Cost Free Deposit	31,448.18	10.58%
b) Low Cost Deposit	81,919.84	27.56%
c) High Cost Deposit	183,873.78	61.86%
Total	297,241.81	100.00%

Cost of fund of the bank, inter alia, depends on skilled management of deposit mix. Deposit mix of AIBL is given down below:

**Deposit Mix (%):**



**Figure No. 06**

***Title: Deposit Mix***

#### **4.2.1 Account Opening Section:**

Account opening section is one of the biggest section of AIBL. A new client can be entered banking system through opening an account. I provided some information about the account opening process. Those are given down below:

**Step 1:** (There must one option from below for opening an account)

- A person, who already has an account at AIBL.
- A familiar employee (must be at least an officer) of the client who is willing to open an account.
- A know respectable person of the client who is well known to the manager/sub-manager of the branch concerned.

**Step 2:**

The form will be given, the client will fill up some information which required for the client to write. Then he/she will tell the offer which type of account he/she is willing to open.

**Step 3:**

- Two copies of passport size photograph from individual will be taken.
- Applicant have to submit some required documents like NID and TIN (if available), the nominee's NID.
- Applicant have to sign in the forms and give mandate.
- Introducer's signature and accounts number will be verified by legal officer.

**Step 4:**

Authorized employee will accepts the application by putting it in the system.

**Step 5:**

Minimum balance have to be deposited. (Only cash is accepted).

**Step 6:**

Finally, an account will be opened. A cheque book and pay-in-slip book will be given.

**4.2.2 Clearing Section:**

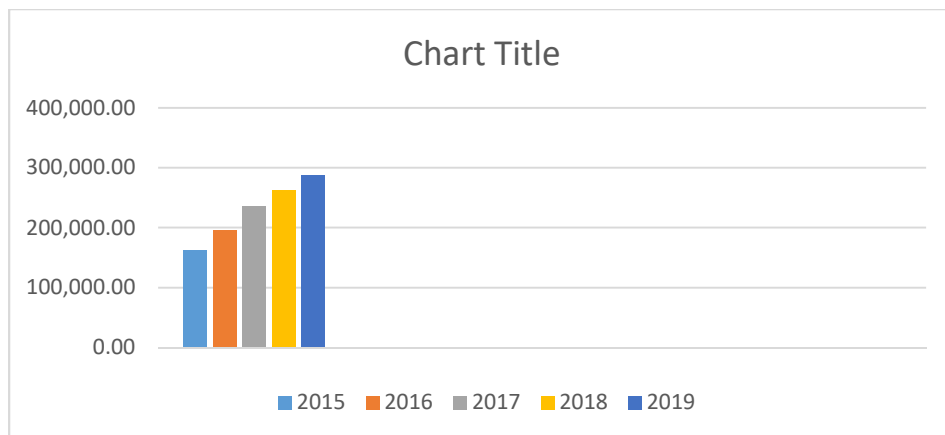
When clients deposit their cheque with deposit receipt, at first I will verify the deposit receipt through account number, the account holders' name, his/her signature, date, cheque number, and the name of issuing bank and I will verify it. Then I will attach a seal on the front side of the cheque clearing seal and at the side endorsement. After this, I will send it to the employee whom I'm working under. He/she will check it and then will put an entry in AIBLs software. This way the work will be done.

### 4.3 Investment Division:

When I worked at Investment department, I have gone through:

- All types of investment mechanism.
- Some different and special investment scheme.
- I learnt about the advantage and disadvantage of different mode of investment.

The investment of AIBL has stood at tk. 288,486.02 million as on 31<sup>st</sup> December 2019 as against tk. 261,874.13(NET off PR) million in the previous year showing an increased by 10.16%. The investment portfolio of the bank is well isolated 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 commission under consumer schemes. AIBL has incited efforts to ameliorate the recovery rate of disbursed investment. AIBL also taken some adequate measures for volatizing the classified investment into performing assets. As a result, classified investment of the bank could be kept at a low far below the national average. It is 4.82% in AIBL as on 31<sup>st</sup> December 2019.



**Figure No. 07**

***Title: Different Investment of AIBL***

#### 4.4 Foreign Exchange Division:

Foreign exchange division is one of the pioneer business activities done by AIBL. AIBL has been performing successfully for having a good number of skilled employees.

Foreign exchange means a conversation of one currency to another. The main purpose of foreign exchange mean converting another countries money into our currency.

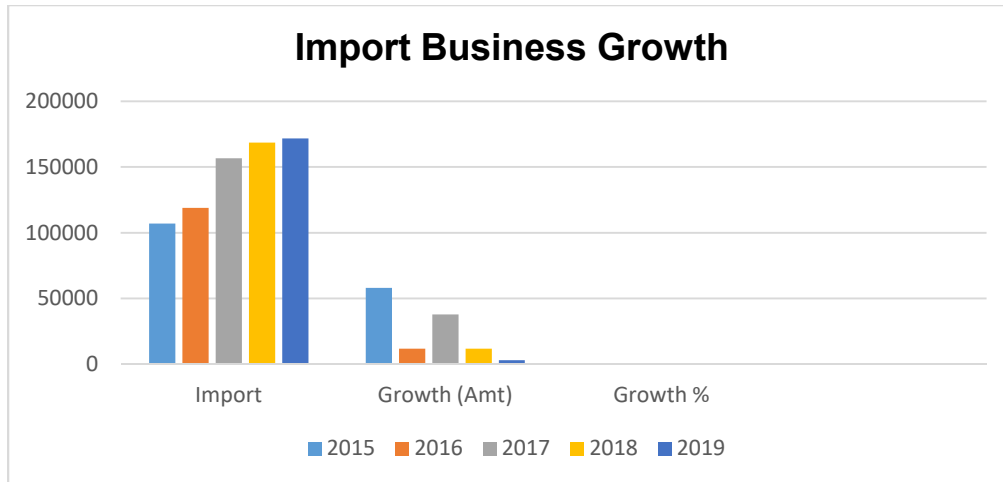
##### 4.4.1 Import Section:

I was shown how to open L/C , its form and the employees also taught me which documents were needed to open a L/C. I used to write some L/C's date, US dollar and the amount of Taka and the serial number on the L/C's cover page when an amendment occurred. The officers also taught me what lodgment was, how to collect the fax information and how to attach seal and the serial number. I was taught how they would give payment after receiving all documents and necessary papers as per L/C terms and conditions that are known as Retirement of L/C.

##### Import Business of AIBL:

Total import business of the bank remained at tk. 171,611.70 million during the year 2019 as against tk. 168,573.80 million, tk. 156,700 million and tk. 118,786.60 million in the previous year 2018, 2017 and 2016 respectively. AIBLs import business increased by tk. 3,037.90 million i.e 1.8% growth in 2019 as compared to increase of tk. 11,873.80 million i.e 7.58% growth in 2018 and increase of tk. 37,913.40 million i.e 31.92% in 2017 respectively. Target for import business for the year 2020 has been fixed at tk. 200,000.00 million expecting growth of 16.54%.





**Figure No. 08**

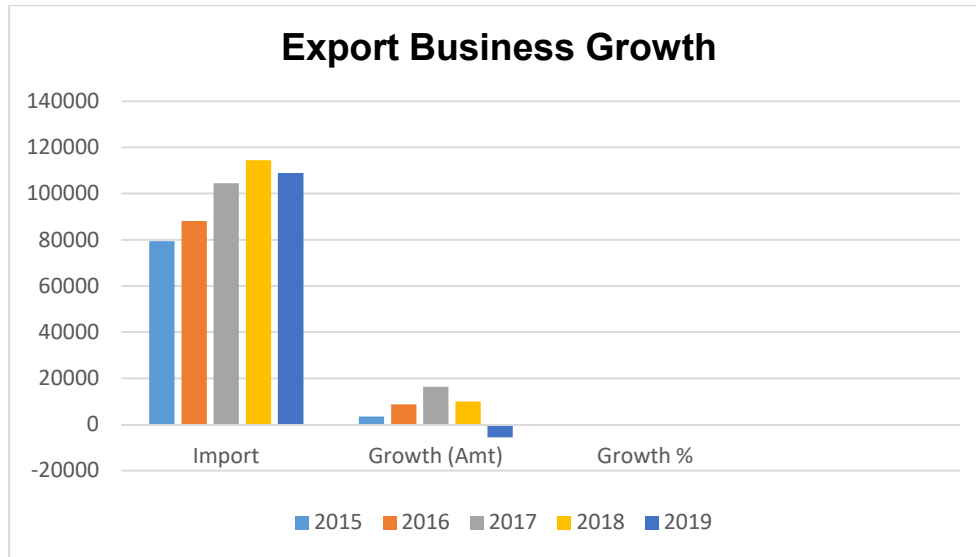
***Title: Import Business Growth***

**4.4.2 Export Section:**

I wrote some voucher as a charger for export, Discrepancy etc. The officers also taught me how FBP and IBP are husked.

**📌 Export Business in AIBL:**

Total Export business of the bank remained at tk. 108,967.10 million during the year 2019 as against tk. 114,481.90 million, tk. 104,540.00 million, tk. 88,152.20 million in the previous year's 2018, 2017 and 2016 respectively. Aibl's export business decreased by tk. 5,514.80 million i.e -4.82% growth in 2019 as compared to increase of tk. 9,941.90 million i.e 9.51 growth in 2018, tk. 16,387.80 million i.e 18.59% growth in 2017. AIBLs target for Export business for the year 2020 has been fixed at tk. 128,500.00 million expecting growth 17.93%.



**Figure No. 09**

***Title: Export Business Growth***

#### 4.4.3 Foreign Exchange Section:

I used to fill up FTT form, I wrote 2 form for client who applied for US dollar for travelling. I gave 28 refund share entries in total. I was also taught how US dollar payments are transferred into Taka. I wrote six form name as “Form C”. I also collected five TT fax, numbering them, sealing them and wrote it in register book.

#### 4.5 New Skills Developed:

Some of the skills I got the chance to achieve are given down below:

- ❖ The products and services offered by AIBL, Dhanmondi Branch.
- ❖ How to open an account.
- ❖ What documents are needed for taking loan.
- ❖ They taught me about TT, PO and DD.
- ❖ I learnt the difference between conventional banking and Islamic banking.
- ❖ How deposit collection process works at AIBL.
- ❖ I learnt how to issue a cheque.

- ❖ I learnt how to open several accounts in bank.
- ❖ I learnt deal with customers and how to provide information to AIBL's customers.
- ❖ Now I understand what are the requirements for opening L/C are.
- ❖ I understand what is the main difference between interest and profit
- ❖ Finally, now I understand Islamic Banking.

## CHAPTER 5: CONCLUSIONS AND KEY FACTS

### 5.1 Recommendations for Improving Departmental Operations:

Islami bank in Bangladesh is getting popular day by day. The customers want diversified product and services. Although AIBL is leading bank in Bangladesh, I think there are some obstacles holding AIBL back. Some recommendations for AIBL is given below:

- ✓ AIBL should introduce Mudaraba and Musharaka mode of investment in all the branches. AIBL should focus on all the mode of investment not just bai-Muajjal. Because customers want variegated products.
- ✓ AIBLs recovery unit should be more active because their classified investment are increasing over the year. AIBLs investment strategies and policy need to be modified as well, in order to make their investment attractive to the customers.
- ✓ AIBL need to improve its infrastructure quality. They also should improve internal networking system in order to provide quality service to the customer.
- ✓ AIBL need to be more active in internet or their website.
- ✓ AIBL have be more advanced in technology.
- ✓ There is not much space in the bank, so an intern cannot have his/her own desk to work in. As a result, the intern have to sit with an employee. AIBL should manage a place where an intern can sit.
- ✓ AIBL should increase the numbers of their ATM booths.
- ✓ AIBL should improve their online banking sector.
- ✓ They should provide more trainings for their employees, so they can be more efficient.
- ✓ The employees need to be more co-operative with intern employees.
- ✓ AIBL should do more advertising campaign, so people know about AIBL more.

## 5.2 Key Understanding:

The object of this report is to know about AIBLs divisions. I think his study will make a great contribution in the field of banking industry. In today's competitive industry, banks need to make money and money comes from the customers. So banks need customers. Without the satisfaction of the customers, no industry can be successful. For me, this study helped to identify the gaps between theories and practice. This study have some positive imply on banking profitability. Banks need to learn from their customers' needs thoroughly, because every customer has different needs. Banks need to be more careful about the customers' responses, in that way, the company will remain profitable. Managers can apply the theoretical knowledge to optimize mutual relationship between customers and companies. This report will help the bank to know what will keep their customers satisfied and how the customers wants to continue the relationship with the company over the long term.

## 5.3 Conclusion:

The banking sector always acted as one of the most significant sectors for the economy which is able to function. Bank plays an important role in planning and implementing financial policy in all economy system. Nowadays banking industry is the most promising industries of our country. It is the mainstream of the financial system of a country. AIBL is one of the fastest growing Islamic commercial banks in Bangladesh. By the grace of Allah, this bank is increasing customer's confidence day by day. It has gained satisfactory business growth, largest network and good performance of branches in Bangladesh. AIBL is contributing crucially in the national economy. The major contribution in the Economy of our country is coming from banking industry. The banking sector is a customer base area. If the bank gain more customer by satisfying them, there will be more profit. The bank will make a better position against the rivals. Satisfied customers are the key to be successful in the competitive economic sector.

This report gives some ideas about the activities, function and operational strategies of AIBL. As I mentioned, AIBL started its journey in 1995 with the said principles of mind and to introduce a modern banking system based on Al-Quran and Sunnah. During these 25 years of its existences, the bank has been widely warbled by the business community from small business persons to agglomerates for looking outlook and innovative financial solutions. The bank has to give huge intentness on better customer service and gratification. I learnt many things from AIBL. It helped to increase my skill level. AIBL made me punctual. I would say that, this internship at AIBL has established my practical knowledge of Business Administration and made my BBA program genuine and worth it. I wish all the best to Al-Arafah Islami Bank Ltd.

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## Appendix A: Questionnaire

Dear Madam/Sir,

I am very delighted to inform you that I am going to conduct an internship report survey on “General Banking Features of A Private Commercial Bank: A case study on Al-Arafah Islami Bank Ltd. Dhanmondi Branch. I need your utmost help to finish this work. The survey may take 6-8 Minutes of you valuable time. I am expecting your kind co-operation with this survey, and to fill up the questionnaire with a tick mark (✓) to your most appropriate response to each statement. Information will be used only for academic purpose and will be strictly private and confidential.

Regards,

Anika Tabassum

A student of BBA in AIS program

School of Business and Economics

Email: tabassumanika43@gmail.com

United International University

Please put a tick mark (✓) in the box:

<b>Gender:</b>	
<input type="checkbox"/> Male	<input type="checkbox"/> Female

<b>Age:</b>	
<input type="checkbox"/> 18-30 Years	<input type="checkbox"/> 31-45 Years
<input type="checkbox"/> 46- 60	<input type="checkbox"/> More than 60

<b>Occupation:</b>	
<input type="checkbox"/> Service holder	<input type="checkbox"/> Businessman
<input type="checkbox"/> Student	<input type="checkbox"/> Housewife
<input type="checkbox"/> Others	

<b>Income:</b>	
<input type="checkbox"/> 0-10,000	<input type="checkbox"/> 10,000-40,000
<input type="checkbox"/> 40,000-1,00,000	<input type="checkbox"/> Above 1,00,000

There are five criteria. They are given down below:

Point	1	2	3	4	5
Level of satisfaction	Strongly disagree	Disagree	Neutral	Agree	Strongly agree

Please fill up the gaps with (✓) marks.

### Statement of Dimensions:

1. Statement in the tangible dimension:

Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
The bank has convenient hours of operation	0	0	0	9	6
Bank environment is satisfactory	0	0	0	5	10



The sitting arrangement is comfortable and enough	0	0	5	7	3
The bank has modern looking equipment	0	0	10	3	2

**2. Statements in the Reliability Dimension:**

<b>Statements</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly agree</b>
AIBL completes your transactions rapidly	0	3	0	9	3
Satisfied with the services provided by the bank as promised	0	0	0	10	5
Errors and mistakes correct promptly	0	0	9	5	1

**3. Statements in the Responsiveness Dimension:**

<b>Statements</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly agree</b>
The employees and staff of the bank are helpful and cordial	0	0	0	13	2
Employees in the bank give you a great service	0	0	0	12	3
The competence and knowledge of officers about banking system is good	0	0	0	12	3
The amount of time taken at cash counter to deliver service is ok.	5	4	0	6	0

**4. Statements in the Assurance Dimension:**

<b>Statements</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly agree</b>
You feel secure in your transactions	0	0	0	0	15
You always feel confident enough to trust officers with your information	0	0	0	1	14
Your ATM card and cheque book delivered in time	0	8	0	4	3

**5. Statements in the Empathy dimension:**

<b>Statements</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly agree</b>
The employees of AIBL understand your specific needs	0	0	0	8	7
AIBL give attention to every individuals	0	3	0	8	4
Service charge of AIBL are reasonable	0	0	0	4	11