

**Report On**  
**Impact and functionality of Oracle Islamic database system of**  
**Al-Arafah Islami Bank Limited**

By

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**Student ID: 16204089**

**A comprehensive report for the completion of internship course of Brac**  
**Business school of BRAC University**

Brac Business School  
Brac University  
June 2020

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## **Declaration by supervisor and the student**

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

### **Student's Full Name & Signature:**

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**Fahim Ahmmed Naim**

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### **Supervisor's Full Name & Signature:**

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**Mr. Imtiaz Alam Nayeem**

Lecturer, Brac Business School

Brac Univeristy

## **Letter of Transmittal**

Mr. Imtiaz Alam Nayeem

Lecturer,

Brac Business School

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66 Mohakhali, Dhaka-1212

Subject: Internship submission to Brac Business School

Dear Sir / Madam,

I have the honor to state that I, Fahim Ahmmmed Naim a student of your renowned university bearing the ID 16204089, have been doing Bachelor of Business administration.. As a final step to my graduate life I had to be an Intern for 12 weeks and prepare a report. For the last 3 months have worked in AL Arafah Islami Bank as a general banking intern based on that I have prepared a report on “Impact and functionality of Oracle Islamic database system of Al Arafah Islami Bank Limited”. The report is written on the basis of my personal experience and information collected via books websites and Journals. The IT experts and the second officer from the bank premises helped and guided me all the way to write this report. I tried my best to be precise and accurate in this report.

I, therefore pray and hope that you would be kind enough to understand my situation and I will highly appreciate your feedback.

With due respect,

---

Fahim Ahmmmed Naim

Student ID :16204089

BRAC Business School

BRAC University

Date: June 19, 2020

## **Acknowledgement**

Firstly, there is no better opportunity to thank Allah for giving me the scope to learn about corporate life, professionalism and the process of writing a formal report.

Secondly, I want to congratulate and my honorable supervisor, Brac University for his help and co-operation. He encouraged and gave me guidance when I needed it the most. Without his help, this would have been a very hard task for me. Executives from Al Arafah Islami bank were always there to support me for my report writing , Brac university teachers and fellow supervisors helped me the most for the period of these three months The experience I gathered from my work place provided me with the perfect scope to learn and improve myself as a professional. I'm very grateful to all the officials and my Internship supervisor for their help and support. Finally, I am lucky to have such friends, batchmates and experienced teachers for helping and aiding me through this process.

## **Abstract**

As I have completed my internship in AIBL for three months under Brac Univeristy, I have to complete this report to complete my internship according to the rules of UGC. Firstly, I explained what my Internship position is and what specific jobs I did. I am absolutely confident everyone will be able to understand my job responsibilities and the limitations I had. Secondly, one the report it is well explained how AIBL functions, their management practices and operational functions are well explained. Al Arafah Islami Bank is one of the wholly scheduled Islami bank that operates under the value of SHARIAH. Since its inauguration in it has been functioning with an Islamic Database System called Oracle. Moreover, on my report I explained in detail how the database functions and different processes takes place. Over the course of last 12 years Oracle Islamic Database had an obvious impact on the system of AIBL in my report there is detailed overview of the Impact it has caused and problems the Bank is facing regarding this. Lastly, I would Like to say that this report will help AIBL understand how their database is lacking in certain areas and how they can improve them. As all the banks now-a day are heavily dependent on automated system and server, the oracle Islamic database plays a crucial role in their growth and evolution.

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## List of Acronyms

AIBL	Al Arafah Isilami Bank Limited
DBMS	Database Management System
CAR	Capital Adequacy Ratio
RDBMS	Relational Database Management System
SQL	Standard Query Language

## **Glossary**

Wadiah	Wadia is when a person deposits funds in the bank with complete trust authority, the bank may return the amount whenever the user asks for it with a portion of HIDAH if the bank wishes.
Mudaraba	Mudaraba is a banking scheme for Islamic Banks where the user deposits in the bank, the bank then takes the money and invests it elsewhere. If there is profit the user gets profit, if there is loss the user bears the loss.
Hibah	Hibah is Basically gift token. It is usually given by banks to their long-term serving clients who are helping the bank by providing funds from their savings account, the bank in return uses to funds to perform other activities to gain profit.
DBMS	Database Management system is basically a software solution where it can hold huge set of data. Usually the banks use these database systems to hold the customer information.
RDBMS	Relational Database management system is a sub category of Database Management Systems. It is a structured form of a database that use rows and columns which mean Tables to store the data. There can be three different type

of relationship in RDBMS Such as: one to one, one to many  
and many to many

SCHEMA

Structure of a certain Database

SQL

The Language that the Database uses

# **Chapter 1**

## **Overview of Internship**

I worked three months as an intern in Al Arafah Islami Bank Limited, South Jatrabari Branch. I was blessed to work in different sections of the branch such general banking, foreign investments. It was an immense pleasure to work in such renowned Islami bank.

In my internship course, I was assigned under Abdur Rahman Aminee, AVP , South Jatrabari Branch . I worked in the general banking section with Md. Ohiullah Chowdhury, a senior banking officer. I learned many things about the banking processes and work that involves in it. Thanks to my superior for lending me a helping hand to better equip myself for the job.

### **1.1 Student Information**

**Name:** Fahim Ahmmed Naim

**ID:** 16204089

**Major:** Management of Information Systems

### **1.2 Internship Information**

#### **1.2.1 Internship Outline**

**Period:** 3 months /12 weeks

**Company Name:** Al Arafah Islami Bank Limited

**Department:** General Banking- Foreign exchange

**Address:** House 314-A/4 Younus Mansion, South Jatarabari. Dhaka-1204

## **1.2.2 Internship Company Supervisors Information:**

Abdur Rahman Aminee (Assistant Vice President)

Md Ohiullah Chowdhury (Senior Banking officer)

## **1.2.3 Job Description and Errands**

In the three months of working in Al Arafa Islami bank I mainly worked in General banking as an intern employee. I also gained experience while working with the foreign exchange department. Al Arafa Islami bank operates completing transactions and this starts from General banking. Though there are no specific guideline by bank itself for the interns. The bank welcomed me in every department and work that I wanted to learn. Even though I did not have enough time I tried to learn as much as possible from my officers. The following responsibilities were given to me: -

- Interact with consumers, ask what they need and provide the information that may help them.
- Fill up account form rightly, collect the necessary document and photographs.
- Confirm clearing cheques, note them in the log book.
- Manually check each of the account opening form and put the information onto the database according to the Individual.
- Recheck Previously Collected Information, call consumers to notify about their banking operations.
- Fill up remittance forms, talk to consumers and provide them with their money.
- Check Balance, Information from the Database and provide them to the Consumers
- Opening foreign letter of credit for the local companies

- Inputting letter of credit data onto the Database

### **1.3 Internship results**

#### **Account opening and Clearing Section**

Account opening is when customers come in the bank to open their new account or their previously closed accounts. This section plays a vital role as customer relationship is a significant part of banking sector.

As I worked and talked with the consumers and officers of the bank opening accounts, collecting documents made me aware of the banking procedures in a well-mannered as well as it improved my communication skill. The bank in return gained a competent worker who completed their tasks efficiently when given.

#### **Remittance Department**

Remittance basically means funds given by an individual from abroad to the local country. Al Arafah Bank Limited system had its very own Oracle Real time gross settlement system with their own network they were able to collect funds from abroad and give to the consumers seeking it. I myself helped the clients fill up their remittance transfer form, I also collected a photocopy of their national ID card when they came to collect the funds. The client provided us with the necessary data such as A/C number of the sender. I efficiently learned how the RTGS works and completed the task on the computer and designed server.

#### **Foreign Exchange**

On the foreign exchange department, I learned open Letter of credit L/C and enter the data into the Database system.

Over the course of 12 weeks working as an intern led me to develop some skills, such as: -

- Professionalism- It was the first professional job of my entire life, I learned the ways of banking, banking procedures, how officers dress, speaks and meetings are done.
- Teamwork and communication- From account opening to foreign exchange department every step to a process was handle by a different officer who then communicated and cooperated to get the work done.
- Problem Solving and Critical thinking: Whenever I was stuck in a work or a database system, I didn't understand how to operate I had to use my academic knowledge and understand the problem at hand and solve it. There were a lot of times when I had to handle the database without any help at all.

### **1.3.2 Profits for the student**

Besides my personal development and gaining work experience there were no extra benefits provided for me, as this was an non paid internship process. However, I was given a certificate by the organization which is a major addition to CV. It can help me for my future jobs as well.

### **1.3.3 Noticeable Difficulties in the Bank**

Despite all the positive gains, I faced and understood there were many problems in the bank itself such as:

- **Manpower:** As the branch is located very near to the market area, all the local businessman come here for their daily transactions. Sometimes people have to wait for long period of times as all the officers in the General Banking were busy doing their work. Even with some of the Interns there were always some clients unattended. So, the branch needs more officers to accomplish their job.

- **Machineries and Equipment's:** For remittance section and account opening section, there is only one photocopy machine which is very old itself. But there is always rush for photocopies as every now and then we have to take photocopies of the documents.
- **Office area:** Even though the bank is set up in a market area where hundreds of business man come to collect or deposit their money, the bank office is very small itself. Ten people can hardly sit on the sitting area.
- **ATM Banking:** There is one ATM booth near the bank and most of the time its not working.
- **Working area of Interns:** There is no specific area for the interns to work, the interns have to make do with what they have, sit next to the actual officers in a very congested area,

### 1.3.4 Recommendations

As far as my observation, I'm here to recommend some important stuffs for the bank, Such as:

- Firstly, the accounts opening form process is a very old one. The process of manually writing down every data should be avoided; this process can be digitalized with the help of fingerprint recognition system where you don't have to take multiple signatures of the client.
- Secondly, an official guideline for the interns should be introduced so that the interns may feel more at home and familiar with the work they are going to do.
- Thirdly, the bank should be equipped with proper gadgets and modern-day equipment's so that all of the process consumes less time. For example, Highly functional printers and photocopy machines.

- Lastly, the bank should encourage interns by giving them remuneration for the work they do for the bank for these three months and ensure there is a specific sitting and working area for the interns.

## **Chapter 2**

### **Organization Part: Outline, Procedures and a Strategic Assessment of AIBL**

#### **2.1 Outline of AIBL**

Bangladesh is a Muslim majority country where people mostly follows the belief of Allah and The Quran. To grab potential clients from the people of this country in a halal way several Islamic banks was founded over the years.

Among all of the Islamic banks in Bangladesh AIBL is the second-best Islamic bank to the market leader. On 18 June, 1995 AIBL was established with the motto of following the lifestyle provided by ALLAH and to follow the footsteps of our beloved prophet (SM). The company was inaugurated on September, 1995. The bank has authorized capital around 15000.00 million bdt. Many businessman and scholar are sponsoring the bank and also all the paid-up capitals are owned by the shareholders' wants to pioneer islami banking services in Bangladesh. As of today, the banks have a total number of 184 branches throughout the country which shows how far their business operation has extended. The bank has a total equity of 23483.22 million bdt and there are 3682 employees working all over Bangladesh

##### **2.1.1 Objectives**

The major objective of this chapter is to make an in-depth overview of Al Arafa Islami bank by understanding their mission, vision and commitments sincerely.

### **Specific Objectives:**

- Understanding the management practices and the marketing practices of the bank.
- Analyzing and comprehending overall financial performance of Al Arafah Bank Limited
- Furthermore, to discuss the overall financial performance and accounting practices of the bank including their information systems and operation management.
- SWOT analysis on AIBL
- To suggest scope for improvements and recommendations

### **2.1.2 Methodology**

Data and Information for this chapter are collected in two ways but it is mostly secondary data and my internship experience over the course of 3 months.

#### **Primary Data collection**

- Personal observation while working in the bank premises
- Time to time discussion with the Bank officials

#### **Secondary Data collection**

- Annual reports of AIBL (2015-2016)
- Online Data from the website of Al Arafah Islami Bank Limited
- Journals and magazines and news article published by Al Arafah Islami Bank limited

### **2.1.3 Scope of the Chapter**

Banking in everyday life is a crucial chapter in the growth of a country's economy system. Al Arafa Islami bank is doing a tremendous job in Islamic banking with their new and improved Database management system and management, marketing approach

This chapter contains an outline of the Al Arafa Islami bank, it's financial performance over the last few years as well as competitive analysis of the bank. It was my pleasure to explore and learn all these aspects of the bank and develop my knowledge in banking even further,

### **2.1.4 Limitations**

I tried to provide as much as latest information as I can to make this chapter informative as possible. Even though I wanted to I could not collect some of the information, so this chapter has some limitation. Such as:

- Most of the banks are very strict about giving inside information as they want to keep their integrity to the highest level, AIBL is no different. My major is in Management of Information Systems, I wanted to know in depth about their operating Database but The bank officials thought it will be like compromising their whole financing operations. So, I had to talk to the upper level hierarchy and get their permission to do my research on Database.
- Time constraints is another problem, as three months is not enough to understand a bank's whole banking operations.
- At time all the officers were so busy with their personal work they could not give enough time and attention to the knowledge I'm seeking from them,

### **2.1.5 Significance of the Chapter**

The actual significance of the chapter is to provide valid and exact knowledge about AIBL and its banking functions. By reading this chapter one can very easily understand how the bank functions overall. Al Arafah Islami Bank can easily find this report and analyze their strength, weakness, threat and opportunity and improve their overall banking operations. Students and the General people can learn massively about AIBL from this chapter and determine Bank's condition in the recent market.

### **2.2 Overview of The Company**

Majority of the people in Bangladesh, focusing on that AL Arafah Islami Bank opened their service to the people who follow the ideologies provided by The Quran. AIBL believes we should be following the guideline provided by our dear prophet (SM). It started its journey around 1995 from the AIBL never looked back, it has established itself as one of the market leaders of Islamic Banking system. With the help of 21 board of directors AIBL has marched ahead of the other banks. There are currently 184 branches of AL Arafah Islami bank all over Bangladesh.

#### **2.2.1 Vision**

- The vision of Al Arafah Islami Bank is to stand out as pioneer in Islami banking ensuring growth of our overall economy

#### **2.2.2 Mission Statement**

Al Arafah islami bank believes in the Islamic ideologies believing firmly in the afterlife and gain Allah's satisfaction by working in Shariah based principles. By always adapting to the latest technology around us and by providing quality customer service AIBL looks for balanced

growth and achieve high standards in their business sections. AIBL looks forward to maintain its shareholders equity and involving in SME and Micro financing. AIBL also wants to be professional in HR department upholding their commitments.

### **2.2.3 Commitments of AIBL**

- Ensuring the customer satisfaction is first and foremost, on the process the bank wants to get quality investments on the bank projects and gather necessary deposits.
- To deliver their services all over the world to with the help of their different types of financial premises among all types of clients.
- By keeping in mind changing behavior patterns of the clients AIBL looks to modify their operations.

### **2.2.4 Branches of AIBL**

AIBL first opened their branch in motijheel around the year 1995 since then it has opened 184 branches around the country. Here is the list of branches all over Bangladesh:

**TABLE 1.1 AIBL Branches**

Place	Number of Branches
Dhaka	80
Chittagong	50
Barishal	11
Sylhet	08
Khulna	15

Rangpur	05
Rajshahi	8
Mymensingh	7

## 2.3 Management Practices of AIBL

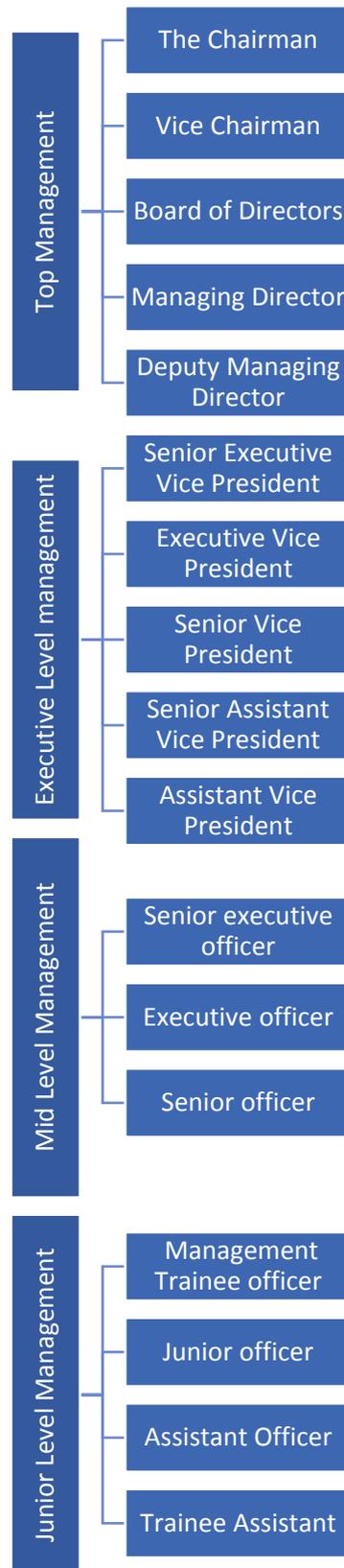


Figure 1.1 Management Structure

### 2.3.1 AIBL corporate Information

AIBL registered as bank on 18 June, 1995. The first branch of AIBL was opened in motijheel. The opening ceremony was conducted on 27 september,1995. The total number of authorized capitals of AIBL is 15000 million Bdt. Total paid up capital is around 10440.22 million. Total equity of the bank is around 23483.22 million bdt. The number of employees employed in the bank is three thousand six hundred and eighty-two. Total number of shareholders are 28793.

### 2.3.2 Corporate Management Team

Chairman	Alhaj Abdus Samad labu
Vice Chairman	Alhaaj Abdus Salam
Managing Director	Farman R. Chowdhury
Deputy Managing Director	Md Fazlul Karim  Mahmodul HAQUE  S. M. Jaffer  Mohammed Zunayer
Board Audit Committee  Chairman	Mohammad Amir Uddin
Board audit Committee members	Alhajj abduS Salam

	Alhadj Abdul Malek  Alhadj Niaz Ahmmed  Khaled Rahman
--	---

## **2.4 Marketing Practices**

AIBL divides its marketing practices to two sorts of ways: One is Marketing for available customers and Marketing for potential customers

### **Marketing for available customers:**

The bank ensures its customer acquisition departments to hold onto its long-term serving customers. If the banks see any kind of gap between the Bank and that client AIBL executives follow up on that customer and makes sure the customer is getting proper regarding his/her business transaction.

### **Marketing for Potential Customers:**

AIBL has a market observation committee who work effortlessly throughout the whole calendar year to find proper marketing strategy to find potential customers. Usually surveying methods are used to find the next batch of target customers. When Identified the Bank Committee then prepares plans and products giving exclusive rates to the depositors so that they may be more attracted to the scope of gaining more profit.

## 2.4.1 Marketing strategies by AIBL

- **Social Media Advertising** – Recently AIBL is interacting more on Facebook posting promotional offers, telling their stories on certain project attracting the customers.
- **Paid Search Marketing:** AIBL has started using platforms like Facebook and YouTube by providing paid Ads to attract clients for their Banking purpose
- **Use of Multiple Marketing channels:** AIBL then use multiple marketing channels to attract clients such Direct marketing channel: usual banking and Indirect marketing channels: agent banking.



### Market Segmentation

Market segmentation For AIBL is geographic segmentation as well as psychographic segmentation. AIBL bank looks to attract the ideology of the Muslim people of our country as

they comply by Shariah abased operations. Among Islamic banks market position, AIBL is second to market leader SJIBL as a shariah compliant bank.

### **Market Targeting**

Market targeting is the process of choosing the target customer for the bank, it may consist of group of buyers. AIBL has targeted the majority of Muslim community of Bangladesh as their potential clients. Besides that, AIBL also looks to attract clients like the local businesses and industries

### **Market Positioning**

Market positioning is how the bank is differentiating themselves from the other commercial banks. AIBL has a unique market positioning as the bank mainly functions on the basis of Islami Shariah which differs it from the other commercial banks. The bank has prohibited interests which is considered haram by the Muslim community.

## **2.4.2 Marketing with the help alternative delivery channels**

### **ADC channels**

- ATM- AIBL uses ATM booth services/ ATM banking to promote their banking system
- Internet Banking- With the help of Internet banking customers can log in from anywhere in the world and carry on transactions.
- Mobile Banking – Mobile Banking is another process to get to desired clients as there has to be an alternative source in case the Internet is not available, AIBL has launched mobile banking as one of their marketing operations.

- Agent Banking Mobile
- Wallet etc- AIBL introduced AIBL Islamic wallet app which can be operated by any android devices, with the help of this app the clients can know more about the banking system and the facilities they can avail.

AIBL is the market leader in using the ADC. AIBL looks to develop and modify the ADC channels for better performance and integrate these channels with the existing channels to grow further. They evaluate their ADC thoroughly and create head to head comparison with other banks.

### **2.4.3 Marketing: Branding and Product Development**

- With changing business environment investment product manual and operative manual is developed for the bank itself.
- Implementing promotional activities such create and telecasting TVCs, Online TVC, Social Media management, content creation, advertisements, road side banners, leaflets.
- Ensuring that the 4 p's (Product, Price, Placement, Promotion) are taken into account before the board of directors.
- Determining budget for future product marketing

#### **Branding and Public Relations:**

AIBL bank brought new dimensions to their branding strategy to meet the requirements of their bank.

They published more than 180 news items which was telecasted on 850 different news with the help of 20 different tv channels. AIBL performed their branding entourage on TV channels as well such as, ETV, Channel I, NTV, G bangla, Bangla Vision, ATN Bangla and ATN news and DBC news. The banking official and executives attended more than 20 interviews and tele conference on different channels. The

Bank improved its function sponsoring several banking fairs, banking conferences, anti-money laundering conferences.

The bank also functioned highly in printing media as the bank 3450 press releases and more 65 leading items were published in the newspaper.

AIBL has a promotional plan to interact more with the clients as there will be special week for clients on every branch on every year. The bank promotes Dangers, X-stand to better communicate their message.

Branding Details	Frequency during 2019
TV news Items	180 events 850 coverage
TV channel coverage	18 channels
TV branding	8 channels
TV branding during Ramadan	20 programs 13 channels
Television shows/conference	15 programs
PR publications	3450 items
Print media numbers	65 media
Publicity Marketing	800 advertisements
Publication numbers	120 publications

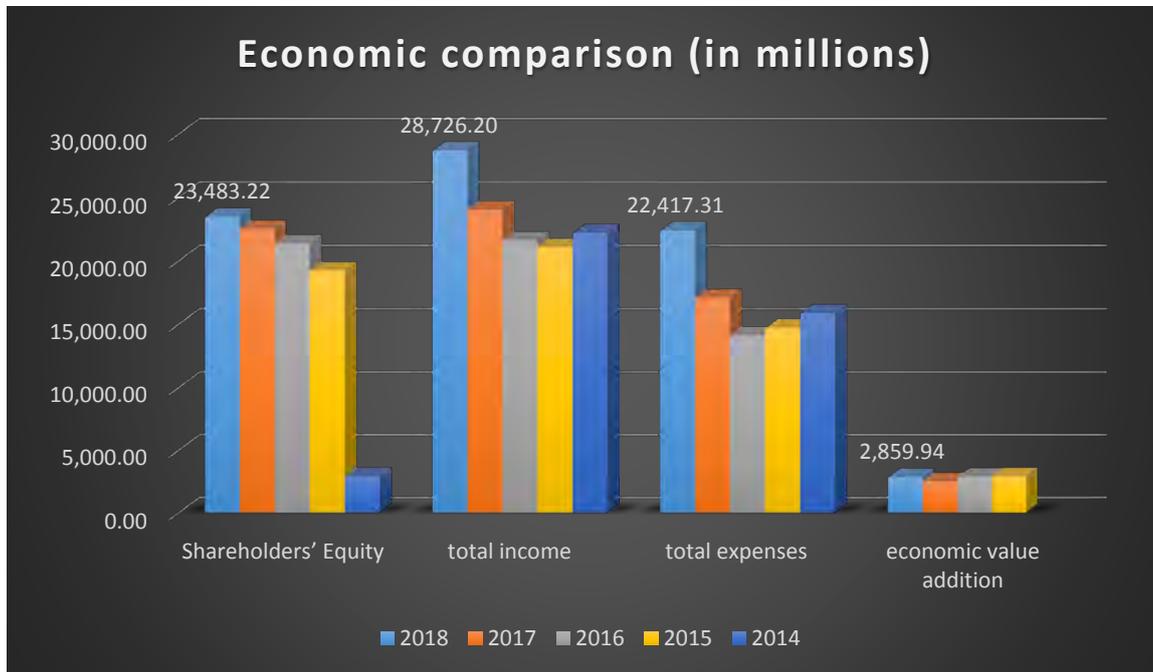
**Table 2.1 Branding Summary**

## 2.4.4 Rebranding

As of January 2020 AIBL, launched their rebranding model with the slogan “Shariah based always”. On that occasion they unveiled a new logo for the organization.



## 2.5 Financial Performance Analysis of AIBL



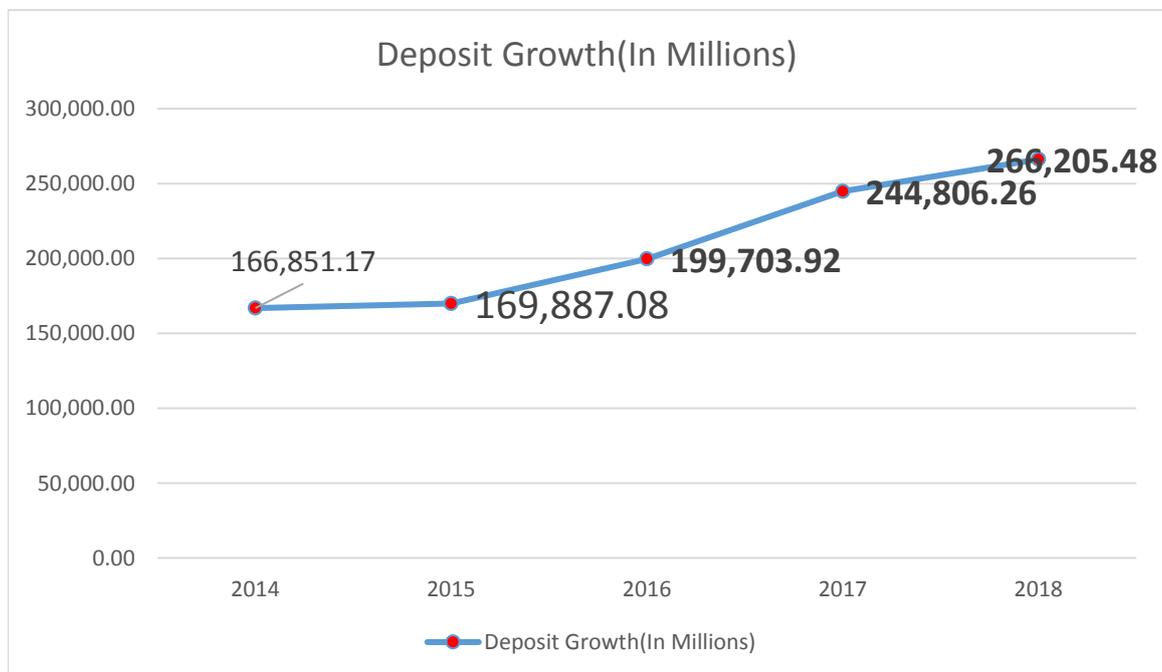
**Figure 2.2 Economic Comparison of AL Arafah Islami Bank over the years**

**Interpretation:** The bank is experiencing significant economic growth over the course of last 5 years. AIBL has shariah based policies which is working as major contributing force to their economic growth, another aspect of their growth is their ability to adapt with modern technologies.

The total deposit of AIBL by the year 2019

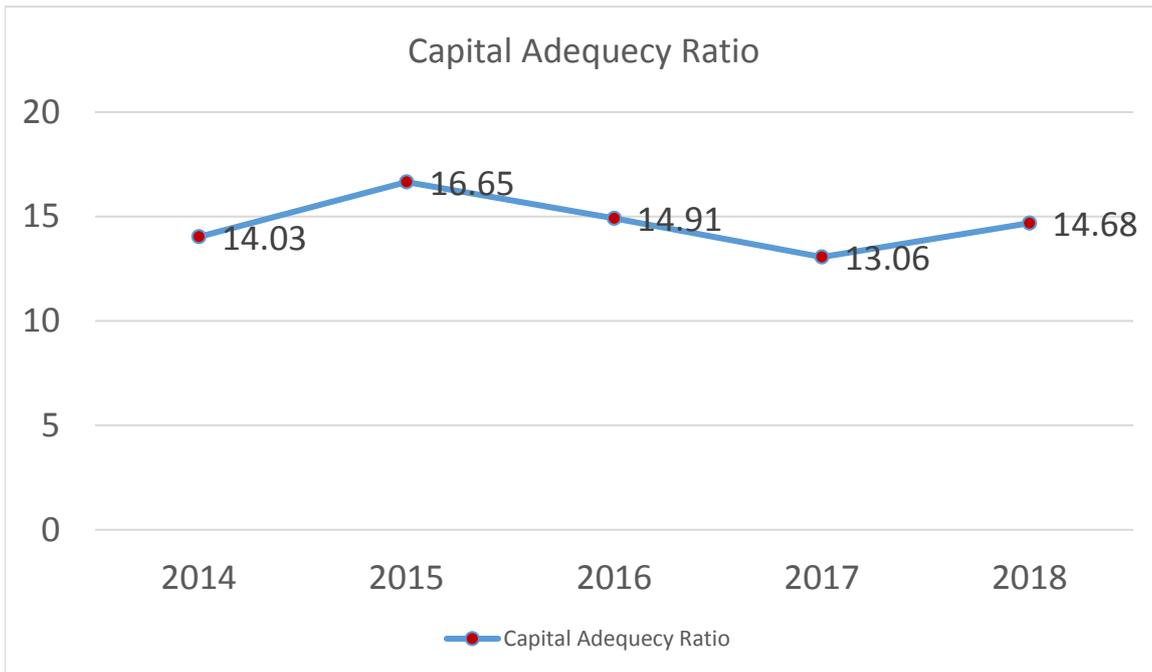
Products	Taka in Millions
Al Wadiah Account	24,454.57
Mudarabah Savings Deposit	37,678.76
Other Deposits	152,181.78
Mudarabah Term Deposit	49,467.88
Bills Payable by AIBL	2,422.49
Total	266,205.48

**Table 2.2 Deposit Mix**



**Figure 2.3 Deposit Growth of AIBL**

Interpretation: The total deposit of AIBL is Tk. 266,205.48 million in 2019 which has seen a significant growth by 8.74% more than the year 2018. Meaning the bank operating at its maximum **attracting clients** and customers in a tremendous rate. Much of this success goes to their marketing and management strategies.



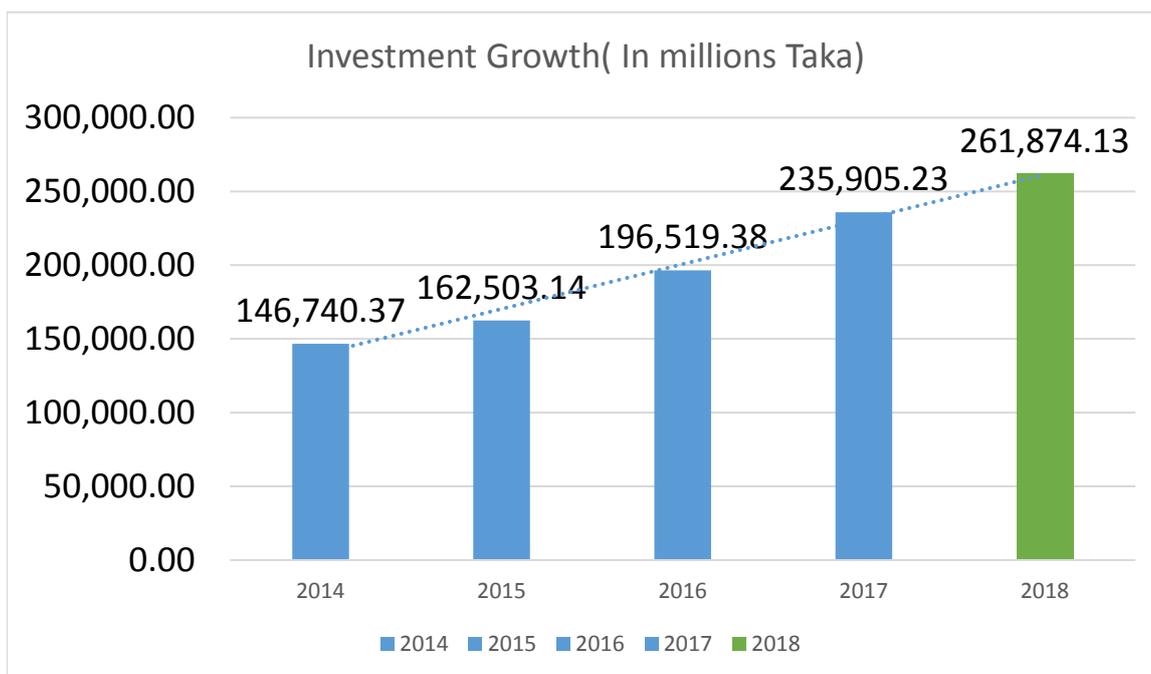
**Figure 2.4 Capital Adequacy Ratio AIBL**

Remarks: Higher capital adequacy ratio for the year 2018 than 2017 mean the bank has better solvency than the previous year. Considering the overall graph, we can understand that the bank always had sustainable CAR over the course of last five years.

Sectors	Bdt Millions
Farming, Fishing and Forestry	3,310
Commerce	138,791

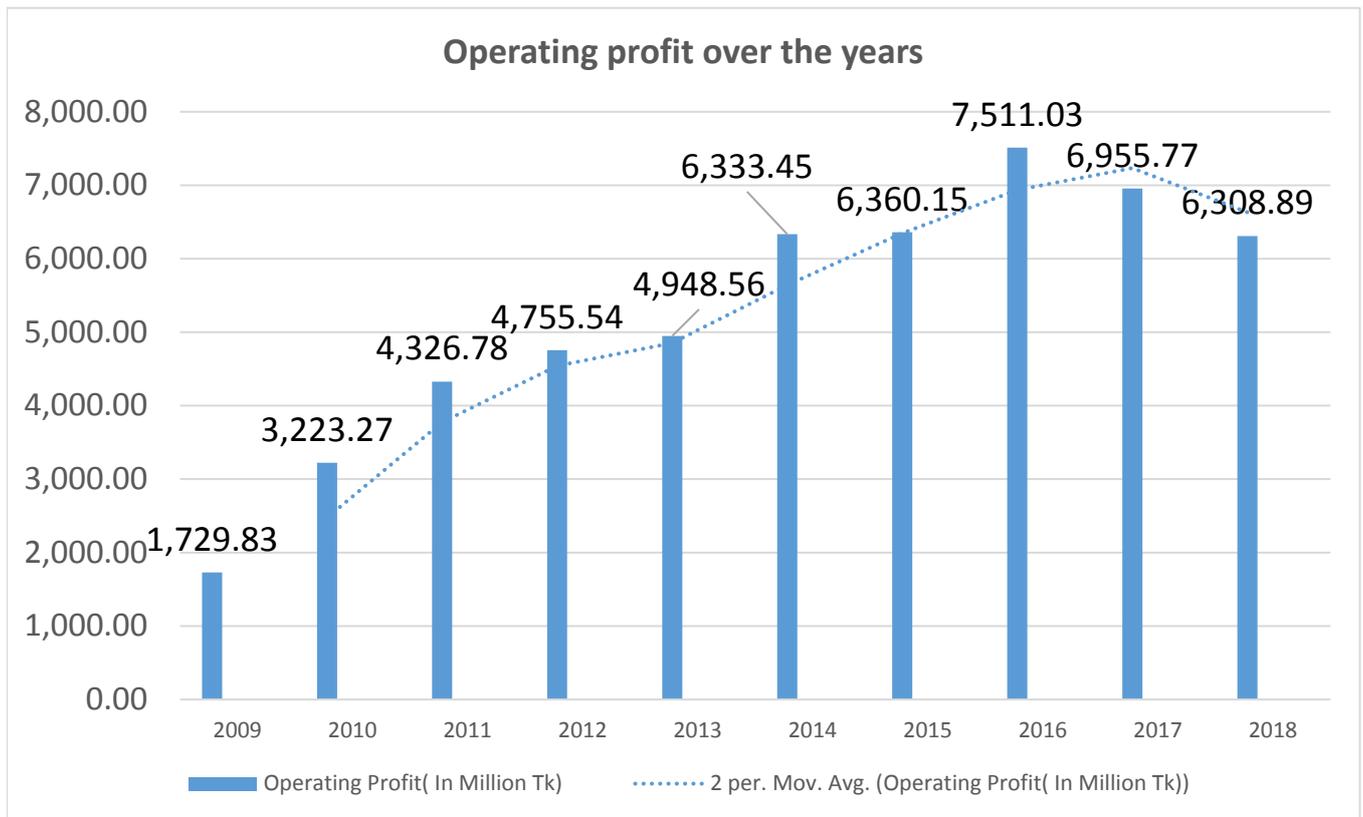
Building and construction	33,689
Water system & Sanitary Solutions	1,758
Transportation & communication department	9,369
Storage systems	1,405
Trade Finance of AIBL	74,759

**Table 2.3 Sector wise Investment**



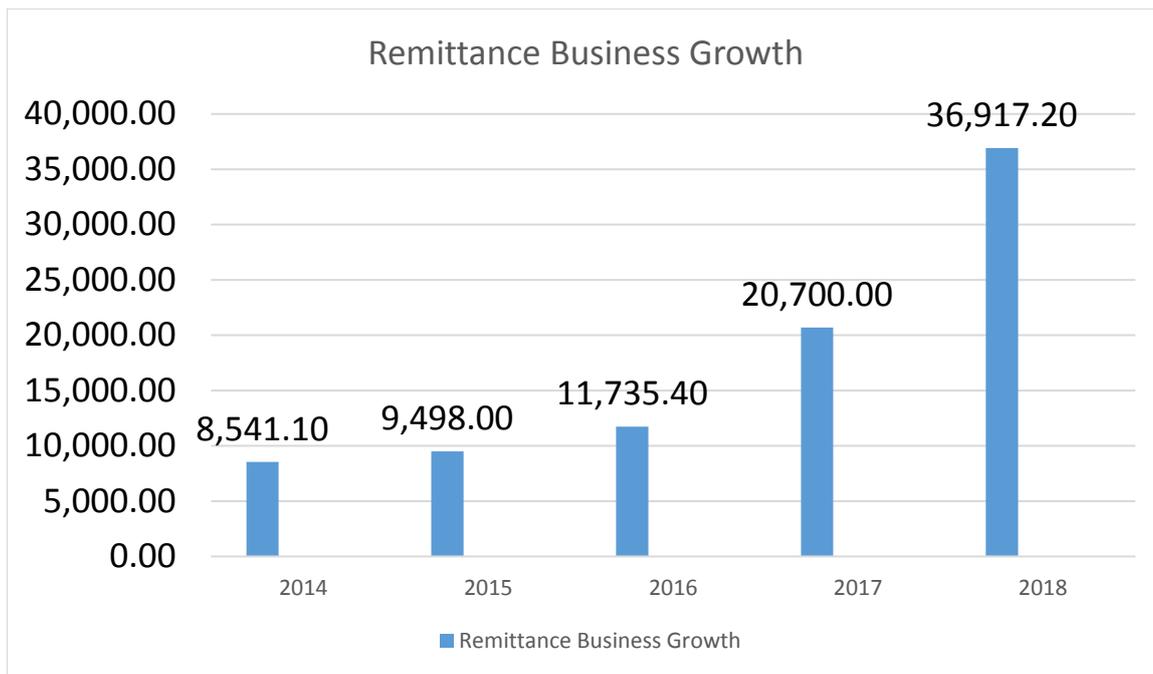
**Figure 2.5 Investment Growth AIBL**

**Interpretation:** As the Bar chart illustrates there is a linear growth in terms of Investments, meaning the Bank's overall investment strategy is paying off and there is significant growth for the bank in Investments. The total investment income of AIBL was bdt 24,956 million in 2019 which was growth of 21.80% than 2018. Total investment income of AIBL is over 86%



**Figure 2.6 Operating profit AIBL**

**Interpretation:** AIBL bank experienced 9.30% of negative growth in operating profit for the year 2018 than 2017. But if we look over the course of last 9 years the bank has sustainable growth in terms of operating profit. The bank is doing adequately well.



**Figure 2.7 Remittance growth AIBL**

**Interpretation:** AIBL remittance increased by around in 2018 as the percentage in 2017 was about 76%. AIBL has set up a target of over 50000 million bdt remittance for the year 2020. Overall, the bank is experiencing tremendous growth in remittance section which shows how much the bank’s system is competent and technologically advanced.

Overall, the bank is maintaining a sustainable growth in all the aspects of their banking sector. Financially, the bank is solvent at a higher level. AIBL bank will see further growth in their banking sector.

## 2.6 Operation Management

### Foreign Trade Processing system of AIBL

Before 2014 AIBL had not central processing hub for the foreign trade department. So, all the foreign exchange was carried in the branch level. IBW opened its central processing hub for AIBL in 2014 since then the bank has been functioning with the help of this department.

### EDF Operations:

AIBL bank is handling their EDF operation under the laws of Shariah. With the help of restricted Mudarabah mode between Bangladesh bank and them. Bangladesh bank introduced an EDF management software which made their job much easier than before.

### Risk Management:

Risk is the negative effect from productivity and uncertainty. Every bank in the world has two goals one is generating profits and the other one is to stay in business. AIBL is operating a defense where there are three base principles are attained.

**1<sup>st</sup> Base-** is where day to day operations are maintained and has an operation management committee

**2<sup>nd</sup> Base:** Internal Control Framework (Policy & Methodology)

- Zone office OF AIBL
- Risk Management team of AIBL
- Risk supervision department

**3<sup>rd</sup> Base:** Self-governing Pledge

- Inner Assessment
- Board Inspection Board

- Management of Controllers

On every month and every Quarter regular meeting are done by the departments of AIBL. The major concerns of the 6 (six) Core Risks Management Committees are as under:

- 1. Investment Risk Management Committee**
- 2. Asset Accountability Risk Supervision Board**
- 3. Foreign Trade Risk Administration Team**
- 4. Internal Control & Compliance Risk Management Committee**
- 5. Central Agreement Committee**
- 6. Information & Communication Technology Risk management**

#### **Information Technology:**

Without ICT technology the bank wouldn't come to where it is now. The bank invested heavily on ICT sector. To improve the efficiency and effectiveness of the banking processes the bank bought many technological financial services. AIBL started their journey in automation in 2006 but until 2008 it wasn't functional like before. AIBL core banking system is using tech-based software's and solution for better performance such as:

- RTGS, Oracle Islamic Database System
- BEFTN- Bangladesh Electronic Funds Transfer Network
- Automated Clearing house of Bangladesh
- Institutional shared holders service report for AIBL

Besides this AIBL uses the credit information bureau, SYLVIA – a human resource management system, debit and credit card system, internet banking, The Society for Worldwide Interbank Financial Telecommunication – simply known as swift, agent banking of AIBL and ATM banking.

## **2.7 SWOT analysis on AIBL**

### **2.7.1 Strengths OF AIBL**

- As a renowned and established bank, it has a large base of manpower
- Among all the other Islami Banks AIBL is more technologically advanced than their competitors.
- AIBL, south jatrabari branch is in the center of the market area which gives them advantage over other Islami banks
- AIBL invests heavily on the Research and Development Sector
- As it has been operating from 1995 it has built a sense of trust and reliability among the clients. Also, AIBL is one of the market leaders in its segment.
- AIBL is experiencing significant growth in their industry over the last couple of years and has sustainable funds to carry on for the future
- AIBL has a good working environment for the staffs and officials. Furthermore, all the officials cooperate with each other in their working ground.

### **2.7.2 Weaknesses OF AIBL**

- AIBL marketing strategy is comparatively poorer than other Islami banks. They lack in promotional activities.
- The bank has limited ATM services or ATM booths.

- AIBL officials fails to check customer profile thoroughly which poses a greater risk to the bank itself.
- AIBL has low salary infrastructure compared to other banks which may increase the inventory turnover ratio.
- AIBL follows conventional ways of banking in many sectors even now. For example: Manual account opening forms.

### **2.7.3 Opportunities of AIBL**

- People are increasingly moving towards Halal ways of banking which mean increase in demand for loans, deposits and overall income.
- AIBL can penetrate the market with diversified products and management systems
- AIBL can expand itself more geographically
- AIBL can introduce more technology based automated systems

### **2.7.4 Threats of AIBL**

- Emergence of new and improved sharia-based banks on Bangladesh
- Competition of commercial bank is always high; it will be higher if they introduce more Islam based products
- Loan recovery systems of AIBL is very weak
- AIBL don't have marketing policies to attract the young generations of Bangladesh, missing out on potential customers.
- Other commercial banks better technology and IT operations

## **2.8 Concluding Statements**

### **2.8.1 Summary**

In 1995 AIBL started its journey since then it has been a major player in the Islamic banking sector. Firstly, AIBL follows a strict policy of Shariah law and all their offer products are based on it. Over the years, AIBL invested heavily on IT sectors taking their operations to the next level of automation. Though they follow a traditional approach the management structure their marketing policies made them who they are now as they are following psychographic segmentation, AIBL is attracting customers from the Muslim community. AIBL invested heavily around 261874 million bdt and further invested around 260200 bdt millions to experience growth of the bank. Secondly, the financial analysis of the AIBL bank shows that they are improving their banking functions to such an extent that they are not just sustaining but getting profit and growth out of their system. Thirdly, as I worked for 3 months in the bank, I personally experienced their operation management first hand. AIBL is very effective and efficient in what they do. To conclude, I would like to state that AIBL is a major player in the islami banking sector. They look forward to improve their overall business functions in definitive way new and improved marketing strategies and automation systems for the future.

## 2.8.2 Recommendations

Working for AIBL and working with the respective official was once in a life time experience for me, Though the management people are more than qualified than me to better understand the picture but I have few suggestions where AIBL can improve its functions and over all process:

- Facilities provided to the employees should be improved
- AIBL must make new market strategies to survive in such a competitive market where commercial banks are always one step ahead.
- As this is the era of technology and automation, modern day banks always keeping in check with up to date software's and operating system. AIBL must find ways to always be one step ahead of the competitor.
- AIBL banking should be set up country-wide. As there is still to branches of AIBL near the coastal areas.
- AIBL need to put more effort into training employees, providing them with modern day equipment and machinery to do their job better.
- Clients have hard time opening an account for introducing system of the bank, the Bank should abolish such a system and look for alternatives.
- AIBL should upgrade their marketing strategy from 4Ps to 6Ps.
- AIBL should integrate themselves with more computerized systems and strong network design

## **Chapter 3**

### **Impact and functionality of oracle Islamic database system of AIBL**

#### **3.1 Introduction and Significance**

Islamic Banking in Bangladesh has been growing rapidly since its rise in 1983. It has recorded tremendous growth since then and now consists of more than twenty percent market share among all the banks of Bangladesh Banking sector. In this report, Impact of the database system of Al Arafa Islamic Bank and impact of it is discussed. To achieve the purpose of this report, all most of the data are collected from secondary sources but primary data has also been collected from the bank official who operates in AIBL. Finally, the report shed lights on problem faced while operating this database systems and suggested policy options to meet the challenges. Across the world customers are looking for alternative systems to protect their finances. Therefore, the pure Islamic banks as well as conventional Islamic banks are taking their way into Sharia-complaint Islamic Banking products. The Islamic banking market is projected to grow up to 1.6 trillion by 2020. Impact and functionality of oracle Islamic database system of Al Arafah Islami Bank Limited.

Based on banking concepts that are fundamentally different from conventional banking, Islamic banking products need a specifically designed product lifecycle processing framework.

#### **3.1. Oracle Islamic Database origin and relation to AIBL**

The oracle Islamic Database was first developed in the year 1977. for 30 years they were upgrading their software systems. AIBL was established in 1995 back then the bank used to operate in MS Sql server, it wasn't since 2007 that they introduced Oracle Databse system and Oracle Server. The bank experienced significant growth in their banking after the integration of

oracle database management system and also the inclusion of oracle server meant the bank can operate on a huge scale at a multiple time.

### **3.1.2 Objective of the study**

- Understanding the impact of the oracle Islamic Database System of on Al Arafa Islami Bank after it was installed, before and after effect of Oracle Islamic Database System.
- In depth understanding of the functionality of Oracle Islamic Database System
- Recommendations on database handling and research and development.

### **3.1.3 Origin of the report**

As I am almost at the end of my graduation period in Brac University, I had to complete the Brac Internship program. I gained my internship in the reputed bank of AIBL where I did work for 12 weeks learning a great deal of work and gather experience from my seniors. One most valuable part of the Internship program is writing a report based on my own experience and knowledge gained from work. I worked mainly in general banking section but as I was competent enough, I was given tasks of handling IT operations as well. Now im here to write down a report on “Impact and Functionality of Oracle Islamic Database of AIBL”

As part of my work I had to actively learn to operate the Oracle Database system from the IT supervisor to continue my work. With the help of my supervisor I learned how the general banking handles operating a database system which was introduced around 2007.

## **3.2 Methodology**

The methodology part of the report consists of two data sources.

### **Primary Data Collection**

form the IT department and IT officer in charge of the branch, senior executives and a banking official most of the primary data was collected. Formal questionnaire with 15 different officials who are maneuvering the Oracle Islamic Database on a daily basis was questioned and the respective personals to gather information and data. More information was collected from personal observation as well as my direct working in General banking.

### **Secondary Data Sources**

Secondary data collecting was done by reading journals, published books and online articles as well such as annual reports of AIBL (2015,2016,2018,2019). I have also collected data from Bangladesh Bank research department through internet and their online articles.

#### **3.2.1 Research Purpose**

In the report, it is well explained how the AIBL database system functions. Furthermore, there is significance change of the database system over the years which has led to further growth and development of the banking of AIBL. Previously, I discussed comprehensively about AIBL and its operations so that the scope of the report explains the operative functions of the bank with respect to its database system. I have analyzed the database functions and evaluate its impact on General banking and overall banking operations. It was an immense opportunity to involve myself in general banking which lead me to learn more about IT operations and Database management.

### **3.3 Findings and Analysis**

#### **3.3.0 Oracle Islamic Database System**

Oracle Islamic DBMS is a relational DBMS that covers a wide selection of Islamic products for different customer segments. It supports a variety of Mudrabagh and Murabah transactions which the bank is adapting to for different customers. The Oracle Islami DBMS ensures proper

security system and enables a way forward to investment system including Musharakah, USHAKRAKHA. Additionally, the DBMS has an asset management module that supports subscription that allows the user to input multiple funds from any given branch. It can easily compute total profit made by the bank and deduct amount of expenses by the organization. The Oracle DBMS has a money market MUDRABA module that allow the user to rack their commodities, receipts and payment, transactions. The bank can easily outline grace phases for the clients and support numerous payments at once. This DBMS is made with complete compliance to Shariah laws and regulatory requirements like Basel2 and also Anti corrupting and money laundering systems. As a result, the bank can easily conduct their processes and reduce overall risks.

### **3.3.1 MS SQL**

MS sql server was first developed in 1989. MS SQL server is one type of relational DBMS. It supports structured query language and the system contains T SQL. Ms SQL runs on a Microsoft server which can only be operated in Microsoft operating system It can give simultaneous user access at a same rate.

### **3.3.2Difference between Oracle Islamic Database and Microsoft SQL**

Oracle Islamic Database can run on any kind of operating system where as MS sql only function in Microsoft windows. Oracle Islamic Database system has special command and Structured Query Language Set up for following the Islamic Shariah based principles whereas the MS SQL server have functions and product initiations of the basic commercial banks. In oracle Islamic Database there can be many SCHEMAS but in MS sql used limited Schemas. In oracle Islamic database data can be manipulated even further and greater extent than MS SQL.

### **3.3.3 AIBL moving from MS SQL to Oracle Islamic Database System**

FROM 1995 AIBL was operating in MS SQL server. since than it operated to around 2006. In 2007 Oracle Islamic Database system was introduced where it was overall better than MS SQL server and the crucial part was that Oracle Islamic Database was following the rules of Islami Sharia as their overall computing mechanism was different than any other RDBMS

### **3.3.4 Impact after Integration of Oracle Islamic Database system into AIBL**

#### **Apparent Improvements in Banking**

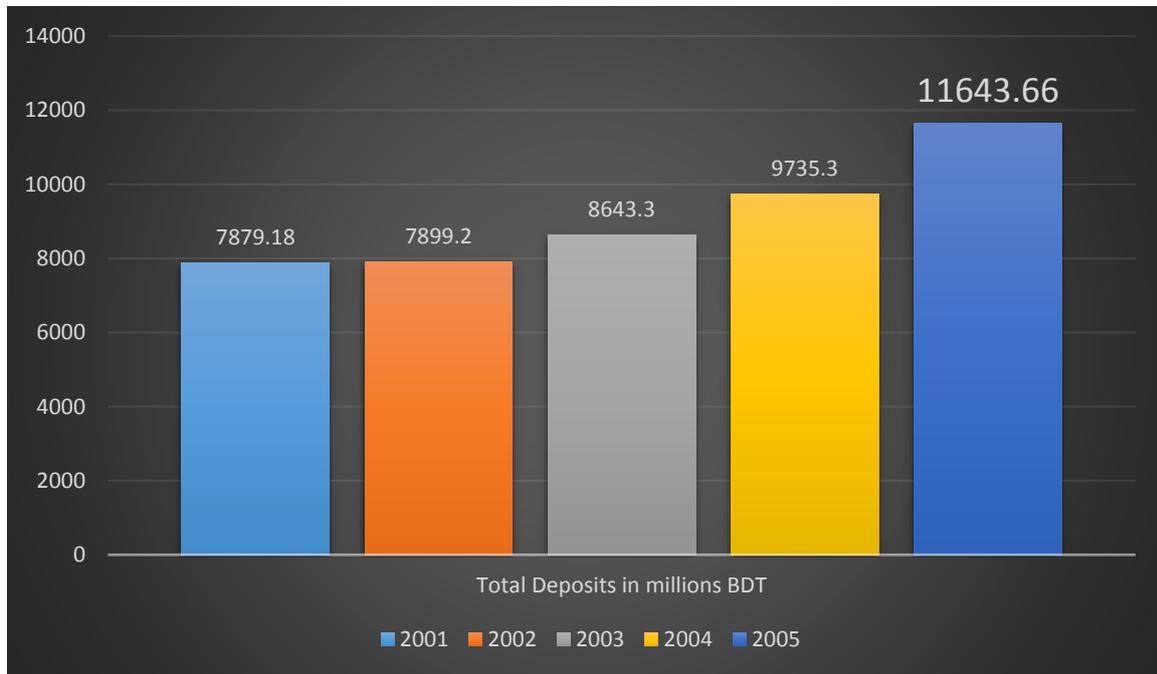
As the bank marched its way forward the bank introduce different banking sector like ATM banking, Internet Banking, Electronic fund transfers. After the installation of Oracle Islamic Database system following activities were allowed by the bank:

- Checking account balances for the users
- Bank Statements in a PDF format
- Ordering and confirming cheque books
- Manage electronic fund transfer
- Real time Gross Settlement system ensure remittance transfer very easily.

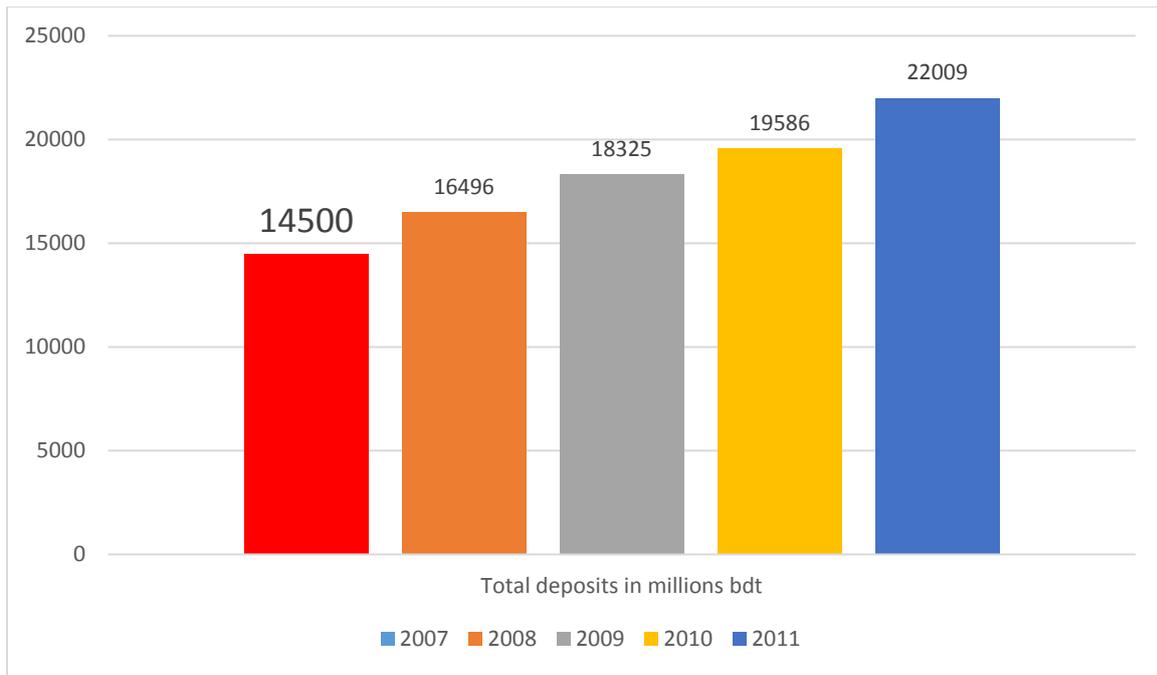
**AIBL introduced Oracle Islamic database system around 2006-2007, now on the basis of these graphs we will see how the improved database system has changed the baking scenario of AIBL operations**

### 3.3.5 Comparison and Impact of Oracle Database system on AIBL

#### total deposits



**Figure 3.0 Total deposits of AIBL while Operating in MS SQL SERVER**



**Figure3.1 Total Deposits of AIBL while operating in Oracle Islamic Database system**

Interpretation: As we can see from the first graph that AIBL had a limited growth in getting deposits from the year 2001 to 2005 as they has operated in MS sql server but on the second graph we see an immediate after effect of integrating with the oracle Islamic database system as their deposit count rise up by 400 million bdt which is a massive improvement. So, Oracle Islamic Database System played a vital role in improving their total deposits.

### 3.3.6 Comparison and Impact of Oracle Database system on AIBL

#### total income

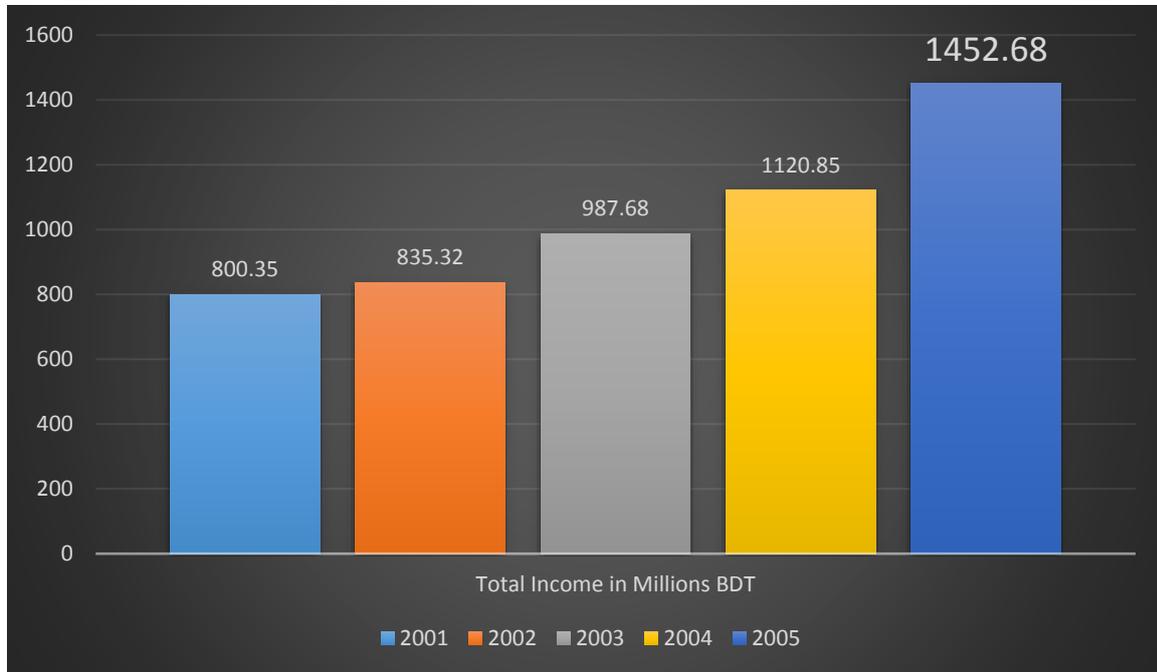
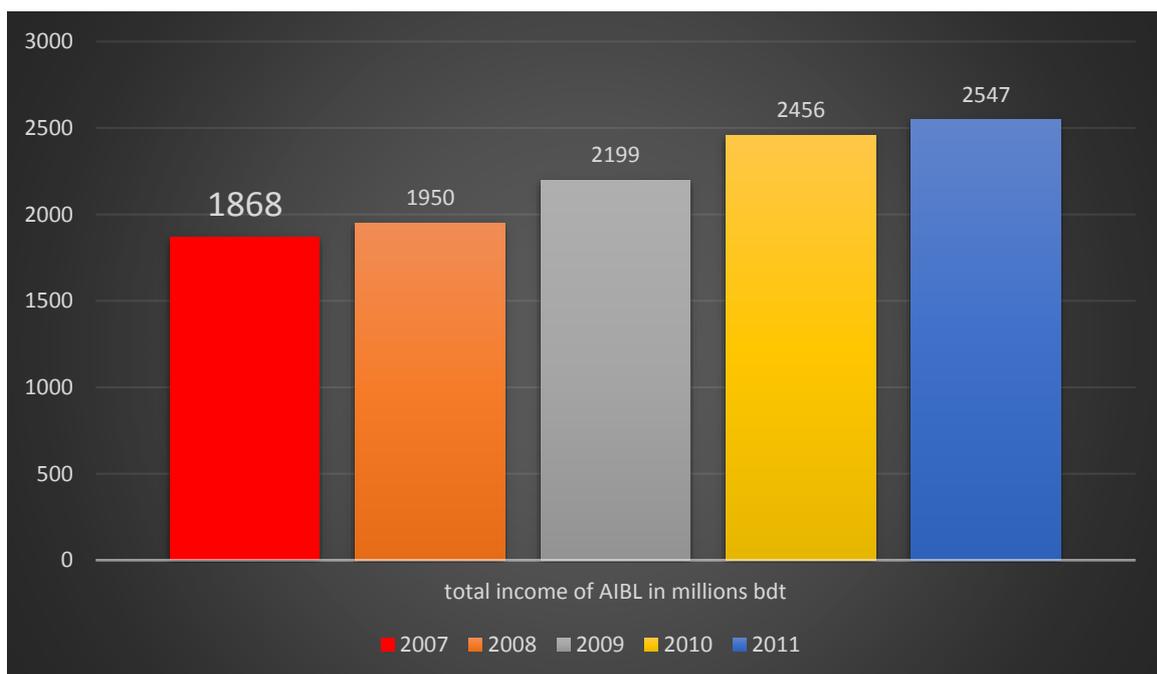


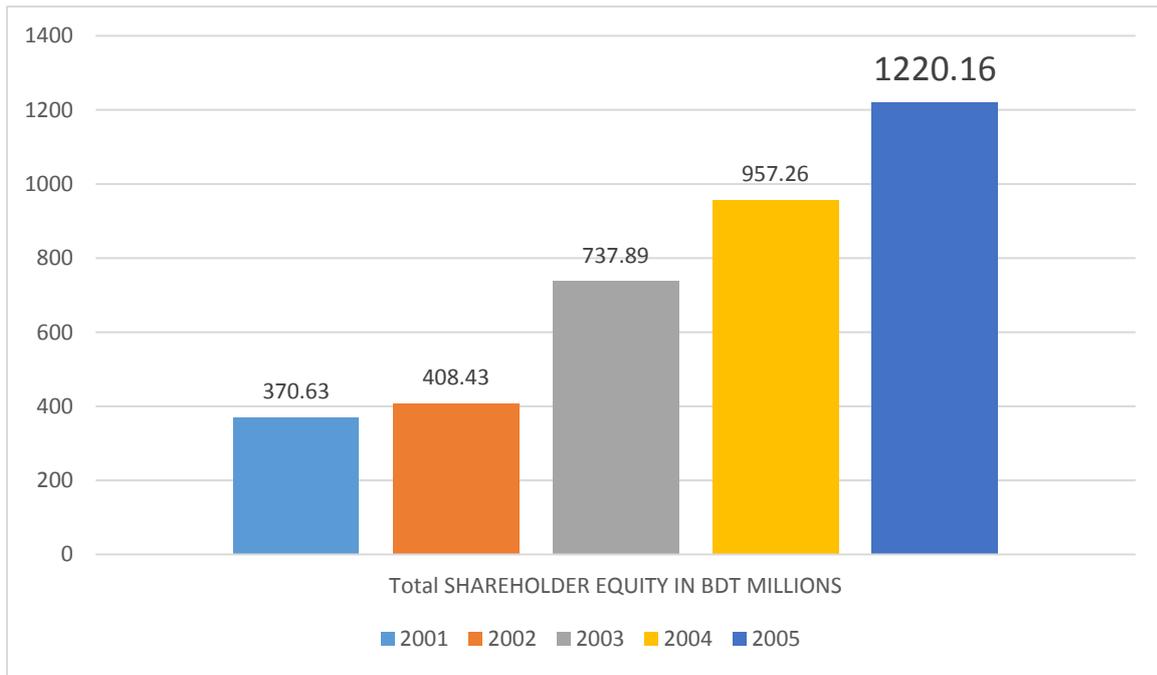
Figure 3.2 Total income of AIBL while operating in MS SQL server



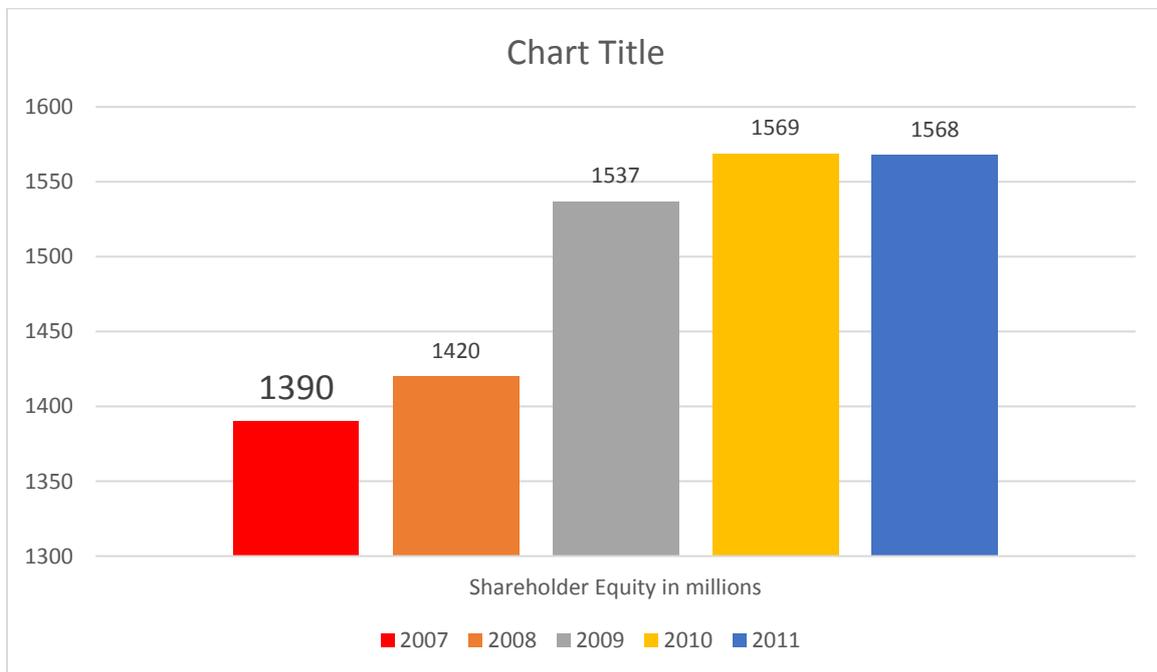
### **Figure 3.3 Total Income of AIBL while operating in Oracle Islamic Database system**

Interpretation: The first graph shows that in 2005 AIBL had a total income of 1452 million and in the second graph it shows that in 2007 AIBL had a total income of 1868 million, which is almost 400 million more while operating in Oracle Islamic Database system. As we know no bank can function now a days without a proper database system and the apparent reason that their sudden boom in income after the change of database systems show that Oracle Islamic database had an excellent influence on their overall operations

### **3.3.7 Comparison and Impact of Oracle Database system on AIBL total shareholders' equity**



**Figure 3.4 Total shareholders' equity of AIBL while operating in MS SQL SERVER**



**Figure 3.5 Total shareholder equity of AIBL while operating in Oracle Islamic Database System**

Interpretation: As of the first graph shown here in 2005 total shareholder equity was 1220 million in bdt and in 2007 after the integration of Oracle Islamic database it stood to 1390 million bdt which has been a significant growth. Such dramatic increase in shareholder equity means that the overall revenues has increase and operating expense has lowered down. A major shifter in this part was Oracle Islamic Database without any doubt.

### 3.3.8 Islamic banking in Bangladesh: Comparative growth measurement of aibl

As we compare these two charts, they illustrates that of share of deposits one from the year 2006 and the other from 2019,we can see that share of deposits of AIBL has remained almost the same, which in result means that the bank has been successfully capable of handling and storing the data /Information given to them by the customers via an improved Oracle Database system each term.

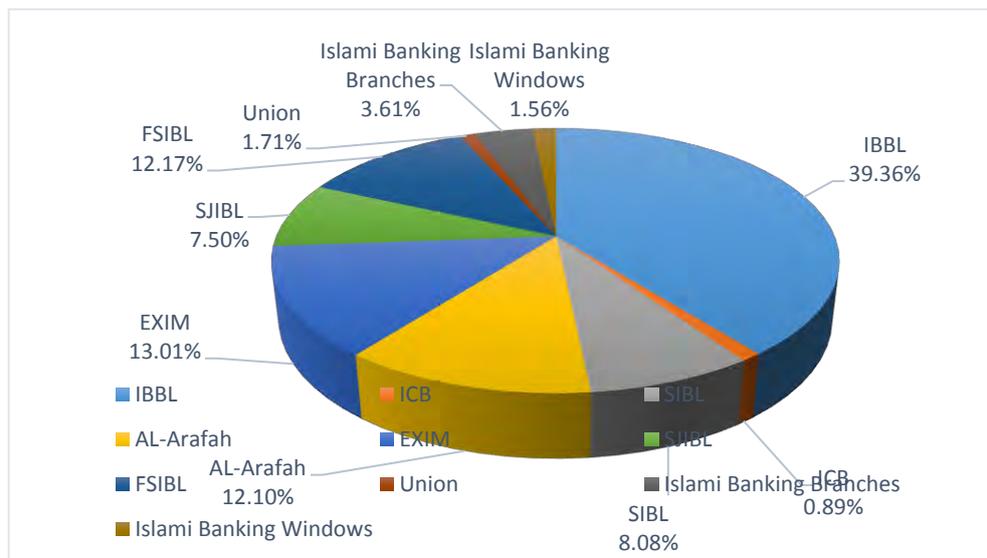
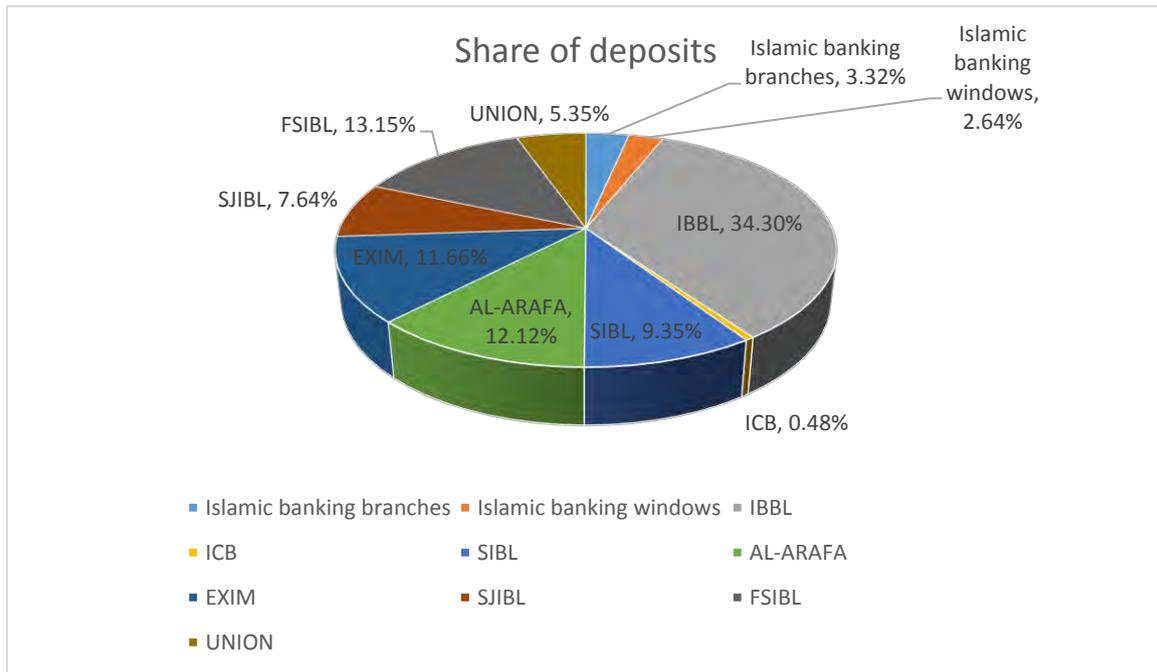


Figure 3.6 Share of Total Deposits of all Islamic Banks (June 2006)



**Figure 3.7** Share of Deposits of all Islamic Banks (June 2019)

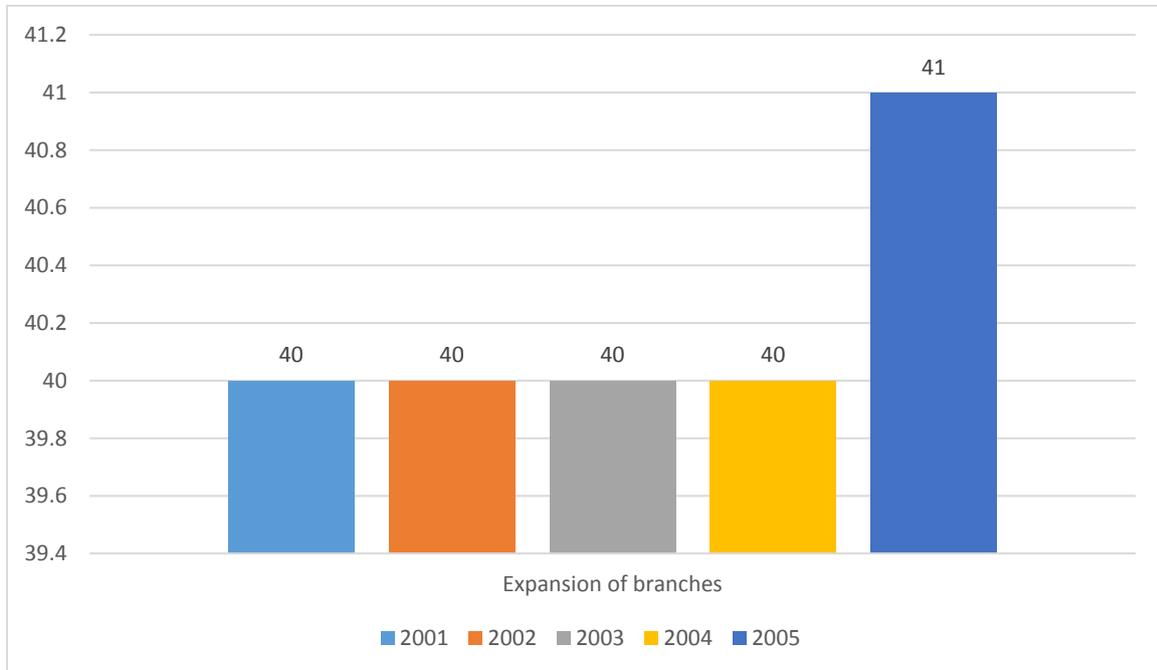
### 3.3.9 Impact: Expansion of Branches

In 2015 Al Arafah Islami Bank had branches of which 75 branches are from urban area and 55 branches are from rural area. As of now it has grown to 184 branches in total of which 95 branches are from urban area and 89 branches are from rural area. According to the survey done by me 66% of the banking officials strongly believe that much of the expansion has been possible in rural areas is due to the easily accessible banking services provided by bank. 85% official of the Al Arafah Islami bank South Jatrabari branch feels more comfortable in operating the current version DBMS of Oracle. So, the more employees are comfortable with their job environment and responsibility, it is more likely that their job places will expand to different places.

### 3.3.10 Comparison of branch expansion due to Oracle Islamic

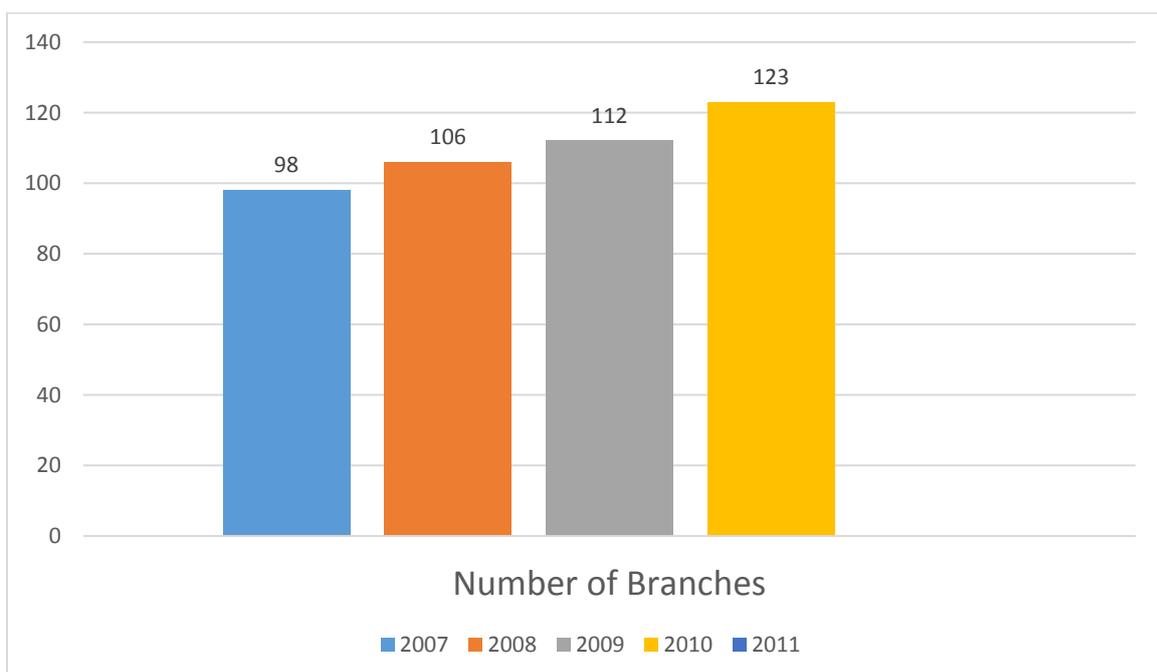
#### Database system

##### Expansion of branches while operating under MS SQL server



Interpretation: No significant growth while operating in MS sql server

##### Expansion of Branches while operating under Oracle Islamic Database system



Interpretation: As we can see clearly after the introduction of oracle Islamic database system AIBL expanded geographically on a massive scale. It wouldn't have been possible without Oracle as a functioning database is essential for any branch of a bank.

### **3.3.11 Impact on Banking operations**

The basic beliefs of any Islamic banking are to avoid RIBA. And Gharar. As the QURAN mentioned in its statements. In the Quran riba is similar to taking interests which is absolutely forbidden in Islam. AIBL bank has taken the idea of loss and profit from business which is halla, the bank invests in a business then if there's a gain the bank gets it. AIBL also bans Ghirar that is contract between two parties that poses a risk factor.

Now Based on these principles Al Arafah Islami Bank operates on database called Oracle Islamic Database system, it has significant impact on their day to day banking operation which are explained below: -

- **General Banking:** General Banking consists of multiple function account opening, account closing, remittance unit, cash sector as well as account section. Now an individual customer can open up Al-Wadeeah Current Deposit, Short deposits and Mudarabah investments account. First the customer who wants to open an account in AIBL has to write on a form his/her details manually with necessary documents. After the completion of the forms the officer in charge inputs these data into their database and get an account number from the database. Now all the commercial banks have a general database system that operates in the same way but the Oracle Database system of Al Arafah Islami bank is different because it has to take into account of all the unique account holding system based on Islamic Ideology.

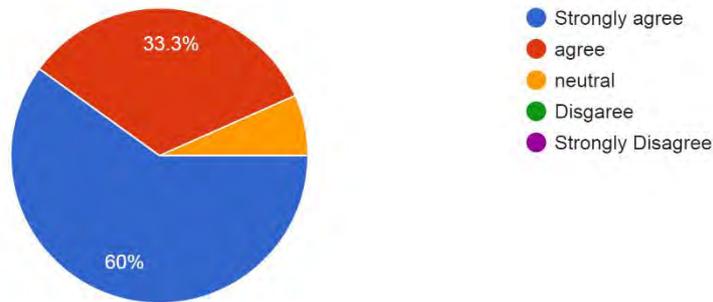
- **Account section:** On the account section, the employees are handling day to day transactions and deposits and money withdrawal. All of these actions are taken to database instantly when the transaction is completed.
- **ATM/MOBILE BANKING:** Integrated Database Management system of Al Arafah Islami banking led to mobile banking via mobile apps where you can deposit, withdrawal and check balance. The app is called Islamic Wallet. Different ATM sections are also directly connected to a sub port of the Oracle islamic DBMS sends the information to the server address directly.

There are two major functional difference between commercial DBMS and Oracle Islamic DBMS. Firstly, the traditional banks follow regular process of borrowing and lending funds where AIBL gets deposits and invests them into other business, if the business at hand incurs loss the use also has to bear loss. These measurements are clearly different than traditional DBMS in banks, that is where Oracle Database management System comes in. In accordance to the directives given the DBMS system functions tremendously well.

### **3.3.12 Impact on Banking Environment: Questionnaire**

For my primary research I conducted a survey in the bank premises asking 15 officials who are familiar about the Oracle Islamic Database system. Their responses are reflected below: -

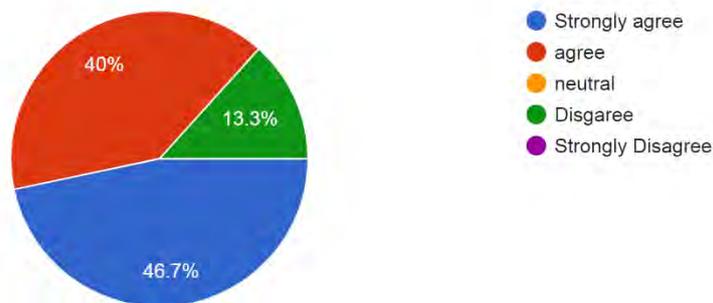
Oracle Islamic Database system is easily accessible  
15 responses



**Figure 3.8 Oracle database accessibility**

**Remark:** Majority of the bank personnel believe that oracle database system is easily accessible via the equipment's they are given. Ease of access means work can be done very easily

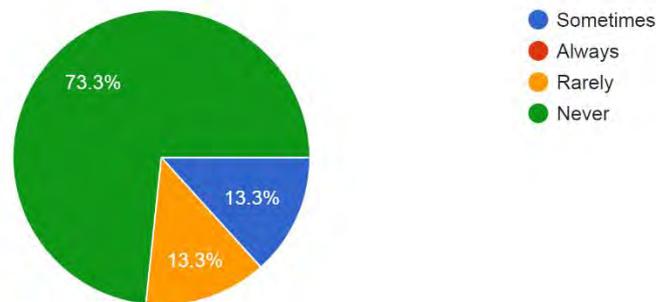
Oracle Islamic Database system Interface is easily maneuverable compared to other DBMS  
15 responses



**Figure 3.9 Oracle Islamic Database Interface**

**Remark:** Over 86.7% of the banking officials believe that the interface of the Oracle Islamic DBMS is easily maneuverable means officials feel comfort in handling and operating the database system.

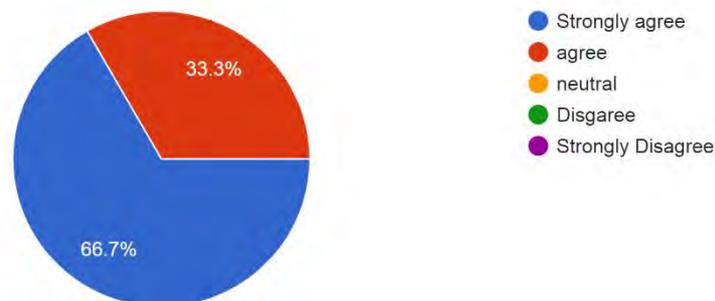
How often Oracle Islamic Database system malfunctions ?  
15 responses



**Figure 3.10 Database Malfunction frequency**

**Remark:** 73% of officials believe that the Database never malfunctions meaning the data /information of the bank is mostly safe and data integrity is maintained.

The bank depends heavily on the Oracle Islamic Database System  
15 responses



**Figure 3.11 Dependence on Database**

**Remark:** 100% of all respondents agree that the bank is heavily dependable on the Database system. Meaning much of the success of the AIBL bank is due to the database it operates in.

### **3.3.13 Functionality of Oracle Islamic Database**

#### **Functions of Oracle Islamic Database Management system of AIBL**

Oracle Islamic DBMS is a highly functional Relational DBMS. Al Arafah Islami bank limited acquired their financial services and to follow up with their operation based on Islami Shariah went through separate steps.

Step 1: Setting up Banking Parameters such as account entire and profit calculation parameters

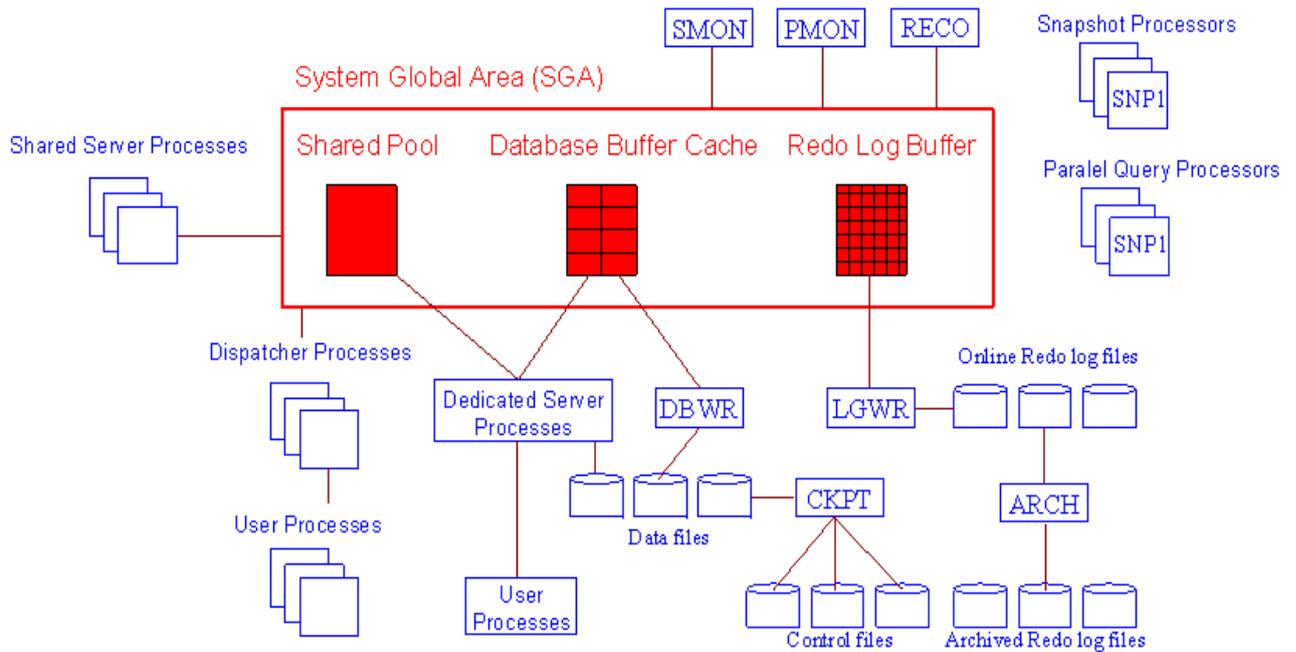
Step 2: setting up branch parameters such as schedule structures, batch processing during holidays

Step 3: Specifying bank codes for certain branches, Defining Interest Calculation Period, reference date, frequency (months. Weeks or years)

Step 4: Defining product category in the case of Al Arafah Islami bank its MTDR, Al Wadia current deposit, Mudraba Short Term Deposit.

Step 5: Defining product rules such as rate, frequency of transactions, tenor and customer category. Logical Operators are also set up.

**Figure 3.12 Oracle Database Architecture:**



Oracle Islamic Database mainly uses mainly object features that are similar to RDBMS, it can define and understand user and the user preference. Oracle Islamic database is a prime example of how a database can function in object-relational model. It can store as much as complex modules, systems and command in the database using data schema. Data schema uses a set of data structures. Schema substances have Tables and Indexes where many to many relationships is maintained, which means data can be easily accessible by multiple users of the organization and they can manipulate the data in their own way. But Data Integrity process ensures that once it is saved in the database it cannot be unchanged. Like the amount of deposits cannot be changed once it is saved in the database. Oracle Database uses SQL to modify tables or to create, replace or delete objects. Oracle database also includes transaction management, it is a combine effort of one or SQL statements. Data concurrency and Data consistency maintained for the overall process.

Oracle server provides comprehensive integrated effort to information management. It has two parts Oracle Instance and Oracle Database.

### **System Global Area (SGA)**

System global is the primary function of the instance. The memory structure of the instance can manipulate the data in the database, manipulate the SQL. The system global area is a shared process meaning numerous users can access the data and manipulate it to their own will. The banking official all over the AIBL branches when logs into the database actually they are entering the system global area. The users can then entry log point, input datas, load the database information and redo and undo at their choice.

**Process:** User process is where a user with an enabled Id and Password logs into the server of Oracle after establishing connection. The command given directly interacts with the server and respond to the request of the user. Meanwhile the background process establishes a connection between memory structure and the Oracle Database where the components works to the users wish. The database has Data file, control file, redo file and archive log. After the user publishes or re edits the data it gets into stored into the Database.

## **3.4 Conclusive Statement**

### **3.4.1 Summary**

Since 2008 AIBL has been using Oracle Islamic Database system. For the last 12 years AIBL performed in an excellent manner because of this Oracle Database system. Oracle is the oldest since 1977, Oracle is better in Database development than Microsoft. MS SQL server is older and comparatively less effective, slower and less efficient than oracle Islamic database system so AIBL moved to a modern-day Database that can help them reach their goal. Measurement like general business measures, profitability ratios, management soundness and social

profitability can be easily identified by Oracle DBMS. The traditional banks use interest as a means of profit whereas AIBL uses shariah law where interest is forbidden, Oracle DBMS operates without the measurement of interests as it functions, Oracle DBMS had improved banking functions over the years introducing automation for general banking section, foreign exchange and RTGS .The banking official feel more comfortable working with the new and improved Database system. Lastly, I would like to say that without a proper DBMS no bank can move further in this era and Oracle Islamic DBMS of AIBL is certainly the best at its job as all impact review and functionality suggests.

### **3.4.2 Recommendations**

AIBL operates with the Oracle Islamic Database management System, as I have completed my major in relative field (Management Information Systems) I can put some suggestions for AIBL to get the better service from their DBMS system.

- As of today, DATA means money, transactions between banks and branches happen in Data's not manually, so AIBL must enforce higher security systems for their server as well as database.
- From 2006, AIBL has only operated in different version of Oracle Islamic Database management system which makes them heavily dependable on one source. The bank should find alternatives to Oracle DBMS
- AIBL is still using Oracle 11g model from 2007, it should move Oracle 19c model as it has more feature like JSON and active data guards.

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## **Appendix A.**

Survey on “Impact of Oracle Islamic Database system of AIBL”

### **Measurement scale**

- **Strongly agree**
- **Agree**
- **Neutral**
- **Disagree**
- **Strongly disagree**

Questionnaire:

1. do you have access to oracle Islamic database system?
  - Yes
  - No
2. Oracle Islamic Database system is easily accessible?
3. Oracle Islamic Database system has made work-life easier?
4. Oracle Islamic Database system Interface is easily maneuverable compared to another DBMS?
5. The bank depends heavily on the Oracle Islamic Database System?
6. How often Oracle Islamic Database system malfunctions?