

Report On  
General Banking & Investment Mechanism of Islami Bank  
Bangladesh Limited

By

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An internship report submitted to the BRAC Business School in partial fulfillment of the requirements for the degree of Bachelor of Business Administration

BRAC Business School  
Brac University  
January, 2023

## **Declaration**

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 have acknowledged all main sources of help.

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

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

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**Dr. Samina Haque**  
Assistant Professor, BRAC Business School  
BRAC University

## Letter of Transmittal

Dr. Samina Haque

Assistant Professor

BRAC Business School

BRAC University

66 Mohakhali, Dhaka-1212

Subject: Internship Report Submission

Dear Madam,

I am submitting my internship report as part of partial requirements for my BBA degree. It has been an honor to have you act as my academic advisor and work under your directions to complete my report throughout the semester. My report is all about Islami Bank Bangladesh Limited's general banking and investment strategies. I worked at the IBBL Brahmanbaria Branch under the supervision of Mohammad Mahmudul Hasan (SPO) and Nazmun Nahar (PO) faculty member of Islami Bank Research and Training Academy (IBTRA). I experienced practical knowledge through this internship program. I learned about their atmosphere and corporate culture. This report showed me how to work with the organization on realistic assessments.

I would thus be quite appreciative if you would accept my internship report and offer your insightful feedback.

Sincerely yours,

---

Md. Amit Hasan

13104233

BRAC Business School

BRAC University

## **Non-Disclosure Agreement**

This agreement is made and entered into by and between Islami bank Bangladesh Limited and the undersigned student at BRAC University, Md. Amit Hasan (ID. 13104233)

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**Islami Bank Bangladesh Limited**

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**Md. Amit Hasan**

## **Acknowledgement**

I praise and thank Allah for granting me to finish and submit my internship report on time. I'm blessed to have Dr. Samina Haque, an assistant professor at BRAC Business School of BRAC University, generously supervised, instructed, and guided me throughout the semester to complete my report and make it relevant. I also need to thank the lecturers at IBTRA and the organization's supervisor, Mohammad Mahmudul Hasan, without whom I would not have been able to meet my deadline.

To sum up, OCSAR deserves special recognition for taking the initiative to develop internship program that allows students to put their classroom learning to use in the real world.

This report on the practical orientation of banks in accordance with their role and procedure in the area of banking, quite difficult without the assistance and support of the officers at IBBL's Brahmanbaria branch. They have graciously provided me with the practical knowledge and insightful analysis. I would also like to acknowledge the Branch for allowing me with accommodation during my internship, helping me gain access to valuable resources, and leading me through the process of preparing my internship report.

## **Executive Summary**

The Islamic Bank of Bangladesh Limited has become one of the largest and most successful private banks in Bangladesh. The full report has been broken down into three chapters so that it can be analyzed more effectively.

The first chapter of the report gives an overview of the internship, job opportunities, intern contributions to the organization, and intern benefits. This section finishes with recommendations for IBBL's future internship program. The second chapter of the report discusses the company's overview and the management's participative leadership techniques, HRM, and training and development. In addition, marketing practices for product promotion and branding activities were highlighted. Furthermore, this section emphasized financial performance through ratio analysis, accrual accounting methods, operational management, SWOT analysis, and Porter's five forces. At the end of this chapter, proposals regarding IBBL are presented.

In the last chapter, it describes the different investment strategies used by Islami Bank Bangladesh Limited, including mode-specific investments in many sectors, a comparison of their success over the last five years, and a survey on client perspective on investment.

**Key Words,** Islami Banking, General Banking, Shariah Principles, Interest Free, Mechanism.

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## List of Acronyms

IBBL	Islami Bank Bangladesh Limited
IBTRA	Islami Bank Trainging and Research Academy
NID	National ID Card
KYC	Known Your Customer
MICR	Magnetic Ink Character Recognition
RTGS	Real Time Gross Settlement
EFT	Electronic Funds Transfer
BATCH	Bangladesh Bank Automated Clearing House
CSR	Corporate Social Responsibility
MSA	Mudaraba Saving Account
TIN	Tax Identification Number
POS	Point of Sales Machine
TVC	Television Commercial
BCL	Bangladesh Cricket League
MSD	Management Information Department
IASs	International Accounting Standards
EPS	Earnings Per Share

# Chapter One

## Overview of Internship

### 1.1 Student Information

I am Md. Amit Hasan, BRACU ID: 13104233, completing Bachelor of Business Administration (BBA) from BRAC Business School major on Marketing and minor in Finance.

### 1.2 Internship Information

#### 1.2.1 Internship Appointment

I completed my internship at Islami Bank Bangladesh Limited under their Islami Bank Research and Training Academy (IBTRA). IBTRA was founded in 1984, not long after the Islami Bank Bangladesh Limited was founded. Along with me, more than 112 other interns from 36 different public and private universities finished the IBTRA internship program. I worked as an intern for 13 weeks, the first two of which I spent in my theory class at IBTRA, 10 weeks at Branch for practical experience and last one week for exam, report submission and presentation at IBTRA, cultural program and closing ceremony. In the theoretical class I learned about Islami Banking, its history and origin, and the mission and vision of IBBL without interacting with Riba (interest). A general overview of Bangladesh's financial system, the distinctions between profit and interest, Islami finance, and the contrasts between conventional and Islamic banking were also topics I learned about. They also taught me about general banking, foreign exchange, international trade, and IBBL investment modes. Then they highlighted us on their CSR efforts in different sectors in Bangladesh.

#### 1.2.2 Brahmanbaria Branch

In accordance with IBTRA's instructions, I chose to complete my 10-week practical job of my internship at the Islami Bank Brahmanbaria Branch. I worked along with 78 employees in the Branch. As the main branch in the Brahmanbaria district, it is one of the busiest branches in the local area. There were so many customers that the branch was often packed. I had to genuinely manage a huge number of clients, which strengthened my practical experience. All

of the staff members were extremely friendly, helpful, and accommodating to me. In fact, they welcomed me as one of their guests. Vice President Abdur Rafiq Miah was in charge of leading the Branch. Mohammad Mahmudul Hasan, the senior principal officer of the IBBL Brahmnabaria Branch and acting manager in operations, served as my supervisor.

### 1.2.3 Job Opportunity

The Brahmanbaria branch has given me a number of tasks to do in each of its divisions. Despite the fact that my degree is in marketing and my minor is in finance, I was given the opportunity to work almost every section in the bank such as general banking, alternative delivery channels, and investments. My workday runs from 10 am to 4 pm, with Friday and Saturday off. This chapter will provide a brief overview of the tasks and responsibilities I undertook throughout my working days at IBBL. I've listed my professional experiences below,

Sections	Working Days
Help Desk	5 days
Account Opening	17 days
ADC	7 days
Cheque Issue Desk	3 days
Cash Counter	2 days
Clearing Desk	5 days
Remittance Desk	3 days
Investments	8 days
Total	50 days (10 weeks)

#### 1.2.4 General Banking

The general banking division is regarded as the direct client support area. It is the basis of all banking activities. It opens new accounts, sends money, accepts checks, collects deposits, makes bank drafts, and issues pay orders, among other things. General Banking is sometimes called as retail banking. The major functions of general banking in my Branch are given below.

- Help Desk.
- Account Opening Desk.
- Cash Desk.
- Cheque Issue Desk.
- Clearing Desk.
- Remittance Desk.

Here is a list of the tasks I performed during my 10 weeks working at various branch desks.

##### 1.2.4.1 Help desk

Initially, I started off spending five days at the help desk. In my branch, it is the busiest desk. Giving the clients all the available information was this desk's primary duty. I verified the client's balance and had to present numerous types of vouchers, including current account, savings account, term deposit, and online money transfer vouchers. I filled up the vouchers by handwriting as well as providing the vouchers. I also filled up Cheques that were presented to me by different clients, which I used to deal with them in a cheerful manner.

##### 1.2.4.2 Account Opening Desk

I spent 17 days working at the account opening desk. To enter into the banking system one must need to open an account. Here, I learned about the many account types offered by Islami Bank, including Mudaraba savings accounts (MSA), Al Wadeah current accounts (AWCA), Mudaraba savings accounts for students, and Mudaraba term deposit accounts, among others. I provided all the necessary information, including two copies of passport-size photos, nominee's photo, introducer's signatures, one photocopy of the national ID card, one photocopy passport (if the applicant intended to travel outside the country), and a copy of the power bill, in order to open an account. I also requested the same documents from the clients when they

opened accounts. For the current account holders they need to provide trade license, picture, stamp pad and seal of the organizations TIN. I manually filled out the account opening form. I personally opened hundreds of accounts through Cellfin. IBBL introduced the mobile application Cellfin for use in digital banking and transactions. It is quite easy to use. First I install it in client's mobile and then I opened account providing necessary information in it. A Cellfin account may be opened in 15 minutes. Only people with NIDs can create accounts on Cellfin; people with just passports and birth certificates cannot do so. Creating an account on Cellfin made me quite happy because I could do it quickly and precisely. Due to my performance being so good, management wanted to give me extra days to work here. I also assisted the clients in updating information such as their address, sign card, and photos of nominees, etc. I become introducer to many student and MSA account while working in this desk. Additionally, I manually completed various KYC forms for the bank, which is crucial for the bank. We used to open around 20 new accounts every day, which gave me the chance to engage with customers more and learn about their opinions of the bank and its staff.

#### 1.2.4.3 Cheque Issue Desk

A Cheque is a kind of instruction in writing, supplied by a bank to the individual whose name is printed on the check to pay the specified amount stated in words and numbers, this instruction is known as a Cheque. A checkbook is required after an account is opened right away. One account holder may obtain a non-MICR Cheque book at any time from our branch, but a MICR Cheque book must be requested at least 15 days in advance. I used to complete the registration form for clients returning to the account opening desk so that their signature could be validated for non-MICR Cheque books. When a client requested a MICR Cheque book, I used to record their name, account number, and mobile number in a note book. Once it was in our possession, I called the customers to come get their checkbook. As I handed them the checkbook, I noted the clients name, account numbers, the checkbook's page numbers, and their signatures for the MICR book. I spent three days at Cheque issuing desk.



#### 1.2.4.4 Clearing Desk

In the banking industry, clearing refers to the procedure used to settle transactions between banks. Every day, millions of transactions take place, therefore bank clearance works to reduce how much money is sent on any one day. The main responsibility of this desk is to accept different checks from customers. I confirmed the account number, name of account holder, amount stated in English/Bangla and numbers are correctly indicated on the check, and date. The check was sent for clearing after being subjected to all those checks. Later I attached seal both side of the Cheque. I filled out RTGS form and EFT form for the clients. Although I wasn't in control of the computer, I helped with the preparation of several forms and learned about inside and outward clearance, routine and high value checks, as well as BEFTN, CPS, and OBC.

#### 1.2.4.5 Cash Counter

Cash is very sensitive department. Usually interns are not allowed to work here. But I got a chance to spend 2 days at cash counter. I verified the Cheque's information such as account number, account holder's name, written amount and figures are correctly indicated on the check, date, two signature and the mobile number back side of the Cheque. I rejected the overwriting Cheque as per instruction of the in charge. I also attached seal on the Cheque.

#### 1.2.4.6 Remittance Desk

I spent three days working here. I learned about PINs, country codes, and money transfer methods here. I learnt how customers can withdraw money using a secret pin number sent from abroad without having an account. I examined the client's original NID card and obtained a photocopy. I helped them in writing various application forms. Cellfin, a mobile application run by Islami Bank, may also receive remittances from abroad. After the donor sends money through Cellfin, the recipient has 24-48 hours to collect the funds. By demonstrating certain details, including the sender's name, sender's nationality, sender's cellphone number, amount, remittance pin, and Cellfin pin, a customer can quickly obtain funds using Cellfin. Islami Bank sends the money to the recipient's cell phone within an hour or two of the bank verifying all the information

### 1.2.5 Alternative Delivery Channel (ADC)

Alternative Delivery Channels are ways to deliver banking services directly to clients in order to meet their expectations for accuracy, convenience, and round-the-clock service. Islami Bank Bangladesh has established a number of alternative distribution systems to reach the nation's working poor population. Customers can conduct financial transactions using ATMs, POS, ibanking and mobile app. Mobile banking is a rapidly evolving instrument that is changing the way that ADC operates such as Cellfin for Islami Bank Islami. The Islami Bank Brahmanbaria branch offers the following ADC goods and services.

Products and Services,

- Cellfin.
- ibanking.
- Debit Card.
- Credit Card.
- POS Machine.
- mCash.
- WhatsApp Banking.
- Dollar Endorsement.

Cellfin, a mobile application that debuted in 2020, was introduced by Islami Bank. The dynamics of the banking system are quickly changed after introducing it. I created hundreds of accounts using Cellfin and added hundreds of account numbers to the app. I showed the clients how to use Cellfin and make fund transfers, check balances, add money, withdraw money, receive remittance, update PIN numbers, obtain bank statements, and maintain PIN confidentiality. I also helped the customers fill out the ibanking form. I occasionally generated email accounts for customers who did not already have one because an email account is required to start an ibanking account. I also learnt how to set up debit authorizations for ibanking. I then show you how to use ibanking. Ibanking and Cellfin have a lot in common. I took down the applicants' names, account numbers, and mobile numbers for a debit card. Islami Bank offered three different varieties of debit cards, including silver, gold, and platinum. Limits for silver, gold, and silver are 50,000, 100,000 and 200,000 respectively. Debit cards typically arrive after a week, so I used to phone them when cards arrived at the branch. For credit card which is commonly known as Khidmah card in Islami Bank. Initially one must fill up the application form before getting it. There are three types of Credit cards including silver, gold,

and platinum. Limits for silver, gold, and silver are 50,000, 100,000, and 200,000 respectively. Islami Bank's credit card has huge demand. One can easily get credit card by submitting proper documents such as income source, job status etc. Another name of credit card is prepaid card. In our branch I used WhatsApp to contact with clients who were living abroad, particularly remittance earners, and I took note of any issues before passing them along to the appropriate person. I helped complete out the dollar endorsement application. I used to examine the passport, the photocopy, and the copy of the visa. Additionally, a form provided by the money exchange must be completed in order to receive a document with a dollar endorsement. People used to gather to support the dollar for a variety of reasons, including healthcare, commerce, and education, among others. ADC is a technology-based industry, therefore working there was something I cherished.

#### 1.2.6 Investments

Islamic Bank Bangladesh Limited is among the most productive and successful private banks in Bangladesh. It has reached such position due to its investing strategy. The Bank's investment strategy is distinguished by the creation of an investment policy made on distribution of both revenue and damage that complies with principles Shariah. IBBL emphasis on achieving social goals and objectives in its investment policy, including those that result in job creation, rather than just making a profit. I have experienced with IBBL's various investment strategies, including how they choose the projects they invest in, why clients favor Islami Bank for investments, and the right paperwork to submit to the bank, among other things. In comparison to the traditional banking system, their investing strategies are very different. I once had the chance to visit Mama Metal, one of their projects, which is situated in Nandanpur, Brahmanbaria. I spent eight days there at work.

## 1.3 Internship Outcome

### 1.3.1 Contribution to the Bank

I was employed on a full-time basis during my employment in Brahmanbaria Branch. I shared the usual employee's workload even though I was an intern. While I was working at the account opening desk, the desk partially got dependent on me, didn't allow me to go other desk where as an intern I was supposed to take on light administrative duties. I conducted myself professionally while working at the bank, treating the customers with the utmost respect and honor which brought reputation for the branch. . I applied all of my skills and knowledge from my academic degrees at the branch. I helped the bank by doing hard labor and bringing goodwill to them.

### 1.3.2 Benefits of My Internship

My internship gave me the chance to advantage paid professional experience while working in a safe and structured atmosphere and allowed me to introduce corporate culture. At the branch, I had the chance to put my professional knowledge and abilities to use, and I also gained professional soft skills like communication, punctuality, and time management. Furthermore, I obtained information from professionals in the industry on the duties and responsibilities of various careers. Once I was afraid of professional career but this internship gave a chance to establish a professional network that will serve as a resource in the future. I was not initially interested in choosing banking as my profession until I completed this internship. I now think of it as my passion. The branch manager and my working supervisor gave me some encouraging remarks for my efforts, which encouraged me. In addition to my practical accomplishments, I attended a 10-day theoretical program at IBRTA where I learned about Islami Banking, regular banking, different types of financing, international trade, and other topics. My academic understanding was also strengthened by taking the exam, submitting a report and giving a presentation on it at IBTRA.

### 1.3.3 Challenges of My Internship

Despite having a wonderful and professional workplace, I had some challenges during my internship. I was meant to perform new and exciting tasks at the branch as an intern, but the regular employee preferred that I finish their pending job. For instance, when opening accounts at the account opening desk, I assisted them and was given a large quantity of KYC forms to complete when there were no customers. Although I would have not preferred it, I had no other option. One of my bank mentors, in my opinion, was not very helpful. It was kind of mandatory to perform prayer (Namaz) at Islami Bank Brahmanbaria Branch during the banking hour, I was not used to perform Namaz in my daily life which created a bit problem for me to adjust with the environment. I put in full-time hours as an intern, yet we received lower pay than normal employees.

### 1.3.4 Recommendations

Although I had mostly positive things to say about the facilities and services the branch offered interns, I did have some recommendations for them. The bank is given the following list of suggestions for future interns.

- Interns do not have access to computers at the bank; additional computers should be made available to them so they can use cutting-edge skills while working on computers.
- The interns ought to receive a higher wage.
- As an Islami sharia based bank, they employ various names for banking terms, such as Mudaraba Saving Account for Savings Account, which frequently causes confusion among interns. They ought to speak in simpler language like other banks.
- Interns have additional responsibilities such as attending theoretical classes, tests, report presentations and attend IBTRA cultural events. Those things ought to be left out of IBTRA's internship plan.

## Chapter Two

### 2.1 Introduction

Banking is a crucial part of the whole financial system that affects the government's economy by providing investments, financing, and infrastructure. It is an imperative factor in a nation's economic growth. Since the banking system in Bangladesh makes up more than 80% of all financial sectors, it has been a major driver of our economy.

Conventional banking system was developed and dominated in Bangladesh since its birth in 1971. The traditional financial system's main objective is to make money by collecting and disbursing funds in return for interest.

Bnagladesh is a Muslim majority country. Most adherents of Islam are fervently dedicated to the Islamic way of life, which is based on the holy Qur'aan and Sunnah. Generally, they still have a strong desire to structure and embellish their economic activity in accordance with Islamic law. Riba commonly known as interest in banking terms, is categorically forbidden in Islam. On the other side, Shariah love people wanted financial security. The establishment of Islami Banking as an alternative to its traditional counterpart has been influenced by both religious and economic factors. The main motivation behind founding Islami Bank was Muslims' desire to have their financial activities recognized in a way that does not go against Shariah law but rather makes it possible to conduct financial transactions without engaging in Riba. The first contemporary commercial Islamic bank was founded in 1979 with the founding of Dubai Islamic Bank. Muslims and non-Muslims alike can presently use 250 Islamic banks and financial organizations globally. In 1983, Islami Bank Bangladesh Limited was founded.

IBBL has been regarded as Bangladesh's first interest-free bank since its incorporation in 1983. It was the first bank established according to Shariah not only in Bangladesh, but throughout all of Southeast Asia. There are ten Islami Shariah-based banks in Bangladesh that are currently carrying out banking operations in accordance with Islami Shariah based principles. The bank that performs the best out of all of them is Islami Bank Bangladesh Limited.

## 2.2 Overview of Company

IBBL, joint venture public limited company is authorized under the Companies Act. It is Bangladesh's most renowned bank. It maintains Islamic law regarding deposits and interest. Foreign investors account for 63.09% of the stockholders in Islami Bank. The first Sharia-based bank in Bangladesh, IBBL started its journey in 1983. It is regarded as the first Islami bank in the entire Southeast Asian region. Currently, it has 2709 agent banking outlets, 228 sub branches, and 394 branches. The bank has 33,686 shareholders as of the end of 2021, 20,000 million Tk in authorized capital, and 16,099.91 million Tk in paid-up capital.

### 2.2.1 Mission

The mission of IBBL,

- To build a welfare banking system to bring justice to all economic activities.
- To ensure fairness and equity across a range of economic activities.
- To achieve equitable development and balanced growth by making a variety of investments minimum progressive areas in Bangladesh.
- To support financial services and rural communities' socioeconomic growth.

### 2.2.2 Vision

The vision of the IBBL,

- To become a renowned Islamic Bank by status and performance in order to achieve increased economic success.
- To build and maintain banking practices that will promote the expansion of the Islamic Shariah-based economic system and reliability.
- To develop into a lasting, productive organization with highly motivated personnel.
- To encourage saving money and investing it directly.
- To encourage investments that are more likely to lead to the creation of new jobs.

### 2.2.3 Strategic Objectives

- To guarantee client contentment.
- To make sure banking that brings welfare in the society.

- To put new technology into use and construct a management succession plan in order to track Islamic bank's the fruitful progress into something like trustworthy financial institution.
- To give priority the well-being of the clients.
- To motivate team members to take on each duty with responsibility.
- To encourage an active, healthy next generation.
- To continually improve human resources, provide enough logistics to satisfy client expectations.

#### 2.2.4 Achievements of IBBL

- IBBL has been selected as the only Bank from Bangladesh in top 1000 banks in the world by a UK based century old financial magazine, 'The Banker' published the list in its July 2012 issue.
- The first prize of the SARRC Anniversary Award for Corporate Governance was given to IBBL by the Institute of Chartered Accountants of Bangladesh (ICAB).
- IBBL received recognition from the South Asian Federation of Accountants (SAFA) as a joint winner of the 2010 Corporate Governance Disclosure Award.
- In the Annual Report for the year 2010, the South Asian Federation of Accountants (SAFA) additionally presented IBBL with a Certificate of Merit in the Banking Sector.
- IBBL received the ICMAB National Best Corporate Award-2007 (First Position, Local Bank) and the ICMAB Best Corporate Performance Award-2008 from the Institute of Cost and Management Accountants of Bangladesh (ICMAB) (Second Position, Private Commercial Bank).
- IBBL received recognition from the Institute of Chartered Accountants of Bangladesh (ICAB) for placing third in the category of banking in the best published accounts and reports for the year 2010, as well as certificates of appreciation for the years 2001 and 2010 and merit for 2008.
- For the years 2008, 2009, 2010, and 2011, The Global Finance, a reputable U.S.A.-based quarterly Financial Magazine, named IBBL the nation's top Islamic financial institution. IBBL was also recognized by Global Finance as the nation's top bank for the year 1999, 2000, 2004 and 2005.
- IBBL received "The Quality Recognition Award-2009" from ICICI Bank, Hong Kong, for U.S. Dollar Clearing (2009).



- IBBL received the 2008 and 2009 Best Bank for Corporate Social Responsibility award from Bankers' Forum.
- IBBL won the 2007 Best Islami Banking Award from the fortnightly magazine Bank-Bima Patrika.
- IBBL was recognized as the "Largest Contributor" in international trade operations in the Europe-Bangladesh corridor by Citi Bank NA in 2009.

## 2.3 Management Practices of IBBL

### 2.3.1 Branch Leadership Practice

During the internship, branch manager practices participatory leadership to make decisions. Leaders that are participative seek the opinions of their team members while making choices. It calls for the ability and desire to distribute responsibility, as well as an inclusive viewpoint and effective communication skills. Occasionally, it is known as democratic leadership. It also seeks feedback from each and every Organizational member.

Before reaching a decision, branch manager used to request the opinions of the staff members. He used to pay close attention to their responses before making any decision. Even the intern was given the chance to express opinions. He called meetings with the teams on a regular basis. Employees used to feel more empowered, valued, and committed to the company entirely to share their opinion as a result. In order to attain the branch's desired aim, the branch manager encouraged his staff and improved their performance.

### 2.3.2 Administrative Structure



*Figure 1. Administrative Structure*

### 2.4 Human Resource Planning, Recruitment and Selection

A tactical and integrated process of effectively and efficiently arranging personnel inside a business or organization with the goal of enhancing the firm's competitiveness is known as human resource management (HRM). IBBL analyzes the needs of its employees and makes plans in advance to meet those needs. This comprises evaluating the current workforce, critical competencies, and hiring budget in order to precisely predict future hiring in accordance with their business objective. Major responsibilities of IBBL HRM are listed below,

- Examine their organizational objective
- Assess the skill set of the employee
- Project their future HR requirements.
- Improve their strategies for hiring talent.
- Examine and assess the action strategy.

Recruitment involves actively looking for contacting and measuring the interest of potential candidates for the post and the timely placement of the appropriate individuals in appropriate positions. The process of choosing the top candidate from a group of applicants is referred to as selection. IBBL employs two methods, including internal sources and job circulars. IBBL employs people who are already employed; one internal source is promotion. Job circulars from IBBL are often published in the newspaper. MTO posts offer excellent pay and very lucrative to job seekers. S M Rabiul Hasan, principal, IBTRA, claims that during the most recent job posting, Islami Bank received 100,000 applications for just 100 MTO positions. IBBL has a rigorous process to hire employees. Before choosing a candidate from the applicant pool, they conduct a written exam, a viva, and a medical examination.

#### 2.4.1 Compensation System and Employee Benefit

Islami Bank Bangladesh Limited is a company that values its employees and always looks out for them. IBBL recompenses in various way. Here is the list of employee benefits and remuneration as conducted by IBBL,

- IBBL pays salary usually at 25<sup>th</sup> of each month.
- Salary review held once in a year in IBBL.
- Regular employees receive two fixed bonuses declared by IBBL.
- IBBL offers performance bonus, opportunity of provident fund and gratuity and yearly increment.
- IBBL offers paid sick days, insurance benefits, and access to medical facilities for its staff members. They consequently built Islami Bank Hospital.
- IBBL provides performance incentives.
- IBBL trains its staff members at IBTRA.
- IBBL occasionally splits profits.

#### 2.4.2 Training and Development

Islami Bank Bangladesh invests in the training and research of its staff members. For the purpose of providing its workforce with training, innovation, and skill development, they formed Islami Bank Training and Research (IBTRA), which made them unique in the banking

arena. IBTRA offers a computer lab, classrooms, a library, and knowledgeable teaching faculties. Training facilities for IBTRA are both residential and nonresidential. IBTRA offers internships for students, one of which is my internship program, in addition to training its staff members. S M Rabiul Hasan, former executive director of Bangladesh Bank is acting as principal of IBTRA. IBTRA conducts training, regular exam and seminars through offline and online. That is how Islami Bank utilized IBTRA to generate skilled laborers and this talented workforce helped the IBBL perform better to reach best performing private bank in Bangladesh.

#### 2.4.3 Performance Appraisal

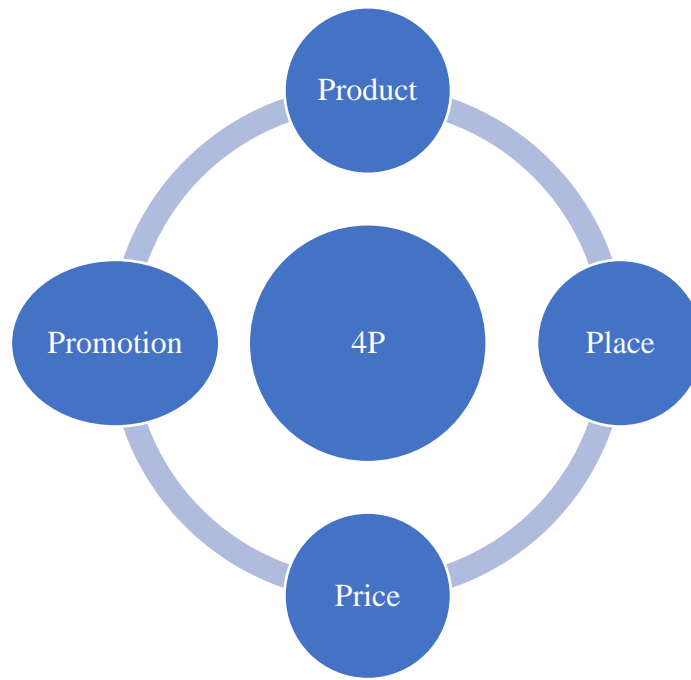
Teams receive feedback on their performance throughout the assessment process, which also aids managers in determining whether to award incentives, increase pay, and identify problem areas. IBBL offers a method in which a branch manager provides a thorough self-evaluation of company development, customer service, internal administration, and training needs. IBBL assesses each employee's performance once a year, provides feedback and asks that they act on it. Based on the findings of the performance review, IBBL grants promotions and bonuses.

### 2.5 Marketing Practices

Marketing strategy enables businesses to concentrate limited resources on the most effective strategies for increasing sales and get a competitive advantage in the market. To reach its target audience, IBBL use a range of marketing techniques, such as advertising on social media email campaigns, online marketing, and public relations, among others. IBBL also decided on the product's price, how their banking services should be distributed to reach remote areas of the nation, how their products should be sold, and how a new product should be developed.

#### 2.5.1 Marketing Mix

Marketing Mix is an important business strategy. It is often described as "a group of marketing strategies utilized by a business to realize its objectives in its target market."



*Figure 2. Marketing Mix*

### I. Products and Services

IBBL gives its clients access to a wide variety of goods and services, including deposit products, investment products, NRB service, SME service, and Foreign exchange business service. IBBL assembles deposits through various kinds of account to satisfy demand of their customers.

<b>Deposit Products</b>	<b>Investment Products</b>	<b>Services</b>
<ul style="list-style-type: none"> <li>➤ Al-Wadeah Current Account (AWCA)</li> <li>➤ Mudaraba Savings Account (MSA)</li> <li>➤ Mudaraba Term Deposit Account (MTDR)</li> <li>➤ Mudaraba Special Notice Account (MSNA)</li> <li>➤ Mudaraba Hajj Savings Account (MHSA)</li> <li>➤ Mudaraba Special Savings (Pension) Account (MSSA)</li> <li>➤ Mudaraba Savings Bond (MSB)</li> <li>➤ Mudaraba Monthly Profit Deposit Account (MMPDA)</li> <li>➤ Mudaraba Muhor Savings Account (MMSA)</li> </ul>	<p style="text-align: center;">Bai Modes</p> <ul style="list-style-type: none"> <li>➤ Bai-Murabaha</li> <li>➤ Bai-Istijrar</li> <li>➤ Bai-Muajjal</li> <li>➤ Bai Salam</li> <li>➤ Istisna'a</li> <li>➤ Bai-As-Sarf</li> </ul> <p style="text-align: center;">Share Modes</p> <ul style="list-style-type: none"> <li>➤ Mudaraba</li> </ul>	<ul style="list-style-type: none"> <li>➤ NRB Service</li> <li>➤ SME Service</li> <li>➤ Foreign Exchange Business Service</li> </ul>

<ul style="list-style-type: none"> <li>➤ Mudaraba Waqf Cash Deposit Account (MWCDA)</li> <li>➤ Mudaraba NRB Savings Bond (MNSB) Account</li> <li>➤ Mudaraba Foreign Currency Deposit Account (MFCD)</li> <li>➤ Students Mudaraba Savings Account (SMSA)</li> <li>➤ Mudaraba Farmers Savings Account (MFSA)</li> </ul>	<ul style="list-style-type: none"> <li>➤ Musharaka Ijara Modes</li> <li>➤ Hire Purchase under Shirkatul Melk.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Locker Service</li> </ul>
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### Investment Scheme

- “Household Durables Scheme (HDS)”
- “Transport Investment Scheme (TIS)”
- “Car Investment Scheme (CIS)”
- “Small Business Investment Scheme (SBIS)”
- “Micro Industries Investment Scheme (MIIS)”
- “Housing Investment Program (HIP)”
- “Real Estate Investment (Commercial & Working Capital)”
- Agricultural Investment of IBBL
- NRB (Non Resident Bangladeshi) Entrepreneurs Investment Scheme (NEIS)
- Women Entrepreneurs Investment Scheme (WEIS)
- “Housing Investment Programme for the Govt. Employees (HIPGE)”
- “Palli Griho Nirman Beniyog Prakalpa (PGNBP)”
- “Solar Panel Investment Scheme (SPIS)”

### II. Place

Choosing the location for your items is one of the most effective marketing strategies. In order to make it easy for the customers to locate the bank outlet IBBL has set up 394 branches, 228 sub branches and a total of 2706 agent banking outlets across Bangladesh. Additionally, IBBL started offering ATM banking services in 2000. They offer one of the most extensive ATM services in the banking industry of Bangladesh. They have total number of 1852 ATM booths all over Bangladesh. They made it convenient for their clients to find out branches and ATMs.

### III. Price

Pricing increases a bank's ability to compete. A competitive pricing plan is necessary for one to survive in the market. IBBL is the top-ranking bank in Bangladesh due to its assertive pricing policy.

Islami Bank is an interest-free institution; it does not charge interest on deposits. They generate revenue through sales of their goods and services. This is why their profit rate varies over the time.

Provisional profit rate on Mudaraba Deposits are given below, last updated rate 01/11/2022

	<b>Deposits</b>	<b>Profit Rate</b>
1.	<b>Mudaraba Term Deposits (MTDR)</b>	
	3 months to 12 months term	6.75%
	24 months term	6.90%
	36 Months term	7.00%
2.	<b>Mudaraba Hajj Savings (MHS)</b>	
	1 year to 10 years term	6.00%
	11 years to 25 years term	6.50%
3.	<b>Mudaraba Special Savings (Pension) including RDS (MSS)</b>	
	3 years term	5.80%
	5 years term	6.00%
	10 years term	6.20%
4.	<b>Mudaraba Saving Bond (MSB)</b>	
	5 years term	5.80%
	8 years term	6.30%

*Table of Deposits and Profit Rates 0-1*

#### Charges

The prices for various goods and services that IBBL charges are listed below,

- Account maintenance fees are 300 Taka for current accounts and 300 Taka for savings accounts for balances over 100,000.
- Statement of accounts: 100 taka.
- Cheque leaf: MICR 5 Taka, Non MICR 2 Taka.
- Small, medium, and large locker services are charged, respectively, 3,000, 4,000, and 6,000 taka annually.
- ATMs charge 400, 800, and 1200 Takas for classic, gold, and platinum, respectively.

#### IV. Promotion

Islami Bank advertises their goods and services through a variety of media, including television commercials, print ads, bill boards and the social media site like Facebook. IBBL publishes media releases, interviews, feature pieces and success stories to the media without charging them, resulting in free publicity and substantial exposure. The PR value of IBBL in 2021 is estimated at Tk 42 million by the renowned PR and archiving firm Ryans Archives. IBBL received active coverage in 21 TV stations and 5 Radios in addition to print and internet media. TVCs for the bank were shown on 21 different TV stations. The public was exposed to the Bank's message through news articles, business news segments and even talk shows on major television networks. A radio spot (RDC) was also broadcast on several radio stations. IBBL maintains various social media platforms such as our official YouTube channel, Twitter account, Facebook page, LinkedIn profile and Instagram account. We see a lot of interaction on all these platforms that connect users to banking products and services. The site is regularly updated with media releases, publications, and interviews with prominent bank employees, events and bank branding.

##### 2.5.2 Target Customers

A target market is a segment of the available market on which a company will focus its marketing efforts and financial resources. It also refers a segment of the overall market for a product or service. Target markets are often those with similar characteristics (age, location, income, lifestyle, etc.) IBBL uses mass banking as part of their marketing plan. In addition, Islami Bank itself has a target marketing strategy; the bank's main target market is consumers who desire to conduct their economic operations in accordance with Islamic principles. Islami banks' primary target demographic is the middle working class and those who value Shariah.

##### 2.5.3 New Product Development and Competitive Practice

The developing process, designing, producing, and marketing newly developed or renamed goods and services is known as product development, sometimes referred to as new product planning. Product development covers the whole product lifetime, from inception through market debut. In terms of business, the goal of product development is to satisfy consumer demand so that they can uphold market share. The worth of the product should be assured from the consumer's point of view as a quality. The biggest product innovation of Islami Bank is



called Cellfin. Cellfin provides home banking services. On the other hand, IBBL introduced RTGS service few years back. Islami Bank is therefore always available to handle product development and innovation.

#### 2.5.4 Branding Activities

The process of branding involves merging a company's logo, design, mission of the company, symbol, slogan, and a reoccurring theme in order to forge a strong and favorable perception of the firm, its products, or services in the minds of customers. B&CD is passionately trying to maintain the brand's reputation and develop a base of devoted customers for Islami Bank. IBBL completes the following lengthy list for their branding, per their annual report, which is shown below.

**TVC & AV:** To promote the service, the division also created a TVC on the automated chalan system and an audio visual (AV) in conjunction with Islami Bank and MasterCard.

**Campaign:** The division created banner posters, booklets, stickers, TVCs, and press advertisements linked to the automated Chalan System and Utility bill collection in order to increase cost-free and low-cost deposits and auxiliary income.

**Roadside and Billboard Branding:** Roadside displays and billboards play a significant part in outside branding and marketing. It is the outward, sustained branding of the bank's offerings. IBBL financed roadside advertising for many national events. At the Bangabandhu National Stadium, IBBL has three billboards available.

**Branding via Maintaining Sports Teams:** IBBL sponsors significant national sporting events to advance the sport, culture, and legacy of the country. In the Bangladesh Cricket League (BCL), which is run by the Bangladesh Cricket Board, Islami Bank East Zone's franchise is owned by IBBL. The East Zone of Islami Bank has been performing well and enhancing the bank's reputation. Islami Bank Eastern Zone participated in the ninth BCL and placed second in the competition, which finished in early 2020.

## 2.6 Financial Performance and Accounting Practices

### 2.6.1 Financial Performance

The capacity of a corporation to produce money while making efficient use of its resources is returned in company's commercial performance. The term "financial performance" sometimes refers to a company's overall annual economic performance. Can be used to compare a company to others in its industry or to companies in other sectors or industries. An evaluation of a company's, subsidiary's, or project's profitability, as well as its stability and long-term viability, is what's known as a financial performance study.

**Horizontal Analysis:** A horizontal or trend analysis compares previous financial data across a variety of ratios derived from this financial data.

Percentage Change = (Recent Year – Previous Year) / Previous Year

<b>Particles</b>	<b>2020</b>	<b>2021</b>	<b>(%)</b>
Paid up Capital	7,492.26	7,492.26	0.00
Total Share holders' Equity	17,056.78	18,045.12	0.17
Deposits	202,498.87	188,016.33	0.12
Lends & Advances	165,402.85	142,252.94	0.16
Investments	31,648.68	26,061.92	0.21
Total Assets	225,018.22	197,058.54	0.14
Operating Income	9,817.78	8,779.95	0.12
Operating Expenses	5,077.25	4,444.54	0.14
Profit Before Tax	4,713.55	3,602.14	0.04
Net Profit After Tax	2,532.43	2,297.12	0.11

*Table of Horizontal Analysis 0-2*

## Vertical Analysis

A relative analysis of a financial statement known as a vertical examination involves expressing each line item on the statement as a percentage of another line item on the statement.

<b>Particulars</b>	<b>2021</b>	<b>(%)</b>	<b>2020</b>	<b>(%)</b>
Cash in Hand	12,942	5.31	11,939	5.83
Total Investment	39,444	14.06	31,878	13.23
Total Asset	243,266	100	225,350	100
Total Deposit	188,034	83.56	167,571	85.04
Total Liability	226,209	92.98	207,305	91.99
Total Shareholder's Equity	170,568	8.03	180,451	7.83
Total Shareholder's Equity and Liability	243,266	100	225,350	100

*Table of Vertical Analysis 0-3*

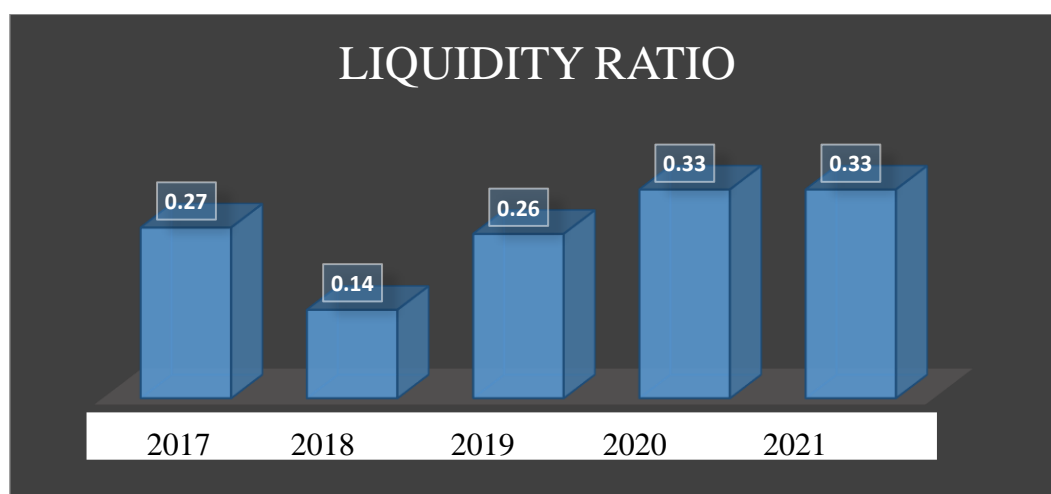
According to the table, liabilities are considerably lower than assets, which results in a ratio that is significantly greater. The fact that the total liabilities are more than the equity implies that the company has a greater amount of debts than equity. Investment is on the rise in 2020. Treasury income is increased in order to retain its position in secondary market trading and government security holdings. Since 2020, there have been substantial deposits with an emphasis on small funding. This contributes to the long-term prosperity of the bank.

## Liquidity Ratio

Liquidity Ratio = Current Assets / Current Liabilities

Year	Amount in Million				
	2017	2018	2019	2020	2021
Current Assets	129505.56	125338.9	161989.1	275217.71	322319.94
Current Liabilities	481758.02	897829.44	617013.06	831972.51	971626
Current Assets/ Current Liabilities	0.26881869	0.139602128	0.262537555	0.330801447	0.331732518
	0.27	0.14	0.26	0.33	0.33

*Table of Liquidity Ratio 0-4*



*Figure 3. Liquidity Ratio*

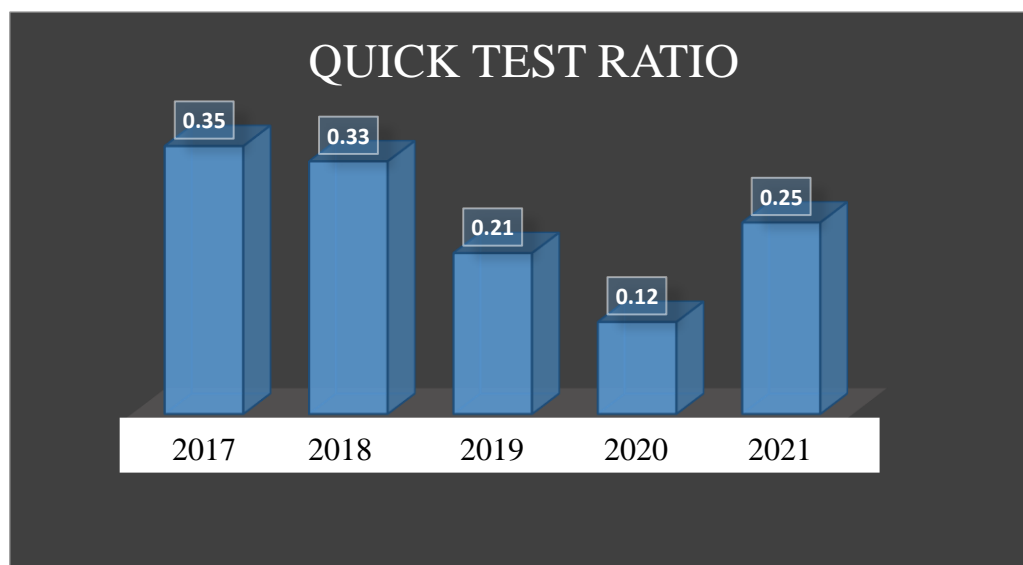
An organization's liquidity ratio reflects its capacity to meet its short-term obligations. Calculating a company's liquidity ratio can give investors insight into how quickly they can convert assets and pay their debts. IBBL saw its lowest liquidity ratio in 2018, and after that, it gradually increased, reaching its greatest point of 0.33% in 2020 and 2021.

## Quick Test Ratio

Marketable Securities + Cash / Current Liabilities

Year	2017	2018	2019	2020	2021
Current Liabilities	481,758,028,830	897,829,436,728	617,013,062,307	831,972,506,459	971,625,893,943
Cash in Hand	83,597,089,565	67,463,910,602	75,853,433,326	213,784,327,061	246,163,386,116
Marketable Securities	37,943,613,630	41,610,654,658	54,137,642,576	61,432,799,230	94,819,400,466
Cash + Marketable Securities	121,540,703,195	109,074,565,260	129,991,075,902	275,217,126,291	340,982,786,582
Quick Test ratio	0.25	0.12	0.21	0.33	0.35

*Table of Quick Test Ratio 0-5*



*Figure 4. Quick Test Ratio*

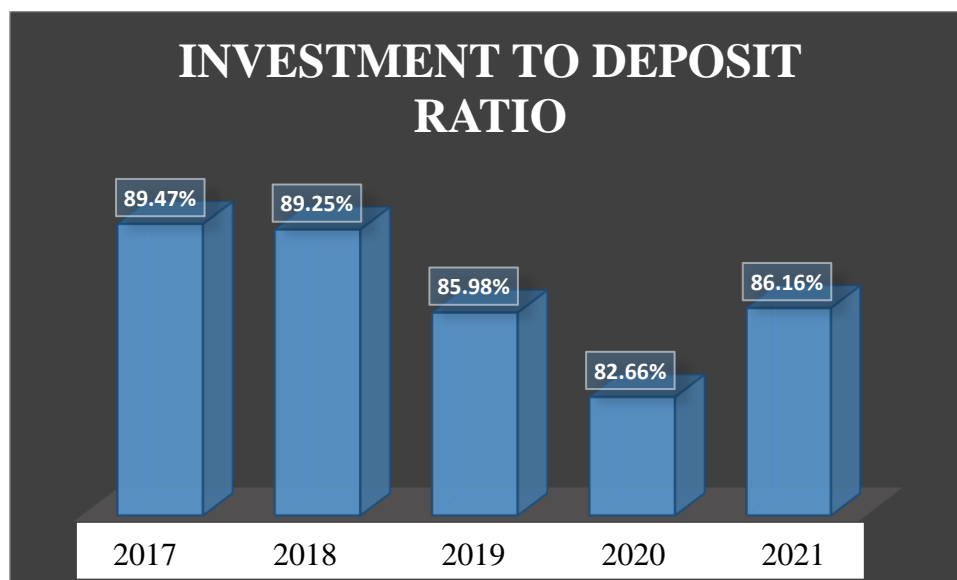
Quick test ratio indicates a company's liquidity, or its capacity to pay its short-term bills with cash on hand. As compared to the preceding five years, the bank's ratio in 2017 is better than average at .35 percent. In 2020, it dropped drastically, but in 2021, it rose sharply.

## Investment to Deposit Ratio

Investment to Deposit Ratio = Total Investment/Total Deposit

Year	Amount in Million				
	2017	2018	2019	2020	2021
Total Investment	305,850.56	372,930.72	406,904.56	463,465.47	530,184.50
Total Deposit	352,743.76	428,754.42	501,050.69	661,586.43	615,269.12
Total Investment / Total Deposit	89.47%	89.25%	85.98%	82.66%	86.16%

*Table of Investment to Deposit Ratio 0-6*



*Figure 5. Investment to Deposit Ratio*

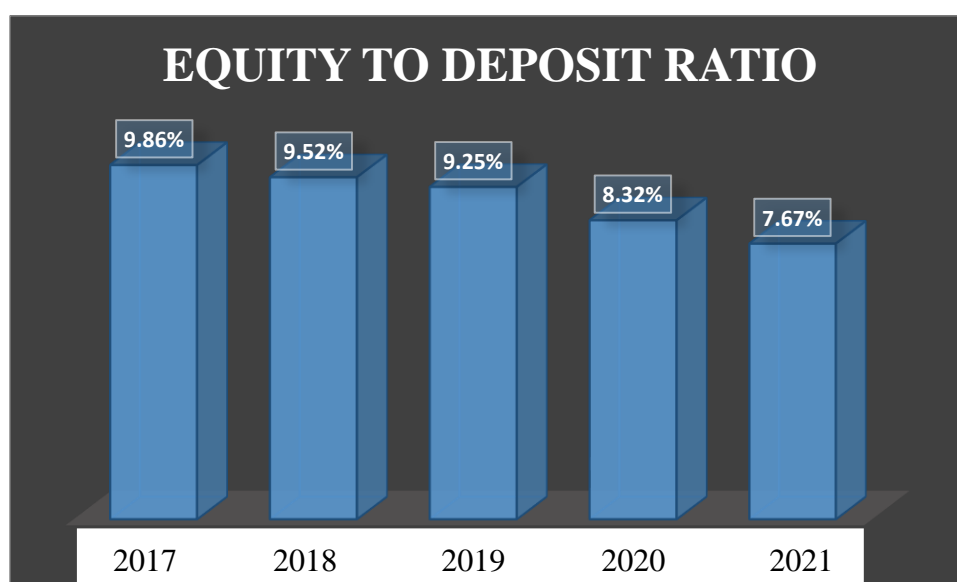
This ratio indicates the proportion of IBBL loans to deposits is greater in 2017 (89.47%) and lower in 2021 (82.6%). The loan-to-deposit ratio quantifies the proportion of loan assets created by a financial institution in relation to deposits obtained by the financial institution. The more favorable the ratio, the greater the extra deposits generated from mortgage claims.

## Equity to Deposit Ratio

Equity to Deposit Ratio = Total Shareholders' Equity/Total Deposit

Year	Amount in Million				
	2017	2018	2019	2020	2021
Total Shareholders' Equity	34816.23	40278.9	44679	47890.5	487676
Total Deposit	351,863.76	428090	486784	6058977	624579
Total Shareholders' Equity /Total Deposit	9.86%	9.52%	9.25%	8.32%	7.67%

*Table of Equity to Deposit Ratio 0-7*



*Figure 6. Equity to Deposit Ratio*

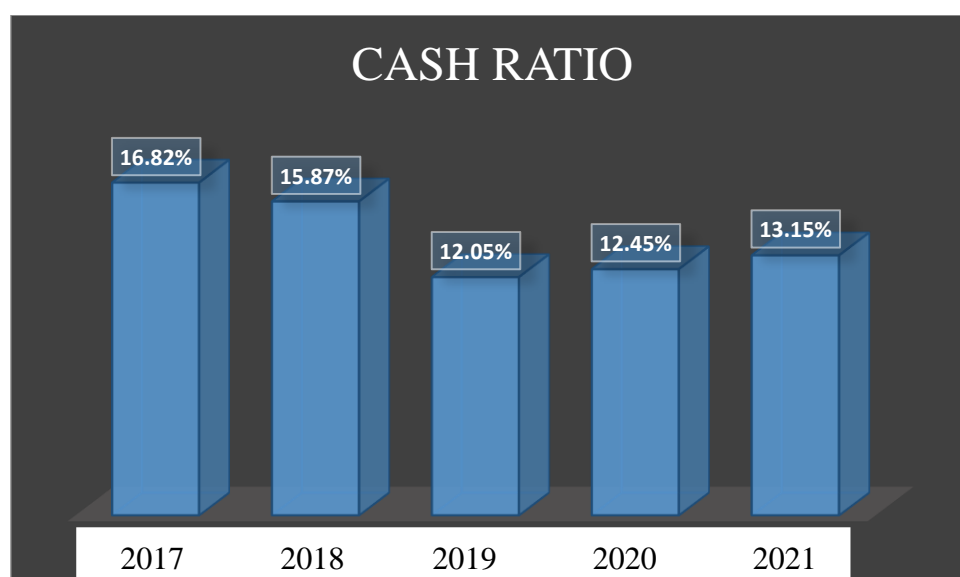
According to this ratio, Islami Bank 2017 (9.86%) and 2021 (9.52%) have a bigger market share than previous years. The term "equity to deposit ratio" refers to the total deposit relative to the number of percentage of equity.

## Cash Ratio

Cash Ratio = Cash in hand and in Banks / Total Deposit

Year	Amount in Million				
	2017	2018	2019	2020	2021
Cash in hand and in Banks	57485.21	66298.95	56991.64	69834.58	80900.67
Total Deposit	341,853.67	417,844.14	473,140.96	560,696.30	615,359.21
Cash in hand and in Banks/ Total Deposit	16.82%	15.87%	12.05%	12.45%	13.15%

*Table of Cash Ratio 0-8*



*Figure 7. Cash Ratio*

It can be seen from this ratio that in 2017 (16.82%) and 2018 (15.87%) the IBBL cash ratio is greater than in prior years. Liquidity ratios are often used as a proxy for a company's financial flexibility.

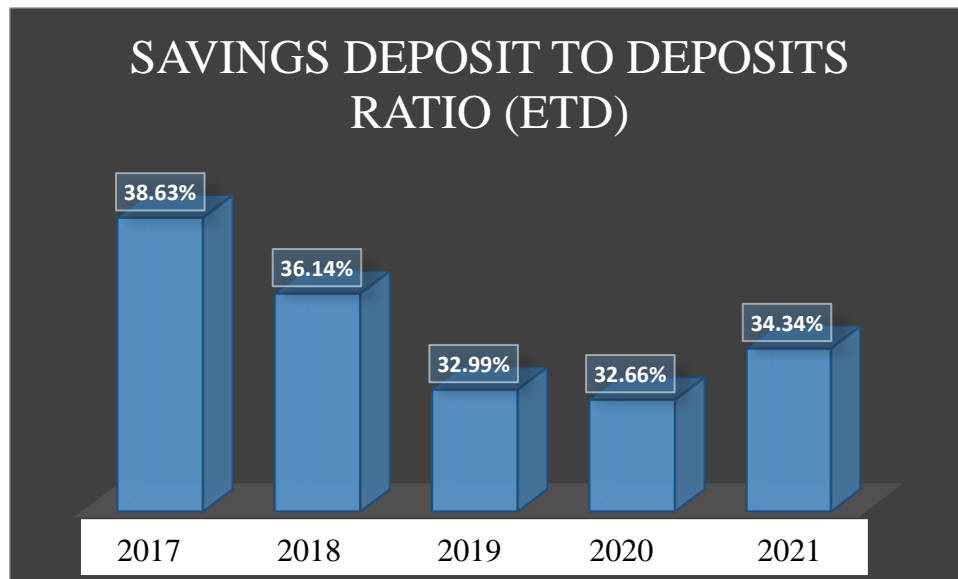


### Savings Deposit to Deposits Ratio (ETD)

Savings Deposit to Deposits Ratio (ETD) = Savings Deposit / Total Deposit

Year	Amount in Million				
	2017	2018	2019	2020	2021
Saving Deposit	132051.08	151012.26	156072.98	183128.71	211327.63
Total Deposit	352095.78	428733.56	482264.67	559995.45	606993.78
Savings Deposit/ Total Deposit	38.63%	36.14%	32.99%	32.66%	34.34%

*Table of Savings to Deposit Ratio 0-9*



*Figure 8. Saving Deposit Ratio*

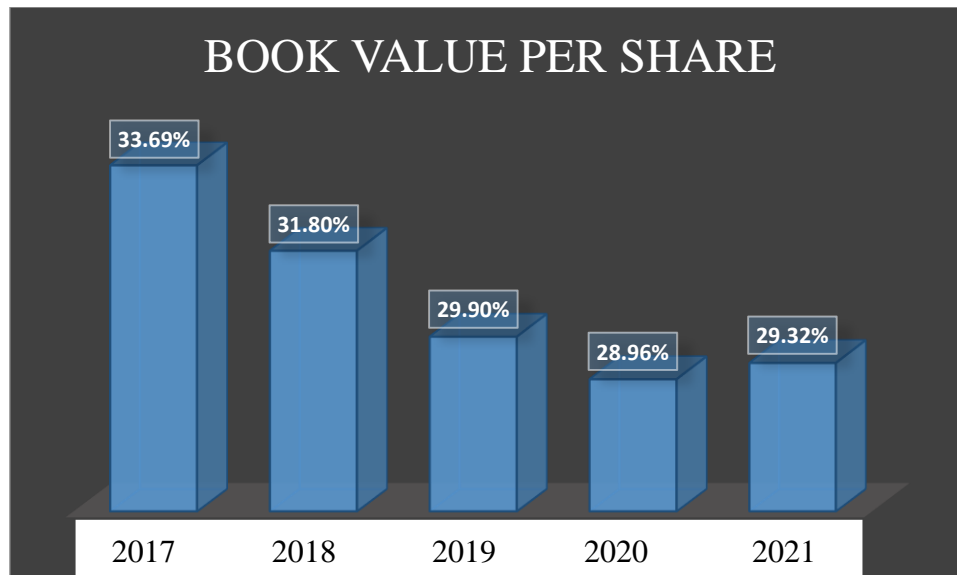
Savings Deposit to Deposits Ratio is found higher in 2017 of IBBL. This ratio means total deposit against how percentage of saving deposit. The year 2017 saw a higher proportion, while the year 2020 had a lower percentage.

## Book Value per Share

Book Value per Share= Common Equity or Net Worth/No of Common Equity Shares Outstanding

Year	Amount in Million				
	2017	2018	2019	2020	2021
Common Equity or Net Worth	33716.73	39,780.35	43,760.68	46,622.62	47,199.61
No of Common Equity Shares Outstanding	1,000.77	1250.96	1463.63	1610	1610
Common Equity or Net Worth / No of Common Equity Shares Outstanding (Taka)	33.69	31.80	29.90	28.96	29.32

*Table of Book per Value 0-10*



*Figure 9. Book per Share*

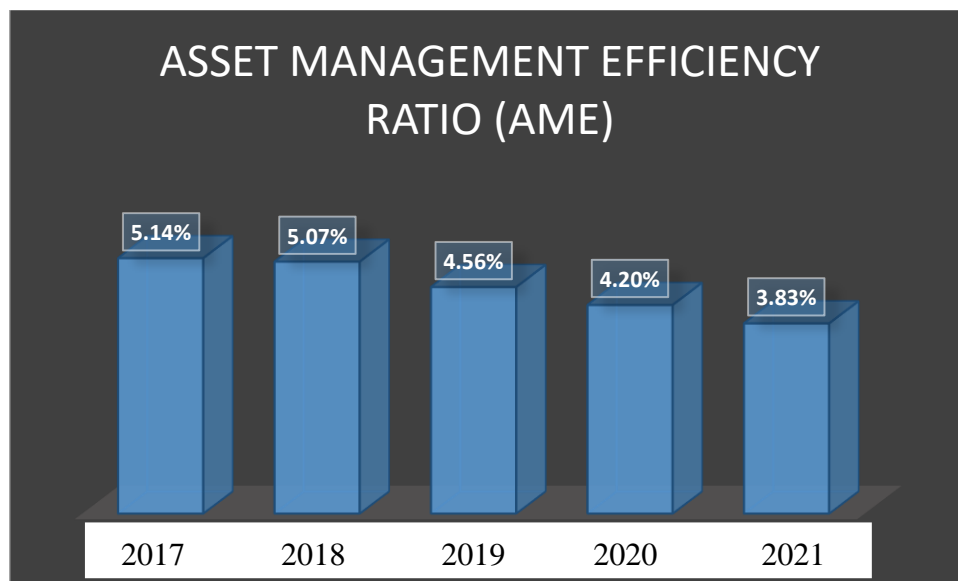
From this ratio, 2017 is higher than other years and gradually it decreases. Common stock owners evaluate each share's book value to judge its safety when all debt is paid.

### Asset Management Efficiency Ratio (AME)

Asset Management Efficiency Ratio (AME) = Total Operating Revenue/Total Asset

Year	Amount in Million				
	2017	2018	2019	2020	2021
Total Operating Revenue	20000.08	24475.35	25143.15	27396.76	27814.03
Total Asset	389,192.12	482,536.32	550,839.38	652,422.04	725,821.12
Total Operating Revenue/Total Asset	5.14%	5.07%	4.56%	4.20%	3.83%

*Table of Asset Management Efficiency Ratio 0-11*



*Figure 10. Asset Management Efficiency Ratio*

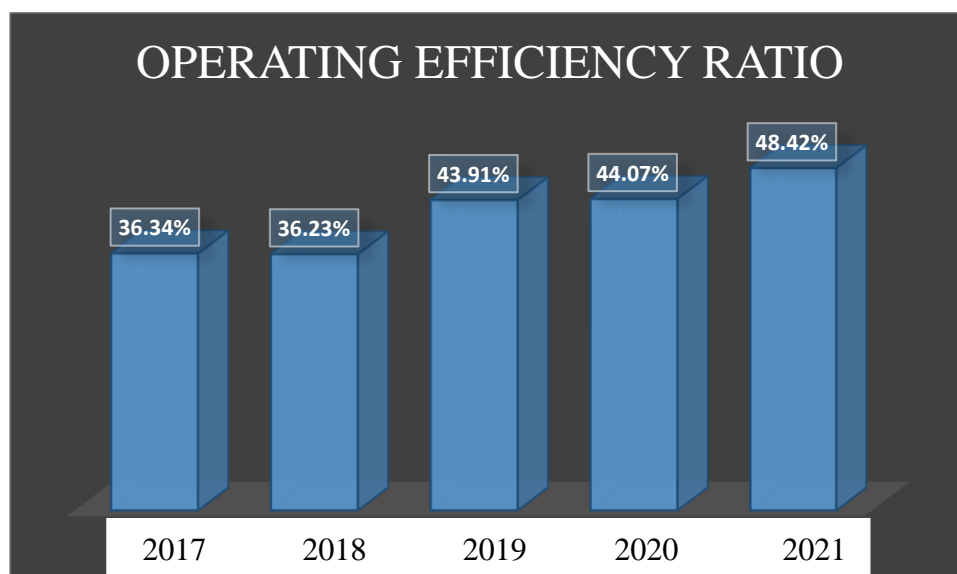
AME is greater in 2017 (5.14%) than it was in the previous years. AME rates how successfully a company manages its assets to produce revenue.

## Operating Efficiency Ratio

Operating Efficiency Ratio = Total Operating Expense/ Total Operating Revenue

Year	Amount in Million				
	2017	2018	2019	2020	2021
Total Operating Expense	7268.45	8867.1	11039.15	12074.13	13466.17
Total Operating Revenue	20000.08	24475.35	25143.15	27396.76	27814.03
Total Operating Expense/ Total Operating Revenue	36.34%	36.23%	43.91%	44.07%	48.42%

*Table of Operating Efficiency Ratio 0-12*



*Figure 11. Operating Efficiency Ratio*

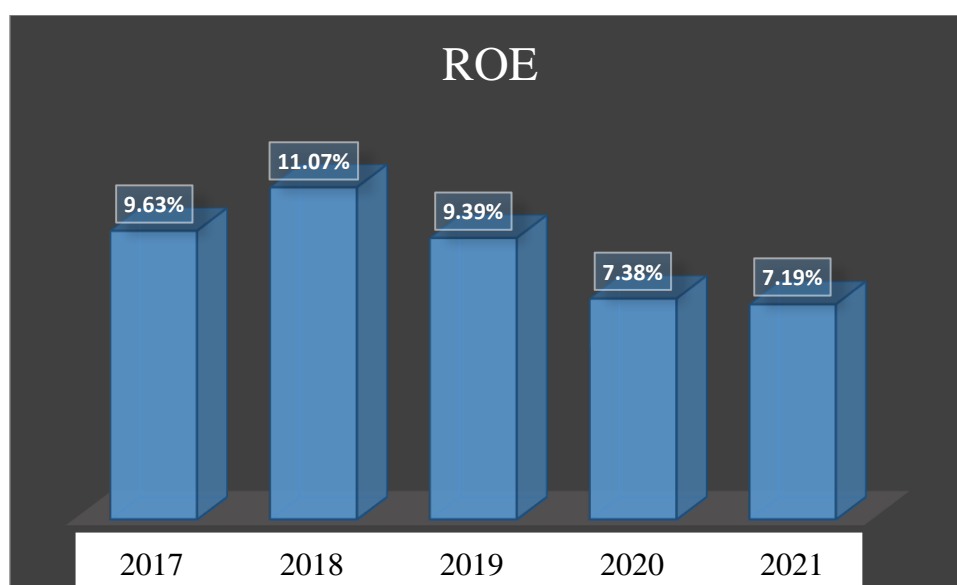
IBBL more efficiently operated their expenses against the revenue in 2018. Lower efficiency ratio indicates that IBBL's earning is greater than its expenses.

## Return on Equity (ROE)

Return on Equity (ROE) = Net Income after Tax/Total Equity Capital

	Amount in Million				
Year	2017	2018	2019	2020	2021
Net Income	558136.3	770677.7	742558.4	643925.1	705,979.49
Shareholder's Equity	57,958.08	69,618.58	79,079.70	87,252.72	98,189.08
	9.63	11.07	9.39	7.38	7.19
Net Income / Shareholder's Equity	9.63%	11.07%	9.39%	7.38%	7.19%

*Table of Return on Equity Ratio 0-13*



*Figure 12. ROE*

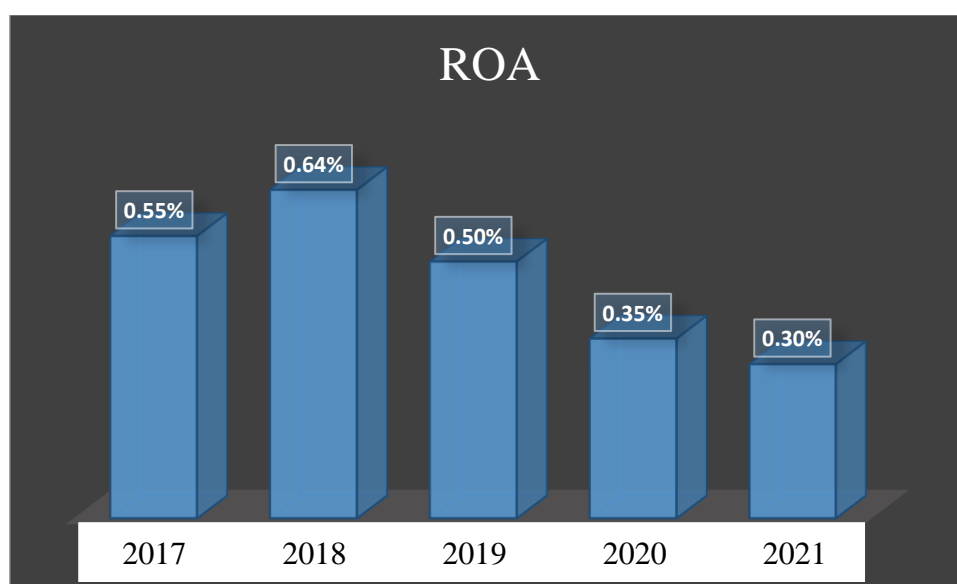
IBBL's rate of return on equity (ROE) is greater in 2018 and steadily declines after that. Additionally, it demonstrates the ability of the company to maximize returns on shareholders' equity.

## Return on Asset (ROA)

Return on Asset (ROA) = Net Income after Tax/ Total Asset

Year	Amount in Million				
	2017	2018	2019	2020	2021
Net Income	558136.31	770677.7	742558.4	643925.1	705,979.49
Total Assets	1,014,793.29	1,204,183.91	1,485,116.80	1,839,786.00	2,353,264.97
	0.55	0.64	0.5	0.35	0.3
Net Income /Total Assets	0.55%	0.64%	0.50%	0.35%	0.30%

*Table of Return on Asset 0-14*



*Figure 13. ROA*

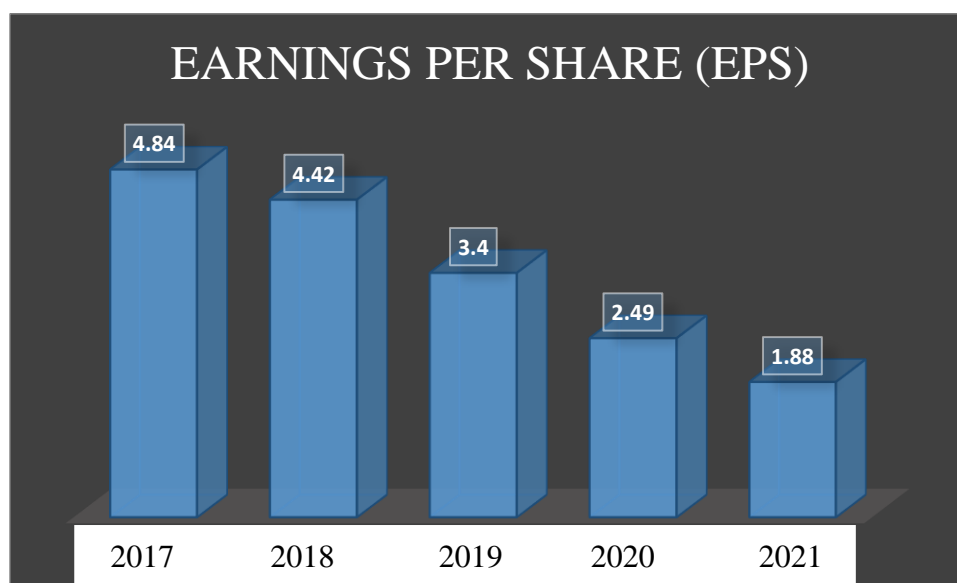
The return on assets (ROA) for a corporation is a measurement of how well its assets create revenue. The higher the return %, the better the asset's overall efficiency. IBBL's ROA in 2018 (0.64%) is more than it was in any of the prior years, according to this ratio.

## Earnings per Share (EPS)

Earnings per Share (EPS) = Net income available for Common Stockholder/Common Equity Share Outstanding

Year	Amount in Million				
	2017	2018	2019	2020	2021
Net income available for Common Stockholder	4841.45	5524	4973.88	4013.03	3029.08
Common Equity Share Outstanding	1,000.77	1250.96	1463.63	1610	1610
Net income available for Common Stockholder / Common Equity Share Outstanding(Taka)	4.84	4.42	3.40	2.49	1.88

*Table of EPS 0-15*



*Figure 14. EPS*

Based on this comparison, 2017 has a greater EPS than 2021 does. Earnings per share are shown. In the eyes of financiers, it is the single most significant indicator.

## 2.6.2 Accounting Practices

Daily calculations are made at the every branch of IBBL, and reports are sent to the central office and Bangladesh Bank. They use both computer-based accounting system and partially manual accounting system and for their calculations. Their accounting system isn't entirely automated yet. They generate the financial report via computer program. When producing financial statements, they work according to international standards. And the accrual method of accounting is used to construct IBBL's financial statements.

## 2.7 Operations Management and Information System Practices:

IBBL employs a thorough operation management process and information system.

### 2.7.1 Operations Management

The organizational discipline of operations management implements protections to guarantee that contributions are most efficiently turned into products and services. By reducing procedures and making the most use of already available resources, the bottom line of your business should be improved. It also involves promising and providing excellent customer service. An operating manager is in charge of supervising the crucial operations of each IBBL branch. In Brahmanbaria Branch, Mohammad Mahmudul Hasan served as our operations manager. He made sure everything was done properly and economically, bought supplies, planned inventories, monitored employee's performance, managed budgets and forecasted it. He was in charge of making sure the standard of the services provided by IBBL meets or exceeds client expectations, utilization of resources, and profit maximization. Later, He also sent the branch report to the IBBL head office.

### 2.7.2 Management Information System Practices

A MIS is a convenient means of managing and monitoring a company's activities. The main goal of these systems is to consolidate, consolidate and present all information collected at all levels of the organization. This enables and raises the bar for decisions that contribute to the company's profitability and productivity. Reports, data, and analysis are often sent from MIS departments to Center MIS, general banking/investments/ foreign exchange MIS, branch MIS



and sub branch MIS. Various software modules such as Main Payroll, Building Capacity, Stationery Network, Circular Curator, Assets Reckoner and Maintenance Tracker are also operationally and technically supported by the MIS department.

## 2.8 Industry and Competitive Analysis

The banking sector is expanding in Bangladesh. There are 43 private commercial banks operating here in Bangladesh. So there has been an always competition among the banks.

### 2.8.1 Porter's Five Force

The Porter Five Force Model is a method for analyzing the reasonable environment of a financial institution. The competitors in IBBL's industry are outlined in the following table.

I. Competitive Rivalry: Competitive rivalry is a measure of how fiercely existing companies compete with one another. In Bangladesh, 43 private banks are currently in operation. IBBL was country's first sharia-based bank since its incorporation in 1983. But, there are currently 10 Shariah-based banks running their banking operations. Bangladesh's banking sector is therefore quite competitive. Other banks also provide greater rates, lower funding, and investment services. For this, the banking industry has turned into a competition to provide the best services in the country. Sometimes this race has caused the banks to experience lower return on asset (ROE).

II. Power of Suppliers: Capital is the most crucial resource for every bank. This capital comes from several sources. One of them is client deposits. Investors are great source of funding for IBBL. They contribute significantly to the bank's financial flow. In Bangladesh, there are several active banks. Investors thus have a variety of options on where to put their money. As a direct consequence of this, the suppliers have a lot of power.

III. Power of Buyers: Customers are constantly seeking security, expensive prices, and better, quicker service. Rates are variable among banks. Customers regularly migrate from one bank to another as a result. Individual does not pose much threat for the banks but one major affecting the power of buyers is relatively high. The strength of the individual buyer is not a significant danger to the banks but as collective powers of buyers is very high.

IV. Threats of Substitutes: Rival banks are not the primary sources of substitution concerns facing the banking industry; rather, non-financial rivals do. For instance, reputed shops of electronics, jewelry, automobiles, developers Company and other BPL franchise occasionally provide preferential financing. Customers usually obtain lower interest rates on payments from these non-banking companies than they would from a traditional bank loan. As a result, there are several dangers of threats.

V. Threats of new Entrants: Despite the legal and capital requirements of opening a bank, banks are founded nearly every year in Bangladesh. Banks may be simply established by any group of companies or an individual in Bangladesh. Numerous investors come here to invest in banks as the banking industry is flourishing. Therefore, there is undoubtedly a risk of new competitors entering Bangladesh's banking industry.

### 2.8.2 SWOT Analysis

SWOT stands for Strength, Weakness, Opportunity and Threats.

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>➤ Islami Bank has the largest banking network with 394 branch in Bangladesh.</li> <li>➤ Islami Bank is a stable financial institution. They have enough money on hand to cover their needs.</li> <li>➤ Islami Bank has a positive market reputation.</li> <li>➤ IBBL has a skilled work force and it provides excellent working environment for its staff.</li> <li>➤ IBBL conducts research through Islami Bank Research and Training Academy (IBTRA)</li> <li>➤ Reasonable business growths.</li> </ul>	<ul style="list-style-type: none"> <li>➤ IBBL is considerably behind other banks in terms of productive advertisement.</li> <li>➤ The investing procedure of IBBL is excessively drawn out.</li> <li>➤ In some places, employees lack professionalism.</li> <li>➤ Some senior management is out of touch with current technologies they cannot even have an email.</li> <li>➤ Misconception about IBBL.</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>➤ E-banking is a great opportunity.</li> <li>➤ Expand banking in remote areas.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Islamic bank's number is growing in Bangladesh and moreover some conventional banks have begun to offer Islamic banking services.</li> </ul>

<ul style="list-style-type: none"> <li>➤ More innovation with help of technology in daily banking practice.</li> <li>➤ Hire expert employees.</li> <li>➤ Promoting Islamic Banking Knowledge.</li> </ul>	<ul style="list-style-type: none"> <li>➤ The biggest threat to IBBL is persistent rumors.</li> <li>➤ Inconsistent taka regression is a concern.</li> <li>➤ Depositors and investors are becoming increasingly sensitive to interest rates.</li> </ul>
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## 2.9 Summary and Conclusion

In Bangladesh's banking sector, Islami Bank is at the top. They have achieved their position through hard labor, competent leadership, management, marketing strategy and superior performance. They enjoy a highly positive reputation among Bangladesh's common citizens because of their morals and well fare banking system. They provide clients financial services in a way that is unmatched. They use the most recent technologies to deliver quick, high-quality services, because of this, ADC is given greater attention in Islami Bank. They have integrated the nation's unbanked people into the financial system with their extensive banking network. However, the persistent rumors about the bank have some negative effects. Over the last few years, they have encountered the same issue numerous times, but they have triumphed over it. Despite significant obstacles, IBBL is pioneer in the Bangladesh banking industry.

## 2.10 Recommendations

- IBBL must utilize more cutting-edge technology to keep up with changes in banking services since new versions of modern technology gets updated almost every day.
- IBBL should create inclusive workgroups where individuals of different ages, races, and educational levels may converse openly and share ideas.
- IBBL should set up a media section to deal with persistent rumors and misconceptions about Islami Bank.
- IBBL needs more competent employees to compete in the industry.

- Regular job training should be offered so that employees may learn new things and develop their abilities.
- Investment procedure of IBBL should be faster than now it is.
- IBBL should avoid selective investment scheme rather they should bring more attractive investment scheme.

## Chapter Three

### 3.1 Introduction

#### 3.1.1 Background Study

Islamic banking has seen growth and expansion in Bangladesh as a result of public demand, acceptance, and the system's attractiveness on a global scale. There are now several traditional banks that has created Islamic services In order to offer services that are compliant with Shariah law. In addition, there have been some entirely Islamic banks established. Islamic banks are gaining market share at the expense of traditional banks.

Islami Bank is the country's first Islami Shariah-based bank, having been in operation since 1983. It has one of the largest banking network. Currently, it has 2709 agent banking outlets, 228 sub branches, and 394 branches. It holds 63.09% of its share from the abroad.

Islami Bank has enormous amount of investment in several industry in Bangladesh. The unique policy of Islami bank Bangladesh Limited that it shares risk, profit and loss with clients. The The Shariah moral code acknowledges risk and assigns duty to both the client and the bank.

The report provides an overview of the various investment strategies employed by Islami Bank Bangladesh Limited, including mode-specific investments in numerous industries, a comparison of their performance over the previous five years, a comparative analysis of four Islami Banks' investments, and a survey on client perceptions of investments. Additionally, it offered suggestions for IBBL.

### 3.1.2 Objectives

The key purposes the project is to review the investment mechanism IBBL.

1. To have an understanding investment's mechanism in IBBL.
2. To study the various mechanism of investments made by IBBL in various industries.
3. To evaluate IBBL's performance in terms of its investments from 2017 to 2021.
4. To make comparative analysis of Investment with other Islami Banks.
5. To assess the client's perspective on the investing mechanism.
6. To propose recommendations for addressing the IBBL issue.

### 3.1.3 Significance

The most important facts of this project is that it will bring into focus different modes of investment as well as performance of different investment modes because the bank's financial success mostly depend on unique investment strategy. In addition the report will focus on comparative analysis of Investment with other Islami Banks in same industry. As a result, the project's completion will help to some extent in understanding how IBBL investment works in various sectors in Bangladesh and how clients view their investment plans.

## 3.2 Methodology

### Primary Sources of Data

- Real-life experience gained via collaboration with the employees of the branch.
- Interview of Clients and Officers
- Assistance from the manager of operations and investments in charge of the branch.

### Secondary Sources

- IBBL Website
- IBBL Annual Report
- Annual reports of Other Banks

- News and articles available on internet.

### 3.3 Limitations of the Study

Several challenges appeared while working on the project and had to overcome them. The project was executed with dedication and produced a dependable and beneficial outcome. Despite the earnest effort, there were constraints that prevented the program from being implemented.

- The intern was sometimes given duties without explanation. This has made it difficult to explain why a certain function is done.
- Inadequate in depth of knowledge and analytic abilities to write such a report.
- In such a short length of time, it was a very difficult challenge to get acquainted with all of the procedures that are involved in credit banking.
- A lack of previous experience.

### 3.4 Investment Mechanism of IBBL

The Bank's Investment Policy has the unique feature of basing investments on a profit-loss sharing structure that complies with Islamic Shari'ah's concepts and principles. The Investment Strategy of the Bank puts a greater priority on contributing to the achievement of social welfares and goals including expanding work possibilities, than it focuses on just increasing the amount of money it may make. There are three broad groups into which the various IBBL investing strategies fall.

#### 3.4.1 Partnership or 'Share' Mechanism

- Mudaraba.
- Musharaka.

**Mudaraba:** One partner supplies the finances, while the other contributes the effort and skills on 50/50 basis. A "Mudarib" offers time and expertise, whereas money supplier is called "Shahib al-maal". The Mudarib and Shahib al-maal agree to share any profits equally, and the Shahib al-maal agrees to cover any losses incurred by the Mudarib unless such losses are the

direct consequence of the Mudarib's misconduct, carelessness, or a breach of the conditions of the agreement.

Special features.

- Specific capital.
- The capital held by Mudarib does not imply a liability.
- Shahib-al-mal can't do business openly, but can oversee it.
- Mudarib can't earn pay but can obtain genuine expenditures.
- Profit must be split by agreement.
- Profit and loss determined after contract expiration.
- In the case that the firm is unsuccessful, Shahib-al-mal will lose cash, and Mudalib would lose workers.

**Musharaka:** The Arabic word Musharaka derives from Sharika that means "partnership" in Arabic. The bank combines cash with the company's operational capital. All investors have the option of joining the company's management team, although participation is not mandatory. Each partner is responsible for his or her share of any losses, while profits are split among them according to a predetermined formula, and divide the business's profits and losses according to a predetermined formula.

IBBL may join a business partnership with its Clients in which both parties contribute money in fixed quantities, share administrative duties, and divide profits and losses based on capital and equity shares.

Special features.

- The allocation of capital need to be precise
- There is no need for equal sharing.
- Capital may take the form of either money or valuable things.
- Participation and activity on the side of the partners
- It is necessary to keep records of the business.
- Profit will be split among investors according to predetermined ratio.



- The loss has to be taken on in accordance with the equity ratio.

### 3.4.2 Bai/Trading Methods

**Bai – Murabaha:** In a Bai-Murabaha, the seller agrees to sell the buyer specific products that are lawful under the Sharia of Islam and the legislation of the nation in return for the buyer's payment of the seller's cost plus a predetermined profit, which may be paid immediately, later, or in installments.

Special features.

- The client's commitment to proceed with the bank's loan must be legally enforceable, and the bank must provide compensation for any losses that result from the client's breach of this promise.
- Soliciting monetary or other forms of collateral as a means of establishing financial stability.
- As a record of the obligations incurred because of Bai-Murabaha.
- Having products in stock and readily available is a must.
- The bank assumes all risks until the consumer gets the merchandise.
- The bank may resell it for a profit.
- Once the price has been set, there will be no changes.

**Bai - Muajjal:** A Bai Muajjal is an agreement among buyers and sellers where supplier agrees to offer the buyer, in exchange for a lump amount or fixed monthly payments, a list of goods that are permissible under Islamic law and national regulations.

Special features.

- It's legal for a customer to order certain items from the bank, agreeing on their specifications and committing to buy them on Bai- Muajjal, or differential payment selling at a fixed price.
- The client's promise to purchase from the bank might be made binding, indicating he must complete it or define the damages incurred by leaving it without justification.

- Cash/collateral may be used to guarantee a pledge or identify damages.
- A Bai-Mujal loan may also be guaranteed by a third party or secured with a mortgage.
- Bai-Muajjal Agreement prerequisites include stock and availability. The bank must acquire merchandise to the client's requirements prior signing the Bai-Muajjal Agreement.
- After purchasing products, the bank must assume risk until the client receives them.

**Bai - Salam:** Bai- Salam is an Islamic Shariah-approved investment in which goods may be sold without the seller holding them. Shariah forbids Bai-Salam if the goods are ready for sale. The sale might be in Bai Murabaha or Bai- Muajjal.

Seller and buyer enter a Bai-Salam when the former agrees to sell the latter specified items at a particular price in return for the latter's pledge to pay the predetermined amount upon delivery of the goods. All the preorders must be legal under both Islamic Shariah and the local law. There is a predetermined schedule for delivery, and the goods are of a certain size and quality.

Special features.

- Bai-Salam calls for the procurement and sale of industrial and agricultural goods in advance to ensure that production is not delayed by a shortage of funds.
- Collateral may be requested from the selling customer in order to safeguard the investment in case of commodity shortages, poor quality, etc.
- Before or at the time of signing, a third party may provide a mortgage or personal guarantee as security.
- Bai-Salam on a field or farm's produce cannot be harmed.

**Bai - Istisna:** In an Istisna'a, the Sani (the seller) offers the al-(the masnoo's items) to the al-mustasni' (the buyer) for a predetermined price and payment schedule. As part of their contractual agreement, Al-sani is required to provide either raw materials or labor to Istisna. Istisna'a is an investment authorized under Islami Sharia laws in which products may be sold without existing. Istisna's items aren't authorized in Shariah if they're ready for sale.

Special features.

- It allows the maker to obtain the items' price in advance and utilize it as capital.
- The buyer might pay later or in installments

**Bai - As-Sarf:** It is a bank-client arrangement in which the bank undertakes buying foreign money from the client in exchange for a worldwide documentary bill at a fixed exchange rate. "Bai-as-Sarf (FDB)" may finance on the export bills of foreign currency after shipment. "The phrase "Bai-as-Sarf" refers to advance funding for a cheque or draft written in a different currency.

Special features.

- Bai-As-Sarf meaning "price for price"
- Buying/selling foreign money below Bai-As-Sarf.
- Currency trade falls under Bai-As-Sarf.
- The bank receives the consumer's foreign money at the stated exchange rate.
- Since there is no legislation in Bangladesh governing Bai-As-Sarf agreements, the customer and the bank are considered as seller and buyer.
- The bank's judgment on the agreement's terms and conditions is final and enforceable.
- If the Client fails to repatriate the export issue, he must reimburse the Bank the sum paid for the documents plus compensation/fine/penalty.

### 3.4.3 Lease / Ijara modes of IBBL

The bank will rent out various tools, equipment, and products in accordance with the terms of this system. The bank and the client will share ownership of tools, equipment, and goods, but the consumer will be allowed to use certain equipment for a while. The customer will become the owner of the tools, equipment, and items after all of the installment payments have been made.

#### 3.4.4 Hire Purchase under Shirkatul Melk (HPSM)

In HPSM (Bai bil Ijarah), the bank and customer jointly invest in an asset, lease it to the client for rent, and the client pays back the bank's investment in installments over time. HPSM is a practice-developed form of contract. It combines three contracts basically,

- Shirkat
- Ijara
- Sale

Shirkat: Partnership is shirkat. Ownership stake is Shirkatul Melk. Shirkat is a deal where bank and customer jointly buy assets. Bank will manage asset for customer.

Ijarah: Ijara comes from the Arabic words Air and Ujrat, which imply rent or repayment. Under this arrangement, the hirer rents an asset to the hirer for a specified duration.

Sale: An agreement among buyers and a sellers that transfers possession of commodities or assets for an agreed-upon price.

#### 3.4.5 Investment Procedure of IBBL

When a bank invests its assets in diverse sectors, it is crucial to adhere to a certain investment procedure or stage. Otherwise, the bank's profits, as well as those of its customers and depositors, might be negatively affected. In addition, all three parties confront problems. Therefore, before to investing, certain measures should follow,

##### I. Selection of the Clients

Client can initially visit any IBBL branch. He then speaks with the official or management (Investment). The bank also assesses the client's five Cs. After the client and bank have successfully concluded their discussion, the bank picks the customer for its potential investment. Before receiving an investment, the client must agree to the bank's policies.

- Character
- Capacity
- Capital
- Collateral
- Condition

## II. Application Stage

IBBL gathers all relevant data regarding the applicant at this stage. So bank supplies the client with a form to collect all pertinent information such as trade license's photocopy, TIN copy, summary of moveable and immovable assets etc. in order to weigh clients in IBBL.

## III. Appraisal Stage

The applicant's business is evaluated by the bank in this stage. This step is crucial since the bank typically approves the planned investment amount at this point. The bank will immediately cease investment payments if they find any breach of the contract.

## IV. Sanctioning Stage

At this point, IBBL gives its formal approval to the client's investment plan. In this situation, the customer obtains a letter of bank authorization. The sanction letter from includes modes of investment, investment amount, purpose, period, return rate and the securities etc.

## V. Document Stage

IBBL verifies all the documents at this phase. It basically examines documents such as trade license, valuation certificate, stock report, liability statements etc.

## VI. Disbursement Stage

IBBL clears the desired fund to the client here, the client receives the funds or items requested. The management (investment) of IBBL physically check the precise location of every property before making any payment.

## VII. Monitoring and recovery Stage

IBBL keeps their client in touch in the monitoring and recovery. They may visit the invested site to verify client operation if necessary. If the bank discovers fraud, it makes an effort to get its investment money back from the client.

### 3.5 Investment Analysis

The report conducted a comparison of the various investment techniques utilized by Islami Bank Bangladesh, analyzed below.

#### 1. Mode Wise Investment

<b>Investment Mode</b>	<b>2017</b>	<b>%</b>	<b>2018</b>	<b>%</b>	<b>2019</b>	<b>%</b>	<b>2020</b>	<b>%.</b>	<b>2021</b>	<b>%</b>
Bai-Murabaha	438,281	61.67%	505,619	62.75%	568,422	63.23%	635,899	61.42%	765,167	64.24%
HPSM	161,985	22.80%	188,992	23.46%	198,477	22.08%	214,847	20.75%	236,818	19.88%
Bai-Muajjal	60,789	8.55%	55,015	6.83%	71,032	7.90%	63,781	6.16%	77,957	6.54%
Quard	19,983	2.81%	27,815	3.45%	33,507	3.73%	44,567	4.30%	35,958	3.02%
Bai-Salam	10,477	1.47%	10,733	1.34%	11,247	1.25%	15,526	1.50%	16,583	1.39%
Bills Purchase & Neg.	13,704	1.92%	12,376	1.54%	11,040	1.22%	55,477	5.36%	53,502	4.49%
Mudaraba	5,000	0.70%	4,700	0.58%	4,700	0.52%	4,800	0.46%	5,000	0.42%
Musharaka	510	0.07%	510	0.06%	588	0.07%	391	0.04%	188	0.02%
<b>Grand Total</b>	<b>710,729</b>	<b>100%</b>	<b>805,760</b>	<b>100.00%</b>	<b>899,013</b>	<b>100.00%</b>	<b>1,035,288</b>	<b>100.00%</b>	<b>1,191,173</b>	<b>100.00%</b>

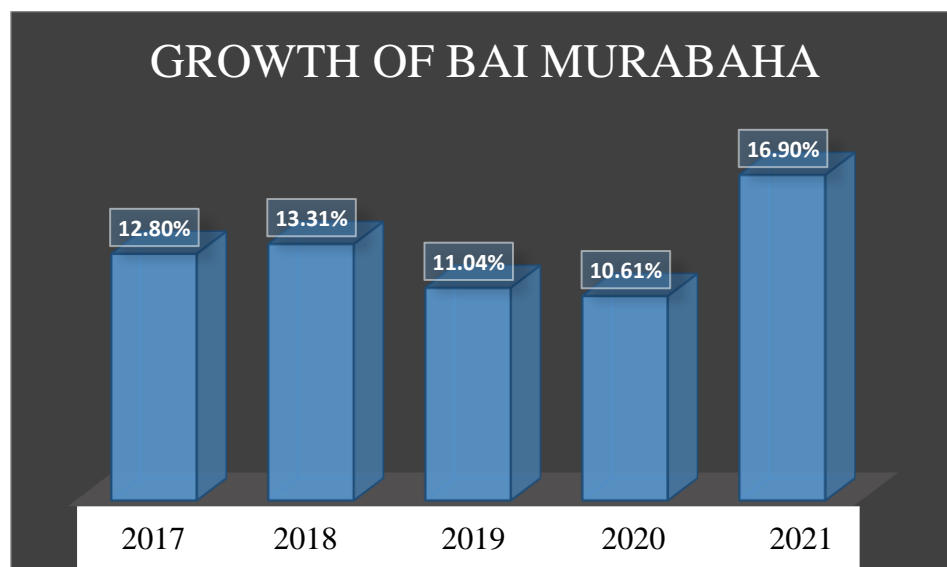
*Table of Mode Wise Investment 0-16*

In the most recent period of five years, Bai-Murabaha has had the greatest investment rate, which was 64.24 percent in 2021 and is expected to continue to rise. HPSM is the second most effective investment strategy, while the highest investment rate in 2017 was 23.46% of the total amount invested. The HPSM modes are in second place, while Bai Muajjal is in third place overall. Mudaraba and Musharaka both possess an extremely insignificant proportion of the total investment.

(I). Growth of Bai-Murabaha

Year	Amount in Million				
	2017	2018	2019	2020	2021
Amount	438,281	505,619	568,422	635,899	765,167
Growth Amount	56105	67,338	62,803	67,477	129,268
Growth Rate	12.80%	13.31%	11.04%	10.61%	16.90%

*Table of Growth of Bai Murabaha 0-17*



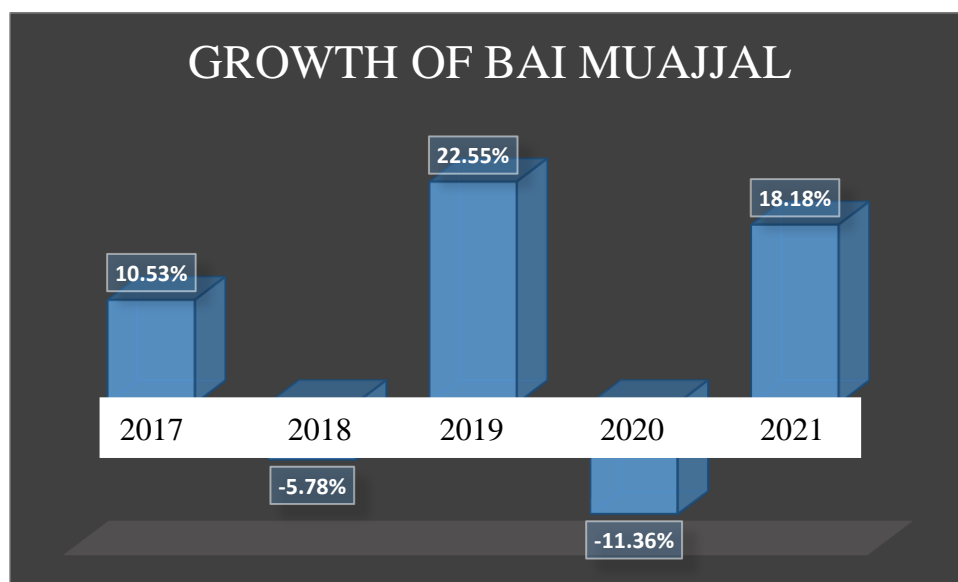
*Figure 15. Growth of Bai Murabaha*

IBBL's Bai Murabaha is by far the most common investment strategy that they provide. The table and graph show that Murabaha's growth is clearly improving. Nevertheless, in 2020, the growth slightly decreased and the lowest in the comparison of the previous five years. In the year 2021, it continues to show a considerable rise.

(II). Growth of Bai-Muajjal

Year	Amount in Million				
	2017	2018	2019	2020	2021
Amount	60,789	55,015	71,032	63,781	77,957
Growth Amount	6402	-5,774	16,017	-7,251	14,176
Growth Rate	10.53%	-5.78%	22.55%	-11.36%	18.18%

*Table of Growth of Bai Muajjal 0-18*



*Figure 16. Growth of Bai Muajjal*

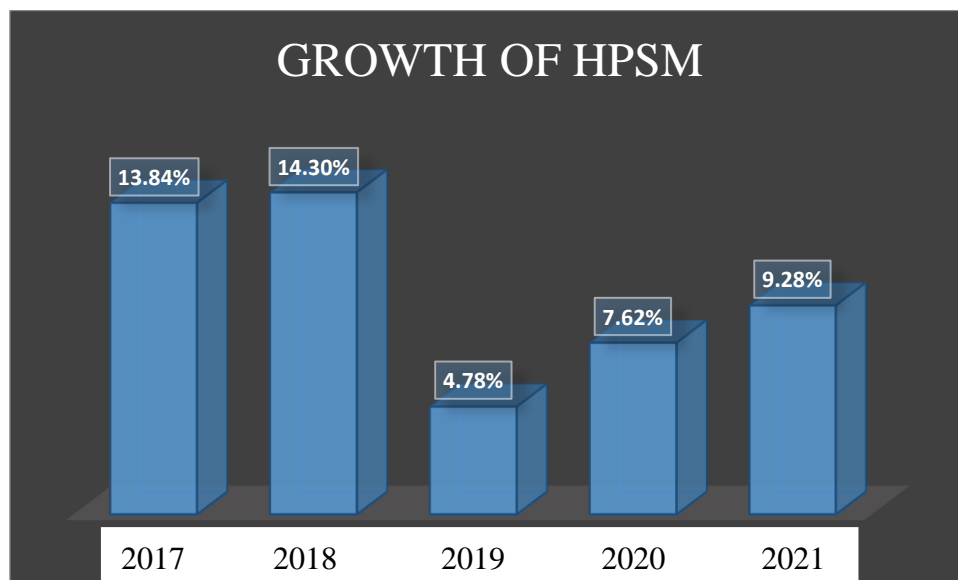


Over the course of the last five years, Bai Muajjal saw both highs and lows. It is projected to see a decline in growth between 2018 and 2020. The growth will be at its strongest in 2019, and at its lowest and most negative in 2020.

(III). Growth of HPSM

	Amount in Million				
Year	2017	2018	2019	2020	2021
Amount	161,985	188,992	198,477	214,847	236,818
Growth Amount	22418	27,007	9,485	16,370	21,971
Growth Rate	13.84%	14.30%	4.78%	7.62%	9.28%

*Table of Growth of HPSM 0-19*



*Figure 17 Growth of HPSM*

The growth rate of HPSM in 2021 is much lower than that of the four years that came before it. The fact that its growth rate in 2021, 9.28%, is not expected to be negative is a positive indicator. However, it is essential that they maintain a rate of growth that is higher than the one they had the previous year. If they don't, there is a possibility that they will come out on the losing end.

## 2. Sector Wise Investment

Year							Amount in Million	
	2021	%	2020	%	2019	%	2018	%
Industrial	634,313	53.25%	562,743	54.36%	634,313	53.25%	562,743	54.36%
Trade and Commerce	377,472	31.69%	304,478	29.41%	377,472	31.69%	304,478	29.41%
Real Estate	78,280	6.57%	65,914	6.37%	78,280	6.57%	65,914	6.37%
Consumer	31,501	2.64%	39,116	3.78%	31,501	2.64%	39,116	3.78%
Agriculture	35,589	2.99%	29,541	2.85%	35,589	2.99%	29,541	2.85%
Transport	9,551	0.80%	8,192	0.79%	9,551	0.80%	8,192	0.79%
Construction	6,038	0.51%	5,474	0.53%	6,038	0.51%	5,474	0.53%
Others	18,429	1.55%	19,830	1.92%	18,429	1.55%	19,830	1.92%
Total	1,191,173	100.00%	1035288	100.00%	1,191,173	100.00%	1,035,288	100.00%

*Table of Sector Wise Investment 0-20*

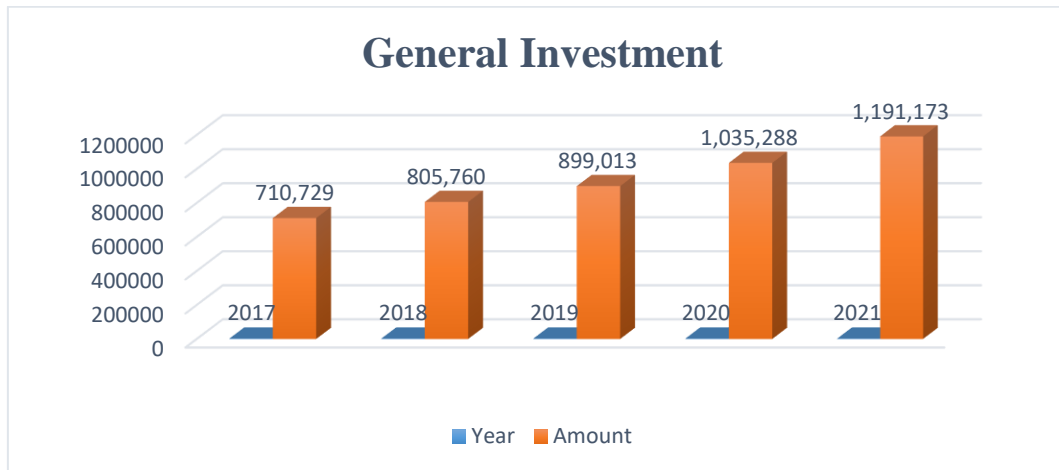
From the table, it's clear that the industrial sector receives more funding and that this funding has grown steadily over the years. In 2019, the maximum investment in commercial trade is 31.69%, making it the sector with the second highest investment ceiling. In terms of long-term growth, real estate is consistently stable, coming in at 6.57 percent. More than 5% of all investment goes into the consumer and agricultural industries. However, both transportation and building get under 1% of total spending.

## 3. General Investment

Year	Amount in Million				
	2017	2018	2019	2020	2021
Amount	710,729	805,760	899,013	1,035,288	1,191,173
Growth Amount	94307	95,031	93,253	136,275	155,885

Growth rate	13.2691	11.794	10.3728	13.163	13.08668
Growth Rate (%)	13.27%	11.80%	10.37%	13.16%	13.08%

*Table of General Investment 0-21*



*Figure 18. General Investment*

As shown in the table and graph, investment has continuously increased during the last five years. The company's investments reached a record high of 1,191,173,000,000 taka in 2021, up from 710,729,000,000 taka the previous year. The 2017 growth rate of 13.27% is the highest in the last five years.

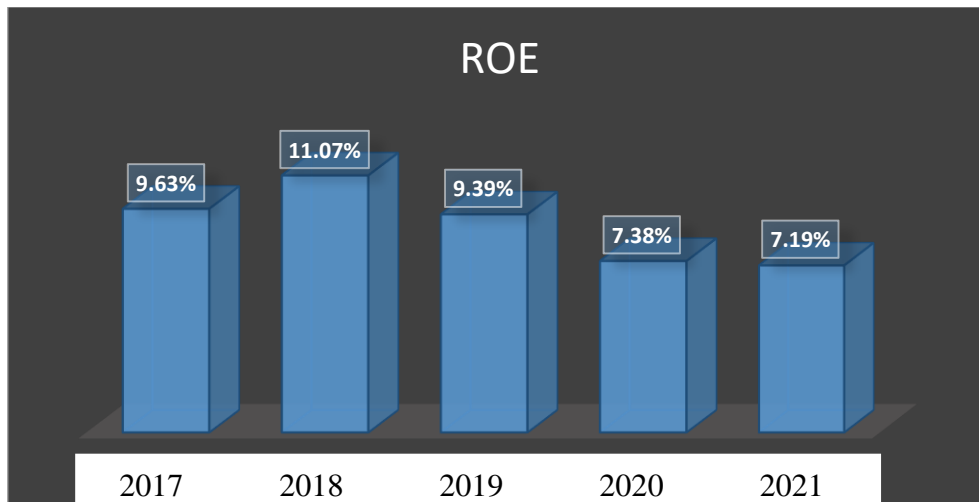
### 3.5.1 Profitability Analysis

The report presents a profitability ratio analysis here,

Return on Equity (ROE) = Net Income / Shareholder's Equity

Year	2017	2018	2019	2020	2021
Net Income	558136.3	770677.7	742558.4	643925.1	705,979.49
Total Equity Capital	57,958.08	69,618.58	79,079.70	87,252.72	98,189.08
Net Income / Shareholder's Equity	9.63	11.07	9.39	7.38	7.19
%	9.63%	11.07%	9.39%	7.38%	7.19%

*Table of Profitability Ratio 0-22*



*Figure 19. ROE*

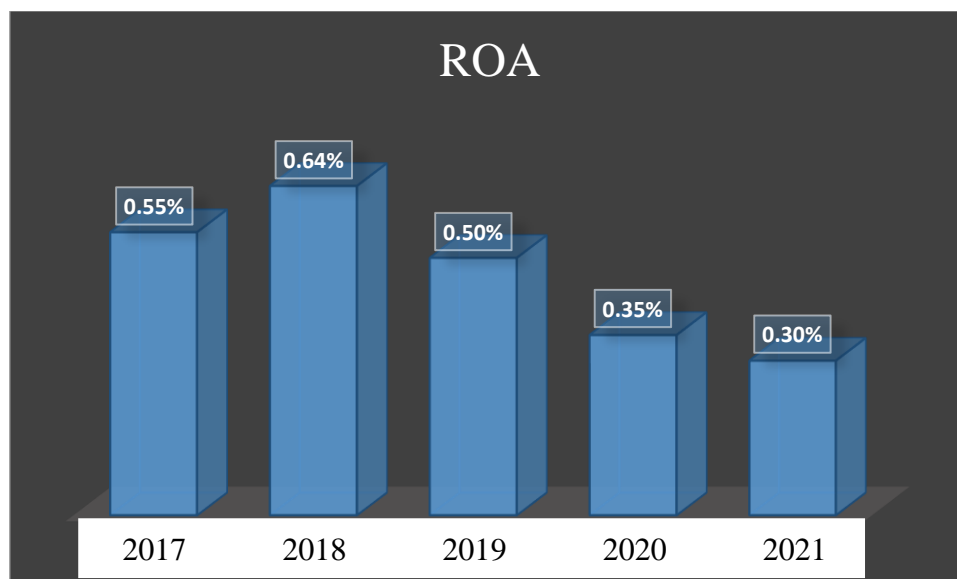
IBBL's rate of return on equity (ROE) is greater in 2018 and steadily declines after that. Additionally, it demonstrates the ability of the company to maximize returns on shareholders' equity.

### **Return on Asset (ROA)**

Return on Asset (ROA) = Net Income/ Total Asset

<b>Year</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Net Income	558136.31	770677.7	742558.4	643925.1	705,979.49
Total Assests	1,014,793.29	1,204,183.91	1,485,116.80	1,839,786.00	2,353,264.97
	0.55	0.64	0.5	0.35	0.3
Net Income/ Total Assets	0.55%	0.64%	0.50%	0.35%	0.30%

*Table of ROA 0-23*



*Figure 20. ROA*

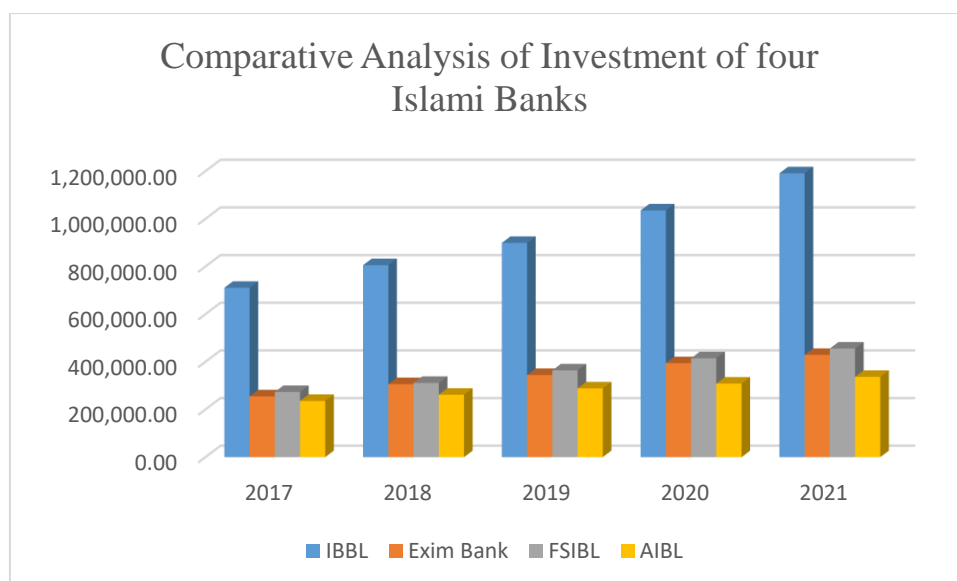
The return on assets (ROA) for a corporation is a measurement of how well its assets create revenue. The higher the return %, the better the asset's overall efficiency. IBBL's ROA in 2018 (0.64%) is more than it was in any of the prior years, according to this ratio.

### 3.6 Comparative Analysis of four Islami Banks

#### ❖ Comparative Investment Analysis

Year	Amount in Million			
	IBBL	Exim Bank	FSIBL	AIBL
2017	710,728.93	255,033.17	273352.22	235,905.23
2018	805,760.06	306,264.57	311,416.67	261,874.13
2019	899,013.21	344,557.65	364,029.88	288,486.02
2020	1,035,287.88	394,174.48	414,780.69	308,620.66
2021	1,191,173.00	429,033.37	455,850.65	336,890.72

*Table of Comparative Analysis of Investment of four Islami Banks 0-24*



*Figure 21. Comparative Analysis of Investment of 4 Islami banks*

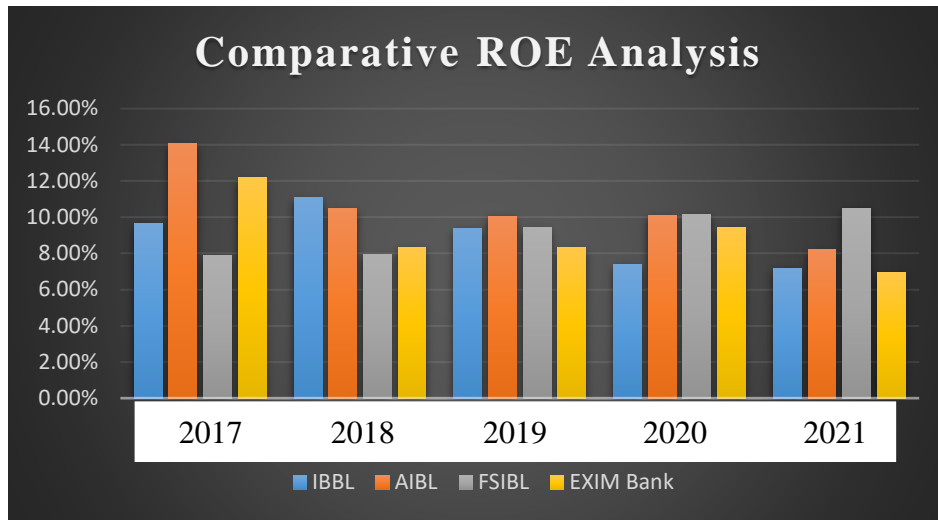
The research conducted a comparative analysis of investment of the four reputable banks that execute banking operations in accordance with Islamic shariah. These financial institutions are Exim Bank, First Security Islami Bank Limited, Al Arafah Islami Bank Limited, and Islami Bank Bangladesh Limited. It is clear from the table and the graph that IBBL has a significant advantage over the other banks in terms of investment, as they have the highest total amount of investment 1,191,173 million taka in 2021. In comparison to the performance of the other banks over the past five years, First Security Islami Bank Limited has maintained its position as the second-best performer in terms of investment. Among all of the financial institutions, Exim is placed third, and Al Arafah Islami Bank is ranked fourth. But all the four bank maintains positive growth rate over the years. According to this research, IBBL has a dominant position and excellent performance in terms of investment.

❖ Comparative ROE Analysis of four Islami Banks

Year	2017	2018	2019	2020	2021
IBBL	9.63%	11.07%	9.39%	7.38%	7.19%
AIBL	14.07%	10.46%	10.05%	10.10%	8.21%
FSIBL	7.87%	7.95%	9.43%	10.13%	10.50%

EXIM Bank	12.19%	8.35%	8.30%	9.42%	6.95%
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*Table of Comparative ROE Analysis 0-25*



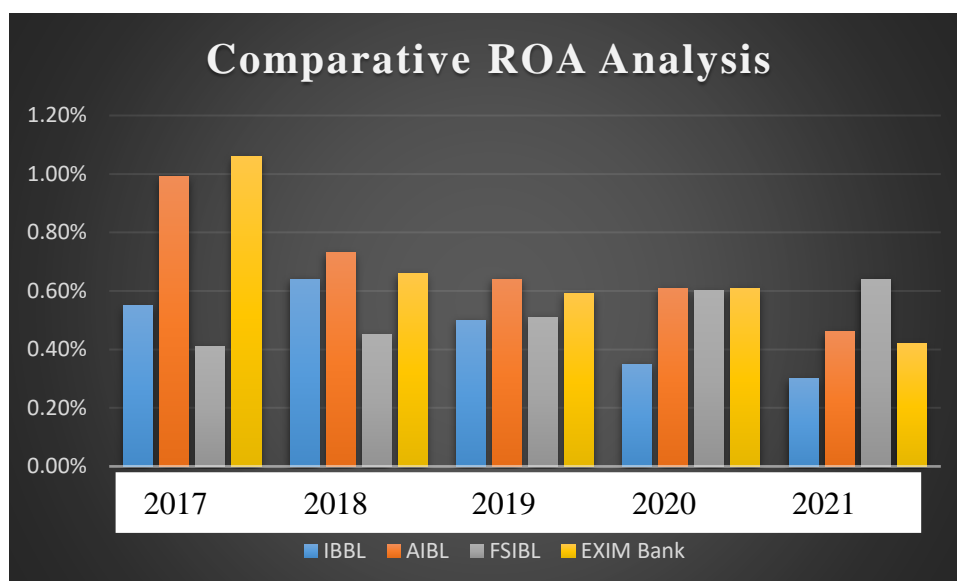
*Figure 22. Comparative ROA Analysis*

According to the table and figures, IBBL placed third in terms of ROE in 2017, after Al Arafah Islami Bank, which took first place. After taking first place in 2018 and then declining in 2019 and 2020, IBBL had its lowest performance to date in 2020.

❖ Comparative ROA Analysis

Year	2017	2018	2019	2020	2021
IBBL	0.55%	0.64%	0.50%	0.35%	0.30%
AIBL	0.99%	0.73%	0.64%	0.61%	0.46%
FSIBL	0.41%	0.45%	0.51%	0.60%	0.64%
EXIM Bank	1.06%	0.66%	0.59%	0.61%	0.42%

*Table of Comparative ROA Analysis 0-26*



*Figure 23. Comparative ROA Analysis*

According to the table and figures, in 2017, Exim Bank had the greatest ROA, while IBBL came in third with 0.55%. IBBL's ROA peaked in 2018 before progressively declining over the following years. Exim Bank has strong average of ROA.

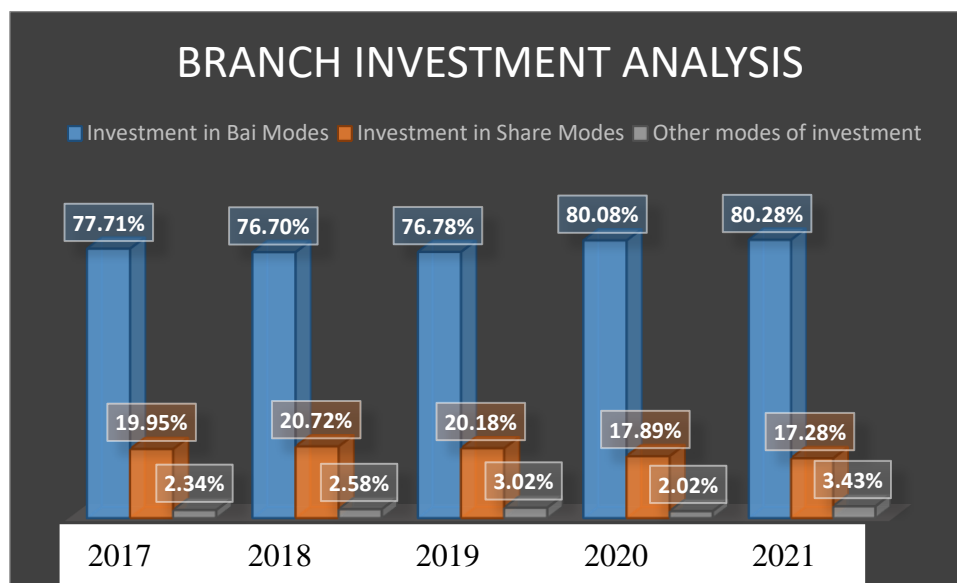
### 3.7 Branch Investment Analysis

Mode wise investment in Brahmanbaria Branch is analyzed below,

Year	2017	%	2018	%	2019	%	2020	%	2021	%
Investment in Bai Modes	931	77.7129	981	76.7005	1065	76.7844	1146	80.0839	1340	80.1987
Investment in Share Modes	239	19.9499	265	20.7193	280	20.1875	256	17.8896	276	16.51854
Other modes of investment	28	2.33723	33	2.58014	42	3.02812	29	2.02655	54.85	3.28276
Total	1198	100	1279	100	1387	100	1431	100	1670.85	100

*Table of Branch Investment Analysis 0-27*





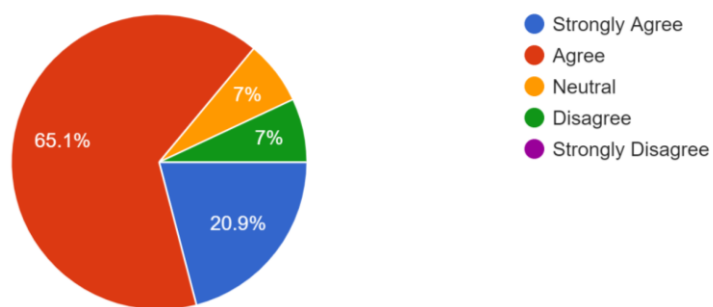
*Figure 24 Branch Investment Analysis*

From the table and graph, the most prevalent form of investing in Brahmanbaria Branch is Bai modes, followed by share modes. Bai modes keeps growing slowly even though it fell in 2018. The most money has been put into Bai modes by this branch. It holds 80.28% of investment in 2021. In 2017, a total of 1,198 million taka was invested, of which 77.71% was put in Bai modes, 19.95% was invested through share mode. In 2018, share modes increased by 20.72%, amounting to 265 million taka, the biggest increase in the previous five years. After the year 2018, the percentage of share modes of investment gets decreased, lowest in 17.28%. On the other hand, Bai modes has the highest investment in 2021 amounting 1670.85 million taka. Other modes of investment hold very negligible percentage of investment in the branch.

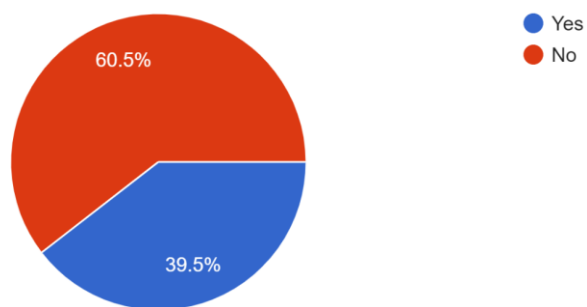
### 3.8 Client Perspective of IBBL's Investment Mechanism

The project performed a survey to have a better understanding of the clients' perspectives on IBBL's investment mechanism. 44 clients participated in the survey.

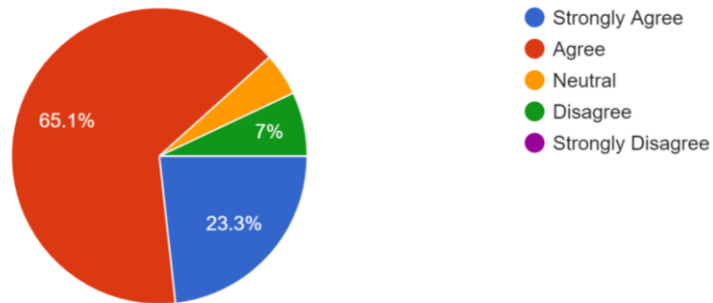
1. The reason for choosing Islami Bank for investment because it maintains Sharaia?



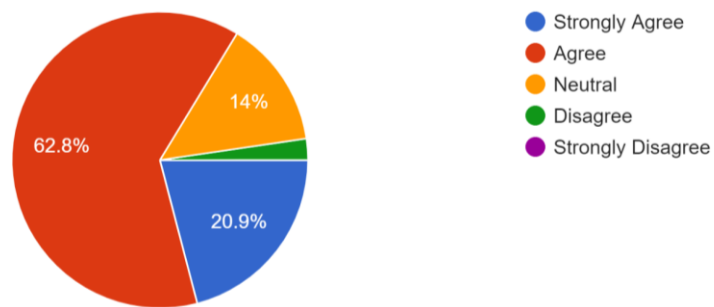
2. Do you aware of different modes of investment process of Islami bank?



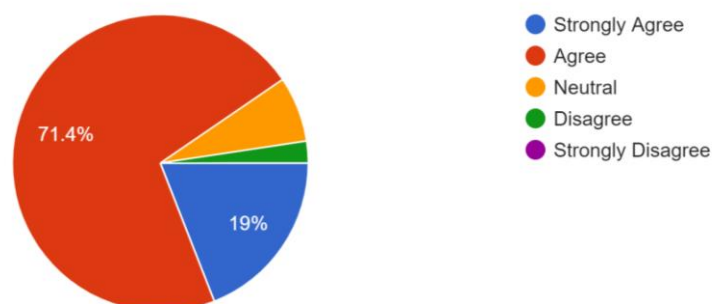
3. The bank's profit-loss sharing agreements of investment process exceed client expectations.



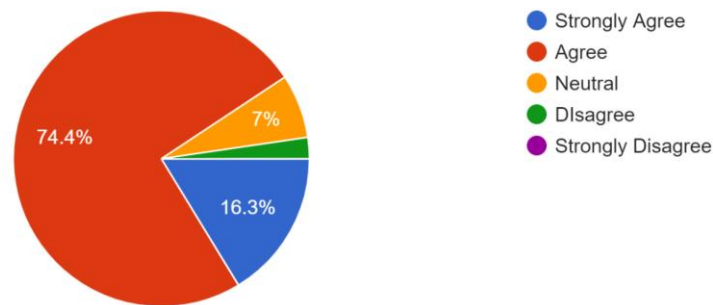
4. The bank's rate of return on of investment process is convenient.



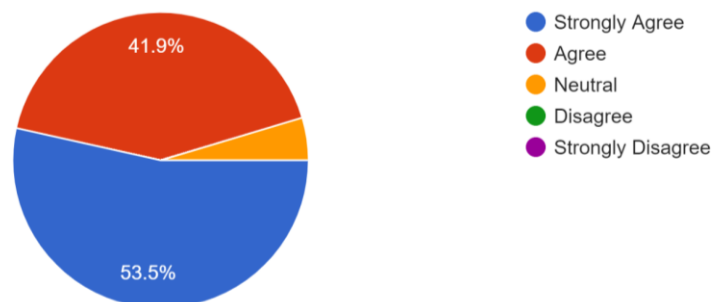
5. The investment mechanism of Islami Bank Bangladesh Limited makes it easy to access capital.



6. The time required to finish the entire investing procedure is acceptable.



7. You are satisfied of the investment procedure of IBBL.



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#### ❖ Survey Analysis

The report surveyed 44 clients seeking investments from the Brahmanbaria Branch of Islami Bank. According to the results of the study, 65.1% of respondents agree, 20.9% strongly agree, 7% are neutral, and 7% are opposed to choosing Islami Bank as an investment option because it adheres to Sharaia. 65.5% of respondents do not know about the numerous modes of investment procedure of Islami Bank Bangladesh Limited, whereas 39.5% of respondents are familiar about the methods. 65.1% respondents agree that the profit-loss sharing agreements of the investing process offered by the bank satisfy client expectations. 23.3% of respondents have a strongly agreed with this, while only 7% disagree. 20.9% of respondents highly agree, 62.8% of respondents believe that the bank's rate of return on investment procedure is convenient, and

14% of respondents do not have an opinion at this. 71.4% of respondents agree, and 19 give their full support to the statement that the investment mechanism of IBBL makes it simple to gain access to capital. 16.3 percent strongly agree, 74.4 percent of respondents agree and 7.0 percent are unsure whether the amount of time necessary to complete the entire investment procedure is reasonable. 53.5% of respondents highly agree, and 41.9% believe that clients are satisfied with investment procedures. The majority of IBBL's clients are unfamiliar with the company's various investing strategies. However, they are satisfied with the Bank's investment methods.

### 3.8 Findings

- IBBL is the market leader in terms of Investment among shariah practiced banks.
- IBBL's overall investment followed a general rising trend, with investments growing year after year.
- IBBL has made considerable financial investments in the industrial zone.
- IBBL has place less of a focus on SMEs.
- IBBL has less focus on Agriculture sector.
- IBBL places a lot of emphasis on Bai-Murabaha and HPSM and not as much on Musharaka.
- The bulk of IBBL's funding went to the city, not the countryside.
- This financial institution's ROI has varied over time.
- Clients are quite satisfied with overall investment strategies.

### 3.9 Recommendations

- IBBL's investment mobilization has grown. They should work to maintain and increase its deposit mobilization rate.
- IBBL should promote Mudaraba and Musharaka.
- SMEs and agriculture should get funding to foster entrepreneurship.
- Common online site may help customers with Islamic banking, finance, and economics.
- IBBL may grow rurally.
- The bank should balance urban and rural community's economic expansion.
- IBBL is facing crisis at present, clients withdraw deposits from the bank

### 3.10 Summary and Conclusion

Islami Bank Bangladesh Limited is one of the most prosperous bank in Bangladesh. The bank has the highest operating profit among all commercial banks in Bangladesh in 2022 with 2646 crore taka. Investment is very important for IBBL to maximize profitability with an acceptable of risk. The bank maintains sufficient safety margins and capital adequacy to survive, grow and develop to face fierce competition in Bangladesh's banking industry. There are presently a total of 10 Islamic financial institutions in operation throughout the country and 17 conventional banks have opened Islamic banking services. The success of the bank's investment strategies is the focus of this study. According to the data, capital expenditures have been on the rise. The Bank should prioritize investment recovery to reduce categorized investments and contingencies.

Through its 39 years in business, IBBL has shown both corporate and social responsibility, as well as national and international expansion. They want to end hunger, poverty, and exploitation in Bangladesh by implementing the principles of Islami Shariah. Therefore, it is the preeminent private bank in Bangladesh. Now inspired, IBBL will work to create the prosperous Bangladesh of which we all desire. Maintaining its current level of success might boost Islami Bank Bangladesh Ltd.'s profile across the globe.

## 4.1 References

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## 5.1 Appendix

### Questionnaire for the Clients

1. The reason for choosing Islami Bank for investment because it maintains Sharaia?
  - A. Strongly Agree.
  - B. Agree.
  - C. Neutral.
  - D. Disagree.
  - E. Strongly Disagree.
  
2. Do you aware of different modes of investment process of Islami bank?
  - A. Yes
  - B. No
  
3. The bank's profit-loss sharing agreements of investment process exceed client expectations.
  - A. Strongly Agree.
  - B. Agree.
  - C. Neutral.
  - D. Disagree.
  - E. Strongly Disagree.
  
4. The bank's rate of return on of investment process is convenient.
  - A. Strongly Agree.
  - B. Agree.
  - C. Neutral.
  - D. Disagree.
  - E. Strongly Disagree.
  
5. The investment mechanism of Islami Bank makes it easy to access capital.
  - A. Strongly Agree.
  - B. Agree.
  - C. Neutral.
  - D. Disagree.
  - E. Strongly Disagree.

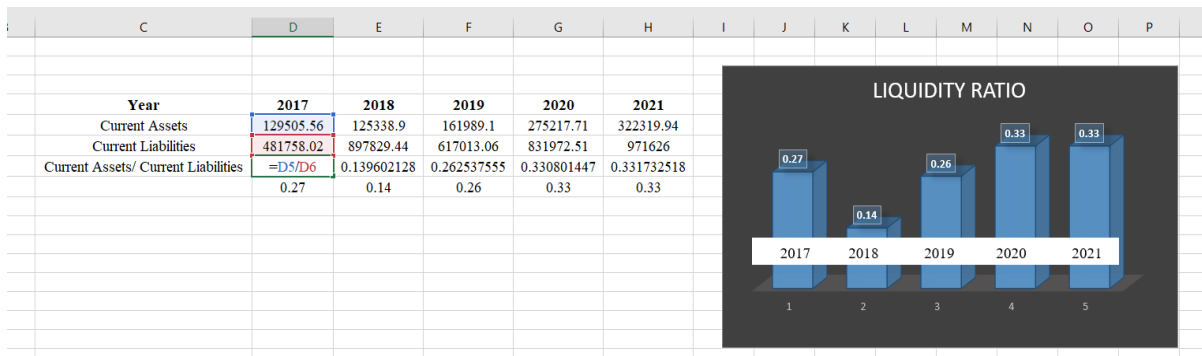


6. Time required to finish the entire investment procedure is acceptable.

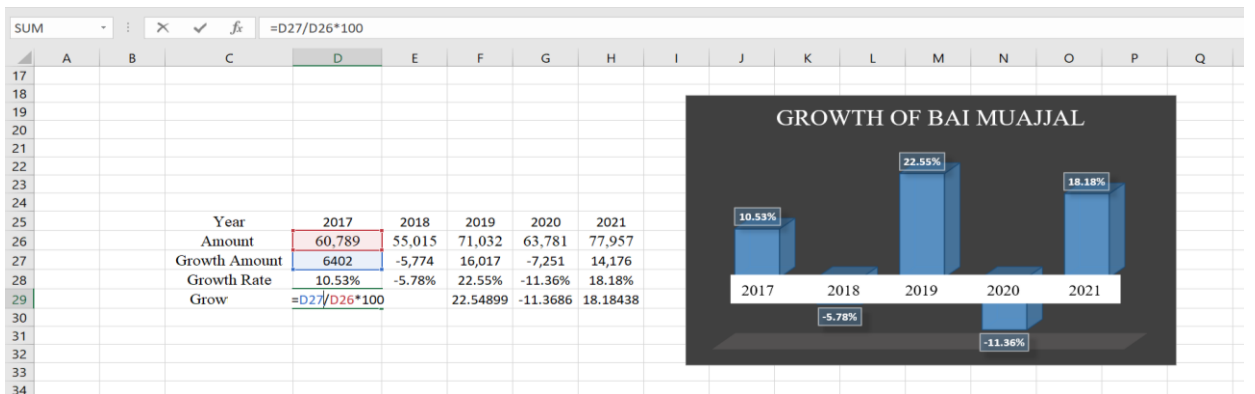
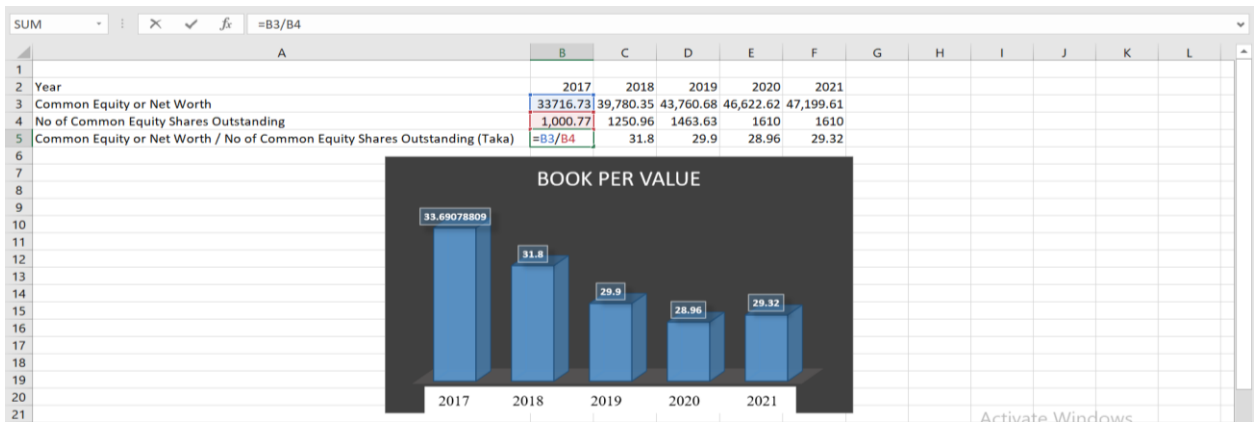
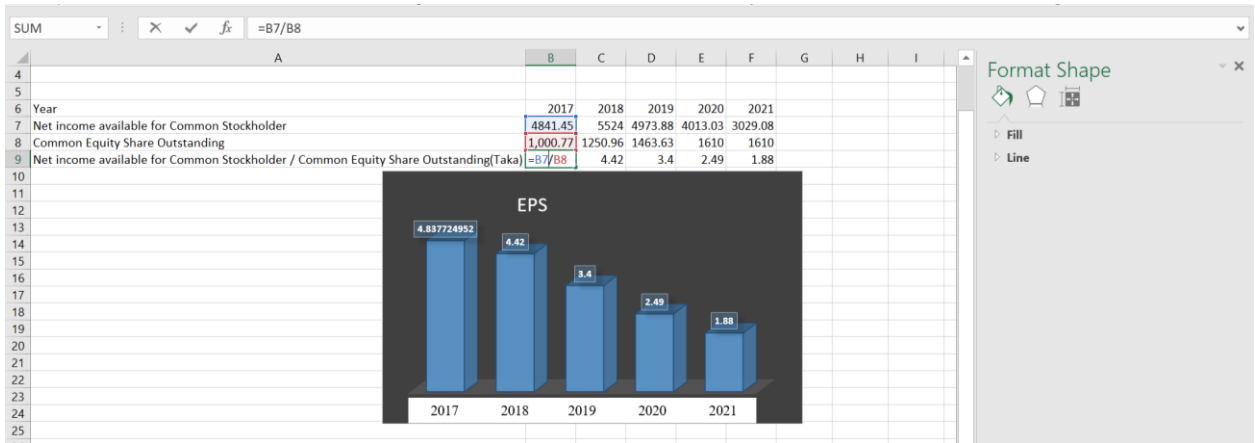
- A. Strongly Agree.
- B. Agree.
- C. Neutral.
- D. Disagree.
- E. Strongly Disagree.

7. You are satisfied with investment procedure of IBBL.

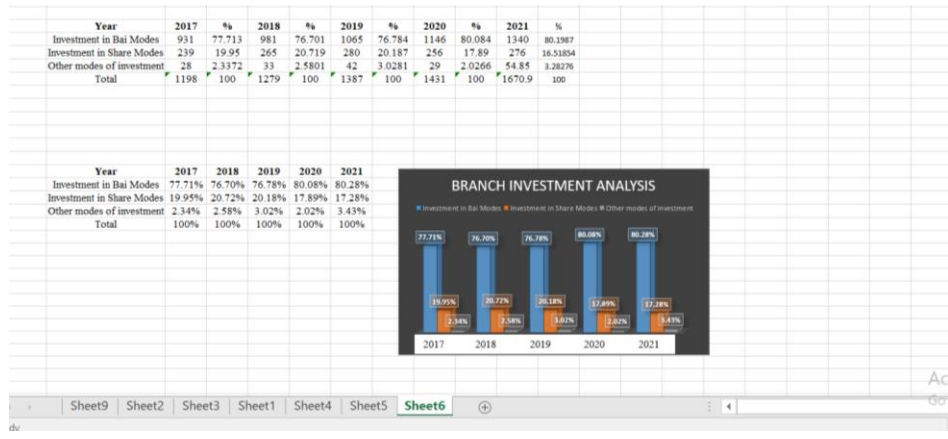
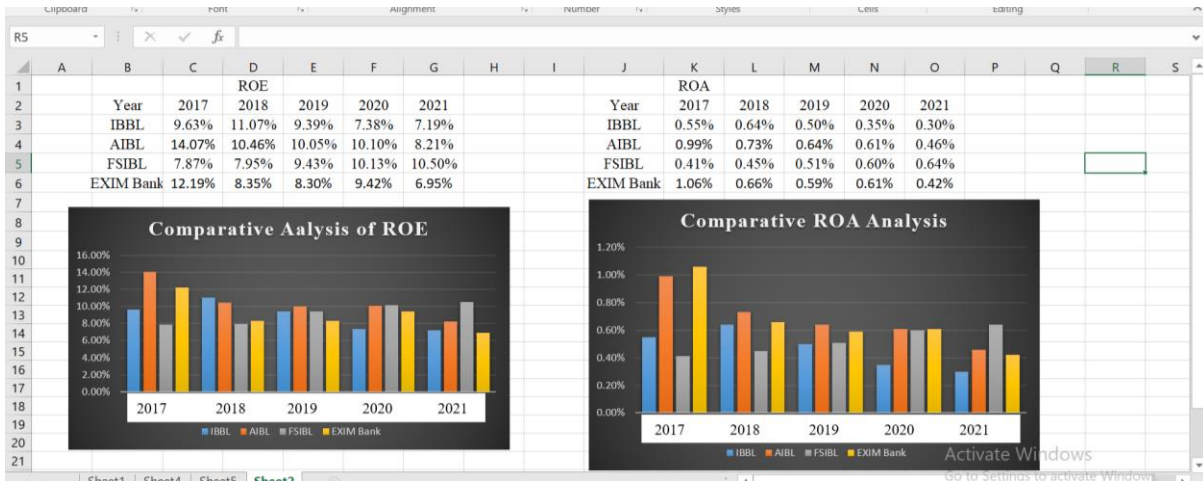
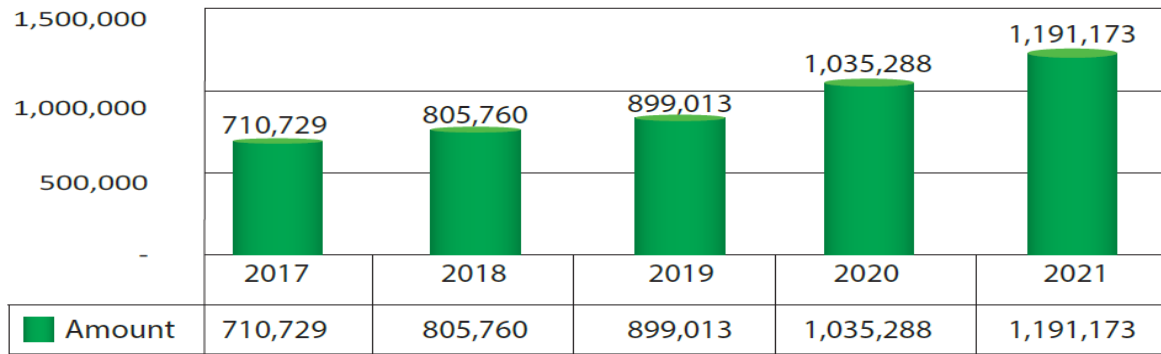
- A. Strongly Agree.
- B. Agree.
- C. Neutral.
- D. Disagree.
- E. Strongly Disagree.







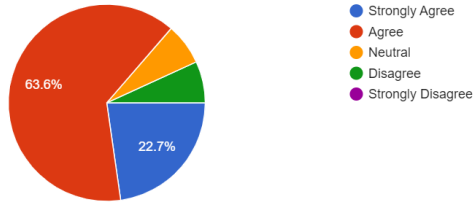
### Trend of General Investment:



The reason for choosing Islami Bank Bangladesh Limited for investment because it maintains Sharaia?

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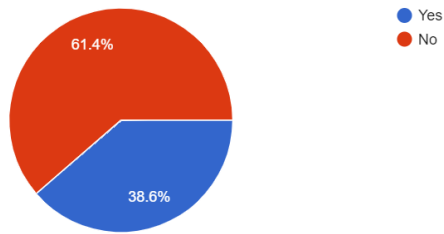
44 responses



Do you aware of different modes of investment process of Islami bank?

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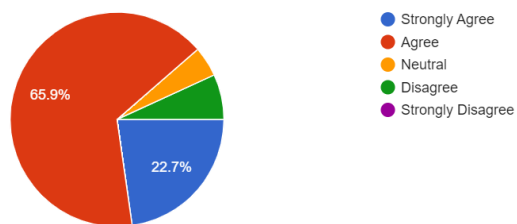
44 responses



The bank's profit-loss sharing agreements of investment process exceed client expectations.

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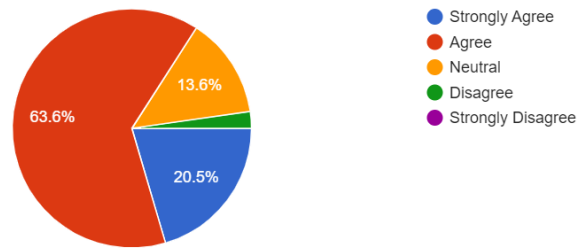
44 responses



The bank's rate of return on of investment process is convenient

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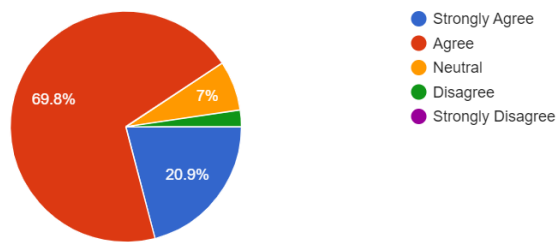
44 responses



The investment mechanism of Islami Bank makes it easy to access capital.

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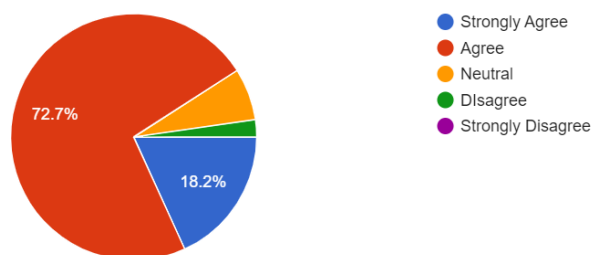
43 responses



The time required to finish the entire investing procedure is acceptable.

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44 responses



Your are satisfied of the investment procedure of IBBL.

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44 responses

