

Report On
General Banking Activities of Al-Arafah Islami Bank Limited

By

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18204007

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

BRAC Business School
Brac University
7th May, 2023

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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/We have acknowledged all main sources of help.

Student's Full Name & Signature:

Raya Tun Nur Ridita

Student ID: 18204007

Supervisor's Full Name & Signature:

Dr. Sayla Sowat Siddiqui

Assistant Professor

BRAC Business School

BRAC University

Letter of Transmittal

Dr. Sayla Sowat Siddiqui

Assistant Professor,

BRAC Business School

BRAC University

66 Mohakhali, Dhaka-1212

Subject: Submission of internship report on ‘General Banking Activities of Al-Arafah Islami Bank Limited.’

Dear Madam,

I am grateful to be able to present you with my internship report on 'General Banking Activities of Al-Arafah Islami Bank Limited. This report was written to fulfill the final prerequisite of our Bachelor of Business Administration Program, BUS400.

I made every effort to incorporate the advice and suggestions you have given me along the way while putting this report together. I would like to appreciate you for taking the time to provide me with such insightful input. I am genuinely honored to have had the opportunity to have you as my supervisor for my final course requirement at BRAC University because without your assistance, writing this report would have been quite challenging.

Sincerely yours,

Raya Tun Nur Ridita

18204007

BRAC Business School

BRAC University

Date: May 7, 2023

Non-Disclosure Agreement

This agreement is made and entered into by and between Al-Arafah Islami Bank Limited and the undersigned student of BRAC Business School, BRAC University.

1. At all times, both during and after my internship, I will keep the confidentiality of any information about the bank.
2. I will not delete, duplicate, or distribute confidential data or documents from the bank unless I have authorization from my supervisor.
3. I must provide the report to my supervisor in the bank before presenting it to my university.

I agree to adhere by the aforementioned rules.

Raya Tun Nur Ridita

18204007

Acknowledgement

The fulfillment and ultimate outcome of this report needed a great deal of direction and assistance from a lot of individuals, and I consider myself extremely fortunate to have received this throughout the completion of my report. I would like to express my gratitude to Almighty Allah for giving me the chance to serve with grace and respect at one of the most prestigious bank of Bangladesh. I want to express my heartfelt gratitude to my supervisor, Dr. Sayla Sowat Siddiqui, for all of her guidance and encouragement in getting my report finished. Without her assistance and suggestions, the report could not have been finished. She always gave me detailed instructions and standards, and she was always willing to respond to my queries and offer insightful criticism. Additionally, I want to acknowledge my co-supervisor Dr. Abu Saad Md. Masnun Al Mahi for ensuring that the report was finished in accordance with the established standard and guideline. I also want to appreciate my coworkers and the employees of Al-Arafah Islami Bank Limited for their support throughout my internship. They were courteous in answering my queries and assisting me in comprehending the internal operations of the bank. In addition, I would like to express profound appreciation to my family, who have been my greatest supporters throughout my life and on this path.

Executive Summary

In conformity with the Bank Companies Act of 1991, Al-Arafah Islami Bank Limited (AIBL) began conducting business on September 27, 1995. The bank is persistently working to create a long-term strategy plan in order to sustain its dynamic development while recognizing the shifting patterns of all kinds of customers and to become the national emblem of the banking industry's progressivism. In the past few years, AIBL has expanded the range of services it provides by establishing new offices in numerous geographically significant locations across the nation that offer a variety of services and products, including investment as well as deposit. The primary emphasis of this report is to analyze the general banking operations of Al-Arafah Islami Bank Limited. There are three sections in this study. In the first chapter, a summary of the internship is presented; in the second chapter, a brief overview of the organization is shown; and in the third and final chapter, an analysis of general banking operations of the bank is provided. The AIBL internship provided me with a tremendous opportunity to gain greater insight and knowledge of the banking sector. By doing this report, I plan to share the fundamental concepts that I have accumulated as well as the main findings I have discovered associated to my subject matter.

Keywords: General Banking; Deposit; Cash; Account; Cheque; Internet Banking.

Table of Contents

Declaration	ii
Letter of Transmittal	iii
Non-Disclosure Agreement	iv
Acknowledgement	v
Executive Summary	vi
List of Tables	xi
List of Figures.....	xii
List of Acronyms	xiii
Glossary	xiv
Chapter 1 Overview of Internship.....	1
1.1 Student Information	1
1.2 Internship Information	1
1.2.1 Period, Company, Department, Address	1
1.2.2 Internship Company Supervisor’s Information.....	1
1.2.3 Job Scope	2
1.3 Internship Outcomes	2
1.3.1 Contribution to the company	2
1.3.2 Benefits to the student	3
1.3.3 Problems faced during the internship period	4
1.3.4 Recommendations to the company on future internships.....	4

Chapter 2 Organization Part	6
2.1 Introduction.....	6
2.1.1 Vision	6
2.1.2 Mission	7
2.1.3 Commitments.....	7
2.2 Overview of the company.....	8
2.2.1 About Al-Arafah Islami Bank Limited.....	8
2.2.2 Company Profile.....	9
2.2.3 Features of AIBL	9
2.2.4 Organogram of AIBL	10
2.3 Management Practices	12
2.3.1 Leadership Approach.....	12
2.3.2 Process of recruiting and selecting personnel.....	12
2.3.3 Compensation Scheme.....	13
2.3.4 Initiatives for training and development	13
2.3.5 Mechanism of performance appraisal	14
2.4 Marketing Practices	15
2.4.1 Marketing Strategies	15
2.4.2 Target audience, positioning strategy, and targeting.....	16
2.4.3 Marketing Channels.....	16
2.4.4 Development of new products and competitive pricing	17

2.4.5 Branding initiatives	17
2.4.6 Strategies for promotion and advertising	18
2.4.7 Key marketing shortcomings and discrepancies	18
2.5 Financial Performance and Accounting Practices	19
2.5.1 Financial Performance	19
2.5.2 Accounting Practices	21
2.6 Operations Management and information System Practices	22
2.6.1 Operations Management.....	22
2.6.2 Information Systems.....	22
2.7 Industry and Competitive Analysis	25
2.7.1 SWOT Analysis	25
2.7.2 Porter’s Five Forces.....	28
2.8 Summary and Conclusions	29
2.9 Recommendations	30
Chapter 3 General Activities of Al-Arafah Islami Bank Limited	32
3.1 Introduction.....	32
3.1.1 Literature Review	33
3.1.2 Objectives.....	34
3.1.3 Significance	34
3.2 Methodology	35
3.3 Findings and Analysis of General Banking Activities of AIBL	35

3.3.1 Account Opening and Closing.....	35
3.3.1.1 Procedures for Creating a Bank Account.....	36
3.3.1.2 Nomination	37
3.3.1.3 Types of Account	38
3.3.1.4 The procedure for closing an account.....	40
3.3.2 Clearing House	41
3.3.2.1 Clearing Sessions	42
3.3.3 Foreign Remittance Department	43
3.3.4 Funds Transfer System	44
3.3.4.1 Real Time Gross Settlement.....	44
3.3.4.2 Bangladesh Electronic Funds Transfer Network	45
3.3.5 Cash Operation.....	46
3.3.5.1 Receipt of cash	46
3.3.5.2 Payment of cash	47
3.3.5.3 Balancing of cash	47
3.3.5.4 Safety and security precaution for cash handling	48
3.3.6 Locker Services.....	49
3.3.7 I-Banking Services.....	49
3.4 Summary and Conclusion	51
3.5 Recommendations	51
References.....	53

List of Tables

Table 1: Company Profile of AIBL	9
Table 2: Economic Value Added Statement of AIBL in 2021, 2020 and 2019	20
Table 3: Market Value Addition of AIBL in 2021, 2020, 2019	20

List of Figures

Figure 1: Organogram of AIBL	11
Figure 2: Ababil Software	24

List of Acronyms

AIBL	Al-Arafah Islami Bank Limited
ATM	Automated Teller Machine
MTDR	Mudaraba Term Deposit Receipt
TIN	Tax Identification Number
NID	National Identity
VPN	Virtual Private Network
BACH	Bangladesh Automated Clearing House
EMI	Equated Monthly Installment
RTGS	Real Time Gross Settlement
BEFTN	Bangladesh Electronic Funds Transfer Network
GB	General Banking
PEP	Politically Exposed Person
OTP	One Time Password
PCB	Private Commercial Bank
PLS	Profit Loss Sharing
AD	Authorized Dealer
AGM	Annual General Meeting
SWIFT	Society for Worldwide Interbank Financial Telecom

Glossary

Mudaraba	Mudaraba is a particular kind of business contract in which one party brings capital and the other offers expertise and labor.
Shariah	Shariah refers to the system of Islamic religious law that regulates many facets of Muslims' daily lives. It is drawn from Islamic religious principles and is founded on Islamic holy books, specifically the Quran and Hadith.
Usury	The practice of charging high interest rates on loans.
Amanat	Any possession or property entrusted to someone for protection is referred to as amanat.
Counterfoil	The portion of the cheque retained by the issuer as an evidence of the transaction.

Chapter 1

Overview of Internship

1.1 Student Information

Name: Raya Tun Nur Ridita

ID: 18204007

Program: Bachelor of Business Administration

Major: Finance and Human Resource Management

1.2 Internship Information

1.2.1 Period, Company, Department, Address

Period: 3 months, 10th January, 2023 – 10th April, 2023

Company Name: Al-Arafah Islami Bank Limited

Department: General Banking

Address: Ahmed Tower, House no. 54/1, Road no. 4/A, Dhanmondi, Dhaka – 1209.

1.2.2 Internship Company Supervisor's Information

Name: Md. Tarique Mahmud

Position: Senior Principal Officer

1.2.3 Job Scope

I have worked under the supervision of Senior Principal Officer as an intern at the general banking division. I was assigned a wide range of duties that were intended to provide me real-world experience in the banking sector. Listed below were some of my duties and responsibilities:

- Entering client information into a specific file by obtaining their National Identification Card, employer's certification, TIN certificate, and passport or driver's license. This includes the client's Name, Account number, Unique Customer ID, National Identification Number (NID), Taxpayer Identification Number (TIN), Contact details, Address, as well as necessary details of the nominee.
- To assess the risk posed by a client by assessing the account type, transaction amount, occupation, nationality, the nature of the business's operations (in the case of institutional accounts), and whether or not the customer is a PEP (politically exposed person). Any customer with a score of 15 or above would be classified as a High Risk Customer, and it was my duty to notify my superiors about these clients.
- Recording all RTGS system-processed transactions in a particular file. The Sender A/C number, Receiver A/C number, date, time, client name, transaction amount, and other pertinent information used to be included.
- Applying seals to various documents.

1.3 Internship Outcomes

1.3.1 Contribution to the company

Despite the fact that I did not have the same level of expertise as the full-time staff, I attempted to contribute to the bank by being enthusiastic and open to expanding my knowledge. The

transaction hours for AIBL were from 10:00 am to 3:30 pm, whereas the office hours for the employees were from 10:00 am to 5:00 pm. The employees used to be extremely busy throughout transaction hours, handling customer support requests, controlling transactions, and making crucial financial decisions. I tried to minimize the senior workers' burden by performing on simple administrative tasks including data entry and risk grading so they could concentrate on the more challenging tasks. Moreover, I contributed to the Investment Banking department in addition to working with the General Banking (GB) department supervisors. For the investment banking department, I have prepared approximately 200 deal sets. Deal set is a group of agreements and documents that the bank uses to form a contract with the client. The investment banking personnel asked me to create the deal sets for them as it would lessen their workload since they needed to do a variety of tasks including raising funds, giving customers strategic guidance, and procuring new deals.

1.3.2 Benefits to the student

My internship at AIBL gave me an excellent learning opportunity and the ability of integrating academic understanding and skills with practical workplace experience. I had the privilege to get actual banking experience through an internship at the bank. In the future, while applying for banking jobs, this expertise will be extremely helpful because hiring managers frequently prefer applicants with related backgrounds. I was able to acquire a greater understanding about the complexities of the banking industry by working in a real-world setting, which inspired me to pursue a career in banking in the future. My soft skills, such as organizing and managing time, flexibility, tackling issues, and collaborative effort, were also enhanced along with my practical expertise. I had the opportunity to able to enhance my professionalism during internship. It enabled me to interact with people professionally and understand the conventions of an office environment. I acquired the proper manners for approaching and communicating with both my superiors and my fellow workers. Additionally, my internship at the bank allowed

me the opportunity to establish network with and meet people in the banking and finance sector.

1.3.3 Problems faced during the internship period

There were multiple obstacles I encountered in the bank that ultimately hindered my work efficiency, despite my supervisor's best efforts to make sure I had a seamless internship experience. One of the primary challenges I had at the bank was a lack of clear guidance. Because the staff members were too preoccupied with their own job, I occasionally found myself in circumstances where I was given a task without any directions or precise instructions. Without adequate directions, it was occasionally difficult to comprehend the duties and accomplish them. Additionally, because of their hectic schedules, many of the employees were unable to offer regular feedback, which made it difficult for me to determine whether or not I needed further development. Apart from that, as an intern, I did not have the privilege of using the same resources or systems that regular employees used. For instance, the lack of an office desk or chair for the interns was a significant issue during the internship. Therefore, I had to work by sitting on the sofas reserved for customers. Without a desk, it was quite hard to accomplish the tasks, especially writings, and working on the sofa for a prolonged amount of time caused neck and shoulder pain. The duration of the internship is unfortunately limited to the number of weeks specified by the university, which makes it challenging to accomplish goals, attain learning outcomes, and develop competencies. In a span of three months, it was not possible to have profound understanding of all of the general banking operations.

1.3.4 Recommendations to the company on future internships

The following suggestions can be implemented by AIBL in order to improve their internship program:

- The bank should provide interns precise instructions and expectations regarding their duties. This will make it easier for interns to comprehend what is expected of them and how to be effective in their roles. The bank can give interns a booklet that acts as a guide for them, responding to commonly asked questions as well as clarifying the standards in an understandable and encouraging manner.
- The bank should provide feedback along with performance evaluations to interns on a regular basis. Interns will have a better understanding of their work performance and what they can do to make adjustments.
- To support the interns in expanding their skills and expertise, the bank should offer opportunities for development and training. The bank's chief executives may impart their expertise, knowledge, and viewpoints to the interns.
- Instead of assigning interns minor tasks, AIBL should provide them challenging and significant projects that the business would value. Interns will be more inspired and involved as a result of this, and they will be much more inclined to come up with outstanding results.
- Future interns should be provided an office desk and chair by the bank. They will be more productive and able to operate with greater efficiency while being at ease because of it.
- The interns will be able to share their own experiences, remarks, as well as ideas for improving the internship program if the bank conducts exit interviews after the completion of the internship. The internship program may be enhanced by incorporating this feedback to better benefit the next interns.

Chapter 2

Organization Part

2.1 Introduction

With six nationalized commercial banks, three state-owned specialty banks, and nine foreign banks, Bangladesh's banking industry got off to a strong start following its independence. With the entry of private banks in the 1980s, the banking sector saw substantial growth. At present, 61 scheduled banks in Bangladesh function under the total authority and supervision of Bangladesh Bank, which has been permitted to do so under the Bank Company Act of 1991 and the Bangladesh Bank Order of 1972. There are ten Islami Shariah-based PCBs in Bangladesh, and they all carry out banking operations in accordance with Profit-Loss Sharing also referred to PLS mode, which is an Islami Shariah-based concept.

AIBL was established as a privately held company on 18 June 1995 with the goal of attaining prosperity both here on earth and in the hereafter by adhering to the route provided by His Prophet (SM) and that way guided by Allah. The official opening was held on the 27th of September 1995. The Bank is determined to make a substantial contribution to the national economy. It has 209 branches nationwide, 25 of which are Authorized Dealer, and has positively impacted the economic and social development of the nation. Over the years, it consistently generated earnings and declared an appropriate dividend. The bank's advancement is dependent upon providing top-notch customer service while incorporating innovative products and technologies.

2.1.1 Vision

To be a leader in Islami Banking in Bangladesh and making a substantial contribution to the expansion of the country's economy.

2.1.2 Mission

- Receiving the contentment of the Almighty Allah now and in the hereafter.
- The widespread adoption of banking practices based on Shariah.
- High-quality financial services using innovative technologies.
- Quick and effective client service.
- Upholding a high standard with regard to business ethics.
- Sustainable development
- Consistent and profitable return on the equity of shareholders.
- Competitively valued, innovative banking.
- Recruit and continue to retain highly qualified workers.
- Offering staff attractive compensation arrangements.
- A strong dedication to the expansion of the nationwide economy.
- Expanding the funding of SMEs and microbusinesses.

2.1.3 Commitments

- AIBL is an Islamic bank with a strong focus on the needs of its customer base, and it has demonstrated positive and consistent growth in both deposit mobilization as well as investment to maintain its status as a prominent Islami bank in Bangladesh.
- To provide corporate customers, small and medium-sized businesses, and retail customers with financial products and services that reflect the core values of the bank through all branches located across the nation.

- The organizational efforts are implemented to accommodate the clients' shifting economic and technological needs.

2.2 Overview of the company

2.2.1 About Al-Arafah Islami Bank Limited

In a short amount of time, AIBL has established a name for itself as a forward-thinking and vibrant financial firm, and it has gained considerable recognition in the nation's banking industry. In spite of the fierce competition in the banking industry, AIBL had a substantial rise in its overall financial performance, which helped to strengthen the bank's reputation. As of 31st December, 2021, the Bank's paid-up capital was Tk. 10649.02 million, compared to Tk. 15000.00 million in authorized capital. Twenty devoted and well-known Islamic figures from Bangladesh make up the bank's board of directors. By providing financial products and services, the Bank assisted in distributing money to all stakeholders. For instance, shareholders acquired dividends, the depositors and traders made money, staff received pay and other benefits, and underprivileged people benefited from CSR while the government obtained money from taxes. Compared to BDT 10,073.85 million in 2020, AIBL elevated a total value of BDT 10,258.24 million in 2021. In the form of taxation on corporate income, the Bank directly injected BDT 2, 712, 12 million into the economy. By the end of 2021, the Bank had raised BDT 353,287.97 million in total deposits and had invested BDT 410,000.00 million in a variety of economic sectors, helping the country's economy reach its expansion goal. In addition to this, the Bank engaged in substantial export and import activities as well as other supporting operations. AIBL is a flexible company today that fosters inventiveness, supports progress, appreciates urgency, and nurtures employees who embrace obstacles and see them as chances for growth.

2.2.2 Company Profile

Company Name	Al-Arafah Islami Bank Limited
Registered Office	Al-Arafah Tower, 63, Purana Paltan, Dhaka-1000
Authorized Capital	15,000.00 Million
Paid-up Capital	10,649.02 Million
Equity	25,900.33 Million
Number of Branches	201
Deposit	353,287.97 Million
Investment	336,890.72 Million
Total Number of Employees	4,247
Total Number of Shareholders	19,146
Auditors	Shafiq Basak & CO., Hussain Farhad & CO.
SWIFT	ALARBDDH
PABX	44850005-20
E-mail	info@aibl.com.bd
Website	http://www.aibl.com.bd/

Table 1: Company Profile of AIBL

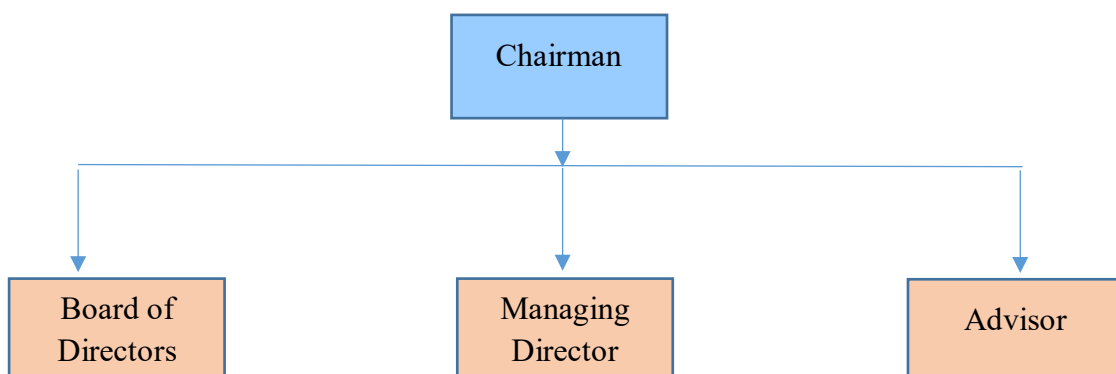
2.2.3 Features of AIBL

AIBL is remarkable in all respects as an Islami bank. Numerous revolutionary financial services are offered within the broad parameters of Shariah. It is distinct in its offerings, rigid in its values, and unwavering in its integrity. Following are a few of its unique qualities that set it apart in the Islamic banking industry:

- In order to liberate the country of Usury, all of AIBL's operations are carried out on a profit-and-loss oriented basis.
- The board of the Shariah Council closely supervises and upholds complete compliance with Shariah in all aspects of its investment policies across all modalities.

- The depositors of Mudaraba received 70% of the investment revenue during the 2007 calendar year.
- AIBL added internet banking to its extensive list of services in 2008. To support local programmers, Bangladeshi software has been incorporated in this feature.
- AIBL organizes its AGMs (Annual General Meeting) on a regular basis. Extraordinary General Meetings are also scheduled if required.
- The bank distributes its esteemed shareholders dividends on a regular basis. 2013 witnessed a 13.50% bonus dividend given by AIBL to its stockholders.
- It adheres to the principle that consumers should receive devoted services that are infused with the Islamic values of solidarity, tranquility, and brotherhood.
- The bank is devoted to building a wellbeing-oriented system of banking to cater to the requirements of the poor and economically disadvantaged population.
- The Bank endorses the tenets of Islam, which call for the creation of a just economic order via social liberation and fair wealth distribution.
- In accordance with Islamic principles, it promotes rural regions and works to provide jobs for those who are economically disadvantaged in order to promote the sustainable growth of the nation.

2.2.4 Organogram of AIBL



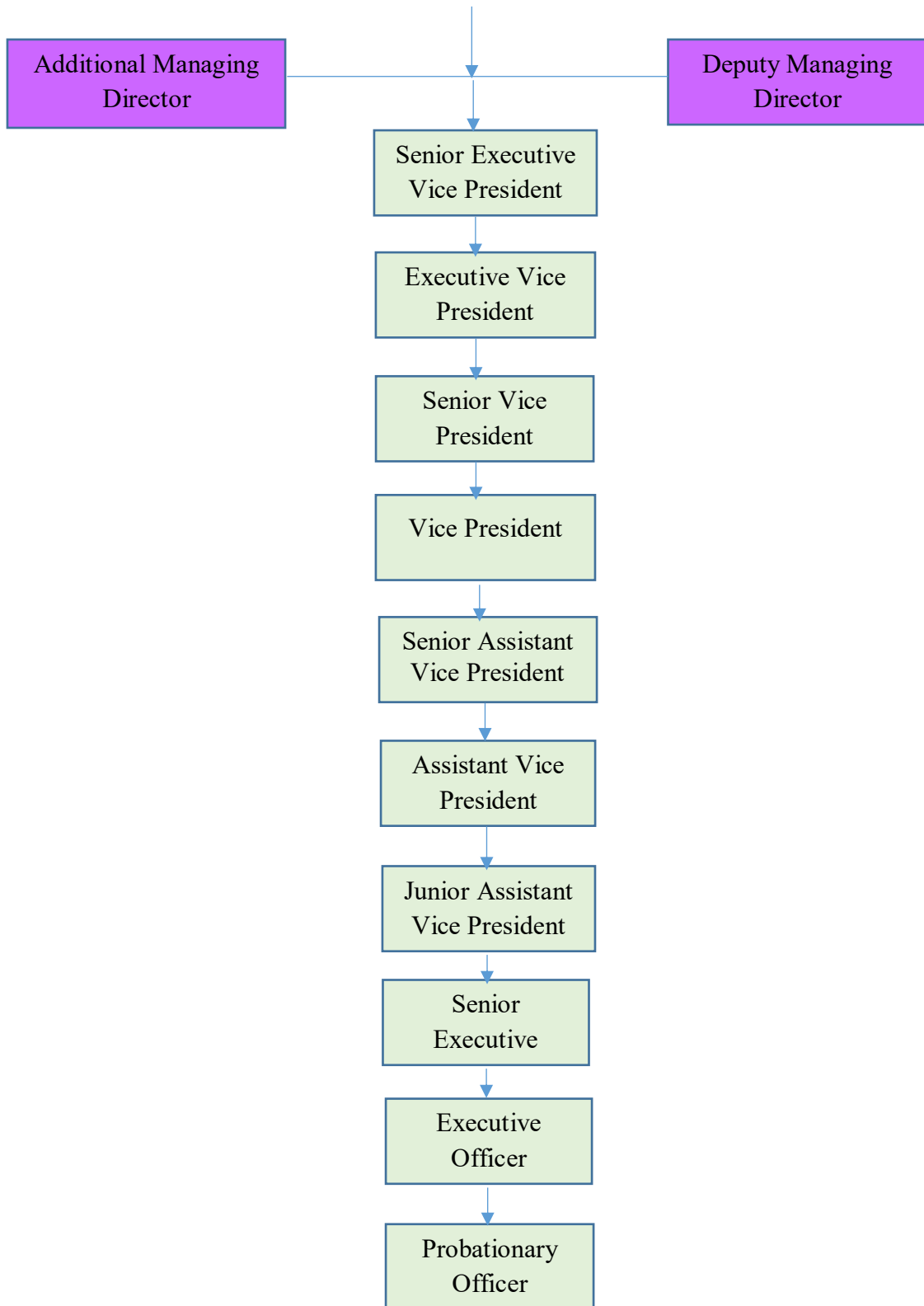


Figure 1: Organogram of AIBL

2.3 Management Practices

By coordinating resources and rendering assistance on all issues, AIBL's management practices play a crucial role in accomplishing its organizational objectives. Following is a discussion of several bank management practices:

2.3.1 Leadership Approach

Al-Arafah Islami Bank Limited uses participative leadership as its primary management approach. Instead of just delivering commands and wanting them to be obeyed, leaders across different branches engage and include their subordinates in goal formulation, decision-making processes, and resolution of problems. For instance, the Executive Vice President and the head of the bank's Dhanmondi branch regularly hold meetings with the staff during which they are invited to contribute their thoughts and views on the various issues the bank is currently dealing with. The Executive Vice President carefully hears what the team has to say and makes suggestions. It attempts to encourage everyone's involvement and dedication, which will lead to better work output and fulfillment at work. This leadership benefits from the diversity of opinions and perspectives that are brought to the conversation. This leadership approach has a downside that it might be difficult to execute quickly. It takes time to gather a significant number of people, get suggestions and opinions, examine potential courses of action, and finally announce about the decision.

2.3.2 Process of recruiting and selecting personnel

Drafting a comprehensive job specification for the position that is vacant, illustrating the job's major and minor duties, the abilities, expertise, and credentials required, degree of pay, joining date, whether or not it is temporary or long-term, as well as incorporate any additional conditions, is the fundamental phase in the recruitment procedure. Newspapers and the official website both offer information on the requirements, screening procedure, examination dates,

along with the application process. To choose applicants for different positions, Al-Arafah Islami Bank Limited holds examinations. In general, there are three stages to the selection procedure for bank examinations. The preliminary examination and written examination are the first two phases. On the other hand, an in-person interview is the third stage. An objective-type exam is carried out at the preliminary stage. Before moving on to the next phase, applicants must pass this test. A descriptive test is to be administered in the following step, which is the written test. An average bank test syllabus includes general knowledge, questions related to the particular bank, numeric ability, and deductive thinking. Interview invitation are sent to candidates who pass both of the written exams. Short-listed applicants are subsequently hired for the positions for which they applied.

2.3.3 Compensation Scheme

Employees at Al-Arafah Islami Bank Limited are compensated both financially and non-financially for their hard work. Financial compensation is offered by the bank in the guise of salaries, wages, incentives, and commissions paid at scheduled and expected periods. There is also a "AL-Arafah Islami Bank Limited Employee's Provident Fund" that is administered by a distinct set of Provident Fund Rules that have been authorized by the Board of Directors. All permanent employees are required to sign up for the Provident Fund. The bank additionally offers various non-monetary advantages to make workers have feelings of worth and appreciation, which involves medical leave days, paid vacation days, daily free lunch, discounts for staff at Medinova hospital, possibilities for career growth and progress, as well as potential for recognition. Senior staff are also provided with transportation by the bank.

2.3.4 Initiatives for training and development

The training programs are built with the wants and needs of bank customers in mind, while covering the changing dynamics of the banking business, as well as the regulatory framework

of the bank and its daily operations. Al-Arafah Islami Bank Training and Research Institute is in charge of creating and assembling the yearly training strategy, course schedule, curriculum, as well as material for the classes, in addition to going over the learning materials on a regular basis, constructing individualized training for the employees, and ensuring the effective execution of the training sessions each month. The institute undertook a broad spectrum of operations in 2022 to achieve the goal of carrying excellent training to bank personnel. In 2022, the bank held two Executive Development Programs in order to fulfill the demands of strengthening the understanding of the bank's top executives and managers about laundering of funds and terrorist financing precautions, as well as other contemporary issues related to the economy and finances. Usually, cash officers receive roughly a month of hands-on instruction from senior cash officers or supervisors. They learn about corporate policies and processes, financial software, and handling funds. Furthermore, the bank routinely organizes training for newly hired personnel.

2.3.5 Mechanism of performance appraisal

Al-Arafah Islami Bank Limited's performance evaluations are an annual procedure in which the performance and efficiency of employees are assessed against a specified set of criteria. The bank's appraisal approach is 360 Degree feedback, which analyzes an employee's performance using input received from the individual's circle of influence, which includes branch supervisors, coworkers, including clients. The employee participates in this appraisal as well, using self-evaluation. Customer input is critical in the bank's general banking division given that they work closely with customers. Customer feedback assists in eradicating habits that are detrimental, promoting behavior that is beneficial, and allowing staff to work more successfully toward their objectives.

2.4 Marketing Practices

AIBL implements an array of marketing techniques to boost earnings, highlight their offerings, form alliances with significant businesses or collaborators, attract potential customers, foster loyal customers, establish an image, and use the media in order to grow internationally. It is a crucial tool, particularly in the current context of fierce competition in banking sector of Bangladesh

2.4.1 Marketing Strategies

AIBL's marketing strategy is a comprehensive, well-organized outline for the company's marketing campaigns over an extensive range of networks and mediums. The bank's entire strategy for attracting potential clients and converting them into customers is included in its marketing strategy. AIBL's marketing plans include the following tactical steps:

- Analyzing and measuring market trends for comparable products or services to figure out whether that product or service is needed in the bank; this is done through consumer research.
- Customizing current financial services or developing new ones to better meet the requirements and preferences of customers.
- Figuring out the most effective ways to get in touch with prospective clients in order to inform them about the products or services being offered and convince them to purchase those.
- Developing marketing approaches based on analysis of the most effective techniques for connecting customers.
- Verifying consumer relationships through follow-up marketing initiatives and loyalty schemes.

- A durable competitive edge over other Islamic banks and commercial banks in Bangladesh is what this marketing strategy of AIBL ultimately aims to attain.

2.4.2 Target audience, positioning strategy, and targeting

Through its marketing initiatives, AIBL connects with five different sorts of target consumers. They include prospective customers, former customers, high value customers, medium value customers, and low value consumers. Two groupings of low-value clients are further divided. Whereas members of the second group disperse their money over multiple institutions, the members of the first group have minimal resources and little demand for financial services. Additionally, medium-value clients can be divided into two segments: a group that has placed the majority of its financial resources with a bank and the other that chooses to diversify resources just like low-value clients do. As they have substantial savings or active loans, high-value clients generate profits for banks. Individuals who no longer conduct transactions with a bank are considered former customers. Customers of competing banks and those who have not yet opened an account with AIBL are referred to as prospective customers.

Setting a bank unique becomes both more crucial and more challenging given that the majority of banking institutions provide a comparable, or even identical, range of offerings and services. AIBL bases its key positioning strategies on three pillars: elevated product and service quality, excellent connections with clients, and superior operational performance. Through Islamic Wallet, green financing, and social responsibility initiatives, the bank has distinguished itself from other Islamic banks. Customers can access financial services through mobile phone using the bank's Islamic Wallet, a mobile financial solution that is based on Shariah.

2.4.3 Marketing Channels

An innovative and meticulously planned marketing strategy requires the utilization of a marketing channel, which is a practical instrument for reaching the specified target category.

AIBL uses primarily two types of marketing channels. Both direct and indirect channels are provided. When the bank sells goods or services directly to clients without through an intermediary, this is referred to as a direct marketing channel. It mostly happens in general banking where banks deal directly with customers individually. However, a bank's foreign exchange or investment division does not necessarily engage directly with business entities. They have to interact with a variety of outside parties, including facilitators, insurance firms, transportation companies, and other middlemen.

2.4.4 Development of new products and competitive pricing

AIBL has seven phases for developing new products or services: idea generation, revision and selection, prototyping, evaluation, service or product manufacturing, testing in the marketplace, and monetization. Idea generation entails coming up with fresh product concepts as well as innovative methods to improve preexisting items. The service development group decides which concepts have a higher chance of succeeding in the market throughout the selection phase. It must produce a prototype or preliminary draft of its suggested product after a concept has been chosen. The authorized employees analyzes market research during the analysis phase of product creation, and after integrating the findings into the prototype, the completed product or service may be developed. Products and services are often launched to a more niche market or focus group before being made available to a larger public. The good or service is then introduced to the broader market once any modifications that are required have been made based on market research.

2.4.5 Branding initiatives

Companies have an enormous edge in fiercely competitive marketplaces when they have a strong branding strategy. AIBL's branding initiatives play a key role in helping the bank distinguish from the competitors and win over customers. The new logo for Al-Arafah Islami

Bank Limited was launched during the opening ceremony of the bank's rebranding program in 2020. The bank is aiming to modernize banking processes through electronic banking and make Islamic banking more appealing to younger generations. Recently, 169 ATM booths and 182 branches underwent a progressive rebranding process to achieve an outstanding level of customer service using a comprehensive and targeted method. The Bank founded the AIBL English Medium Madrasha as well as AIBL Library since it supports charities and humanitarian endeavors.

2.4.6 Strategies for promotion and advertising

Print media and digital media commercials are two of the main advertising forms that Al-Arafah Islami Bank Limited employs. Newspapers, periodicals, and trade publications are a few instances of print media which can readily target certain groups who are often more challenging to reach through other media. AIBL also implements social media marketing, to accomplish its advertising and promotional initiatives. Despite having profiles on several social media sites, the bank exclusively uses Facebook because there are roughly 45 million Facebook users in Bangladesh. A targeted audience is drawn to the pictures, videos, and announcements that are posted on the bank's official Facebook page and through Facebook Ads. In order to engage with potential consumers in a distinctive and memorable way, the bank occasionally posts about its products and offerings on YouTube.

2.4.7 Key marketing shortcomings and discrepancies

Even if a bank offers high-quality product and service offerings, poor marketing turns away clients. Al-Arafah Islami Bank Limited has a significant marketing drawback because they solely use Facebook to promote their business on social media. It is very unlikely that all of their target audience is on one social media platform. They are missing out on crucial audience segments with their marketing since they are not utilizing numerous channels. By utilizing

several networks, the bank may reach a wide range of customers and benefit from their distinctive characteristics. Numerous marketing campaigns have been undertaken by multiple banking institutions in Bangladesh throughout the years to raise brand recognition. However, Al-Arafah Islami Bank Limited places limited importance on marketing initiatives compared to other banks. The bank needs enhance its marketing strategies to set itself apart from competitors in order to remain viable in Bangladesh's extremely competitive banking industry.

2.5 Financial Performance and Accounting Practices

2.5.1 Financial Performance

In the years between 2019, 2020, and 2021, AIBL focused on all the critical areas, including capital adequacy, high-quality assets, competent management, solid profitability, and stable liquidity. Operating profit for the Bank increased by TK 1,551.73 million over the prior year to TK 7,860.62 million in 2019. Earnings per share, which were recorded at Tk. 2.28, were 10.05% of the total equity. By the end of the year 2019, the Bank's total assets had increased by 12.58% from the prior year to TK 381,051.81 million. A rise of Tk. 31,036.33 million or 11.66% during 2019 brought the Bank's deposit up to Tk. 297,241.81 million, up from Tk. 296.811 million. In 2020, the Bank's operating profit was Tk. 6,687 million. Earnings per share were Tk. 2.41, while the return on equity was 10.10%. The bank's total assets increased by 9.77% from the prior year to Tk. 418,298.65 million in 2020. The bank's deposit reached at Tk. 326,023.41 million in 2020, a rise of Tk. 28,781.53 million with a growth rate of 9.68%. During the fiscal year 2021, the bank's operating profit amounted Tk. 7,494.14 million. The return on equity was 8.21%, with EPS at Tk. 1.96. During the year, the bank's total assets increased by 10.61% to Tk. 462,687.05 million. The bank's deposit amounted at Tk. 353,287.97 million in 2021, with a growth rate of 8.36%.

Economic Value Added Statement

Particulars	2021	2020	2019
Shareholders' Equity	25,900.33	25,455.85	24,148.24
Total Income	27,696.18	29,986.74	32,849.22
Total Expense	20,202.04	23,298.97	24,988.60
Corporate Taxation	2,712.12	2,228.06	2,565.33
Capital charge	1,597.35	1,597.35	1,384.37
Economic Value Addition	3,184.67	2,862.36	3,910.92

Table 2: Economic Value Added Statement of AIBL in 2021, 2020 and 2019

The bank's Economic Value Added has fluctuated over time. Economic Value Added evaluates how much an enterprise's operational earnings surpass the cost of the capital needed to achieve those profits. The bank's Economic Value Addition declined in 2020, demonstrating that the bank was earning profits that were less than the cost of its invested capital. However, the amount rose in 2021.

Market Value Added Statement

Particulars	2021	2020	2019
Market Value of Total Equity	32,575.36	27,186.95	20,697.44
Book Value of Total Equity	25,900.33	25,455.85	24,148.24
Market Value Addition	6,675.03	1,731.10	(3,450.80)

Table 3: Market Value Addition of AIBL in 2021, 2020, 2019

The ability of a business to enhance shareholder value over the years can be evaluated by market value added. AIBL's Market Value Added has risen over time, showing that the bank is creating significant value for its shareholders and investors, which is a good indicator for its financial well-being. In 2019, the bank's Market Value Added was negative, suggesting that it

was not using its capital effectively or profitably. However, in 2021, the Market Value Added ascended significantly, suggesting that the bank was earning returns that surpassed the cost of the capital it had invested.

2.5.2 Accounting Practices

The Bangladesh Bank controls how banks in Bangladesh do their accounting. AIBL therefore has to adhere to the rules and regulations set out by the Bangladesh Bank as well as the International Accounting Standards, also known as IAS, and the International Financial Reporting Standards also known as IFRS. In accordance with the IFRS requirements, they also create financial reports. The statement of cash flows, statement of income, and balance sheet are some examples of these reports. The double-entry bookkeeping system is used by AIBL to handle their accounting records. Every transaction has to be recorded twice, once as a debit and once as a credit, according to this mechanism.

The accrual accounting approach is adopted by the bank, which implies that regardless of when the money is actually collected or paid out, revenues as well as expenses will be recorded whenever they are earned. The accrual accounting approach gives the bank a considerably more accurate view of a company's current financial situation. A third-party auditor performs an annual audit of the bank's financial statements. The audit makes sure that the financial statements are correct and follow to all relevant accounting rules and laws. In terms of foreign currency transactions, AIBL as well abides by the rules established by the Bangladesh Bank. These rules address how foreign currency transactions should be processed in accounting, including how balances should be converted from foreign to local currencies. To depreciate the fixed assets, AIBL uses the straight-line depreciation process. The cost of an asset is equally distributed over its lifespan of use by the straight-line technique. As a result, a specific amount of depreciation expenditure is incurred throughout the lifespan of the asset.

2.6 Operations Management and information System Practices

2.6.1 Operations Management

AIBL's operations management has been developed to be as effective as possible in order to maximize earnings. The objective of the bank's operations manager is to make sure that the bank efficiently turns resources like elements, workforce, and technologies into outcomes. Six Sigma, commonly referred to as the DMAIC process, is the operation management approach applied by the bank. It indicates define, measure, analyze, improve, and control. In cooperation with staff and senior management, the professionals outline the goals of a specific business process during the "define" phase. Satisfaction among clients is the primary goal of Al-Arafah Islami Bank Limited, therefore it is essential for the bankers to define all the procedures that include customer contacts and have a direct impact on how satisfied customers are. The operation managers use quantitative techniques to gather data from statistical sources during the DMAIC's "measure" phase. In the DMAIC "analyze" stage, authorized professionals examine the data gathered in accordance with established standards to pinpoint procedures that may be enhanced at the lowest possible cost. In the "improve" stage, they implement remedial measures for bettering problematic procedures after consulting with bank employees and the branch manager. The "control" phase concludes with the setting up of monitoring systems to track the results of the improvement endeavors.

2.6.2 Information Systems

Al-Arafah Islami Bank Limited's information management policies are in charge of making sure that information is available to all personnel and other the various stakeholders. Although management information systems can be utilized at all tiers of management, the chief information officers and chief technology officers often decide which systems to employ. In Al-Arafah Islami Bank Limited, two software programs are primarily used. They are Docudex

and Ababil. Since these programs are easy to use and access, staff members can effortlessly complete the majority of banking procedures.

Ababil Software

Al-Arafah Islami Bank Limited handles and offers most of its financial services using Ababil, one of the most important Islamic banking software programs. The bank can link to other different types of software and to interbank systems via this software, which is also referred to as core banking software. Ababil has several characteristics, including:

- Automates complicated banking transactions and the execution of operations
- Compatibility for multiple currencies across all services and products
- Provides payment and remittance services, as well as all the features needed for clearing and settlement with Bangladesh bank.
- Assists with managing financial obligations by estimating repayments on loans.
- Ababil's fraud prevention measures and identity alteration detection tools are useful for sending out fraud alerts.
- Computerized profit and revenue distribution system.
- Comprehensive report generating capability for producing reports and records for organizational requirements and obligatory reporting needs
- The ability for multi-layer identification and automatic payment distribution depending on customer transaction priority.
- Monitoring of performance at specific branches as well as overall bank levels.
- Setting up new accounts and maintaining current ones

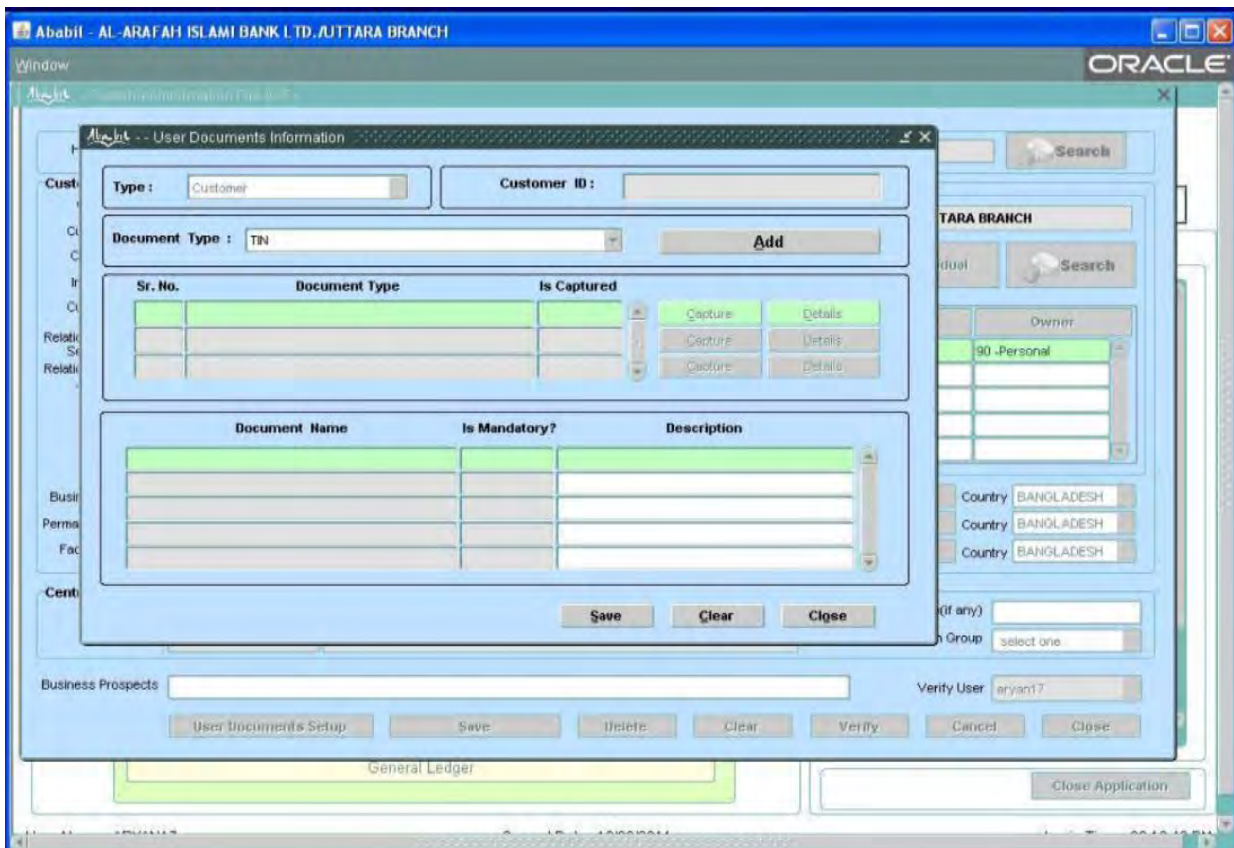


Figure 2: Ababil Software

Docudex Software

Every day, numerous documents of all sizes and origin are produced during banking transactions. These documents need to be categorized, registered, reviewed further, and shared in a lengthy procedure. Documents in AIBL are kept in a centralized filing cabinet with Docudex. Docudex software does more than only reduce the need for a lot of storage capacity for paper. Authorized bank workers have instant, at all times access to the document data. It is a type of banking software that simplifies all the procedures involved in gathering both inbound and outbound paperwork, letters, corporate and administrative records, legal papers, and so on. Any information pertaining to clients, financial matters, and company processes of the bank can be assembled, arranged, and monitored through Docudex. Docudex's primary benefits include its ability to significantly cut down on the amount of time needed for administrative tasks. The decision-making and task-execution processes are significantly improved using

Docudex software. It promotes flexibility and privacy, facilitates control over the execution of the instructions immediately.

2.7 Industry and Competitive Analysis

2.7.1 SWOT Analysis

In order to design strategies that utilize their strengths, fix their weaknesses, make use of opportunities, and mitigate threats, AIBL can use SWOT analysis to better understand their position in the banking industry of Bangladesh.

Strengths

- AIBL is one of the leading Islamic banks in Bangladesh and has a significant market presence. A bank like AIBL which has a strong and favorable image in the marketplace is more likely to have the trust of customers since it provides them the assurance that the bank is competent and reliable.
- The bank offers a variety of offerings, including personal and institutional banking, foreign exchange, remittance, and investment banking services. Through providing a variety of services, AIBL is able to fulfill the various demands of its clients and give significant assistance when it comes to their financial objectives.
- AIBL employs a talented workforce, including administrative staff, computer technicians, and professional bankers. Staff at AIBL works to increase the effectiveness of banking operations provides services to fulfill their clients' changing demands.
- AIBL has made investments in an excellent technological infrastructure that have increased its operational efficiency by optimizing services, decreasing mistakes, improving output, and granting it a competitive advantage.

- AIBL's stable financial performance contributes to the bank's reliability. Strong financial results can bring in investors and provide the bank the resources it needs to explore potential for growth.

Weaknesses

- Islamic banks are required to adhere to Shariah law in all facets of their business, including their foreign exchange division and investment operations. Due to the complexity of Shariah law and some people's lack of familiarity with Islamic banking, this can be difficult.
- Banks are subject to a lot of regulation, and complying with the rules may be costly and lengthy. AIBL might be forced to modify its operations and spend more money as a result of changes to rules made by Bangladesh Bank.
- Account setup and maintenance fees may make it harder for AIBL to draw in and keep consumers. Potential clients may find the bank less desirable as a result. For the bank, this might mean a decline in earnings and market share.
- Because of AIBL's lack of social media marketing in multiple platforms, it may be difficult for it to compete with other commercial banks in Bangladesh, and attract more potential customers.
- Customers' trust in the bank's ability to appropriately manage risk and lend money can be damaged by non-performing loans, which can also harm the bank's reputation.

Opportunities

- AIBL has the opportunity to benefit from the rising demand for online and mobile banking services to draw in prospective customers while retaining existing ones.

- AIBL can grow its customer base and revenue by entering new markets or geographical areas. By establishing a presence in rural Bangladesh, a bank may diversify its demographics and boost its earnings.
- AIBL can establish new financial products and services to satisfy their clients' evolving demands and maintain their position as the best in their field.
- AIBL can collaborate and develop advantageous partnerships with other banks or financial institutions to broaden their clientele and provide fresh goods and services.
- AIBL is able to focus on ethical and socially conscious banking activities to appeal to clients who value these practices.

Threats

- Bangladesh's banking sector is extremely competitive, with domestic as well as foreign banks competing for customers and market dominance. With new fintech companies and digital platforms offering advanced financial goods and services, banks in Bangladesh are experiencing significant technological competition.
- Geopolitical hazards, such as political unrest, violence, and war, can have an impact on banks. These dangers have the potential to affect the banking industry in the long run, along with the country's economy and financial markets. Economic crises may make it more challenging for AIBL to get liquidity and raise capital, which may affect how smoothly they are able to manage their banking activities.
- Because of the interconnectivity of the banking industry, the failure of one bank or other financial institution might have an impact on the entire banking industry. Currently Bangladesh's Islamic banks have been experiencing a liquidity problem as a result of consumers withdrawing large sums of money from Islamic banks after learning of a massive loan fraud by Islami Bank Bangladesh Limited.

- Bangladeshi banks are prone to scams, computer hacking, and financial misconduct including laundering of funds and terrorism funding. These actions may result in monetary losses, regulatory penalties, and harm to the bank's image.
- The foreign exchange market is extremely unpredictable, and exchange rates may shift very rapidly. Exchange rates and the activities of AIBL's foreign exchange department may be impacted by political and economic crisis in other countries.

2.7.2 Porter's Five Forces

The Porter's five-force framework is a crucial tool for banks since it aids in developing an understanding of the competitive environment of the banking industry and the formulation of successful competitive strategies.

Threat of new entrants

Due to Bangladesh's highly regulated banking sector, it is challenging for new players to make their way into the market. The amount of capital needed to establish a bank in this nation serves as a barrier to entrance. Although, the Bangladeshi government has taken measures to promote new entrants to the industry, such as permitting international banks to set up branches here. As a result, the banking industry may face greater competition.

Bargaining power of customers

Customers in Bangladesh's banking sector have significant bargaining power. Bangladesh has ten commercial banks with an Islamic Shariah framework. If customers are unhappy with the services provided or the costs imposed, they can easily change banks. For banks to stand out from competitors, they must concentrate on providing excellent customer service.

Suppliers' bargaining power

Banks depend mostly on readily available technology and their employees. Suppliers therefore have no major impact on the banking sector.

Threat of substitution

A number of alternatives exist for bank services, including mobile financial services and e-payment platforms like Bkash, Nagad, Rocket, and more. The profitability of conventional banks can decrease as a result of greater competition.

Competitive rivalry

A lot of financial institutions are competing for market share in the banking sector, which is very competitive. Fintech and major technology companies, which are reshaping the financial sector, are also posing a growing threat to traditional banks. In this highly competitive setting, banks who can set themselves apart in these areas are more likely to be successful.

2.8 Summary and Conclusions

Al-Arafah Islami Bank Limited is one of Bangladesh's important Islamic banks, acknowledged for its creative services, outstanding customer service, and ethical business practices. The bank provides a variety of financial services and products, which includes savings accounts, investment opportunities, and foreign exchange, all of which are founded on Islamic principles of risk and profit sharing. With a significant emphasis on innovative technologies, the bank provides sophisticated financial offerings including internet banking, and mobile banking. AIBL's branches are equipped with advanced facilities, and its workforce is competent to offer its customers exceptional service. With a strong emphasis on profit and risk management, AIBL has demonstrated sustained development in terms of financial performance throughout the years. The bank's strong customer base and dedication to provide modern, superior banking products and services to its clients are reflected in its profitability. By broadening their selection

of financial goods and services, AIBL could strengthen their product offering. For instance, they might launch new credit or investment products to address the shifting demands of their customers. AIBL will have a better chance of thriving and expanding in the competitive banking sector of Bangladesh if it is committed to constantly improving its activities, offerings, and services.

2.9 Recommendations

- AIBL can apply principles of lean manufacturing to speed up processes, decrease waste, and maximize effectiveness. This may include simplifying procedures, removing unimportant stages, and encouraging staff to further improve operations.
- By investing in the latest technologies, such as Chatbots with artificial intelligence, AIBL may improve its digital competencies. AIBL can handle the questions of thousands people with the help of Chatbots. When Chatbots are used as part of the communication system, customers are not required to wait for the customer service operator.
- AIBL could promote environmental sustainability by putting into practice eco-friendly habits including lowering the consumption of paper and shifting to renewable energy sources. This may strengthen the bank's reputation, draw in customers who care about the environment, and cut costs.
- AIBL may enhance their marketing initiatives to raise brand recognition and draw in new clients. Creating targeted marketing initiatives, making use of multiple social media platforms, and improving the bank's website's search engine optimization may all help with this.

- By keeping up with regulatory standards, building efficient compliance systems, and performing routine risk evaluations, AIBL can make compliance a priority. Highly expensive fines, legal expenses, and damaging reputations can all be avoided in this way.
- Through seminars, conferences, as well as internet-based methods, AIBL may provide financial knowledge to its clients. By doing so, the bank's connections with its clients can be made stronger while also fostering financial education as well as proper financial conduct.
- In order to assure that the bank can swiftly recover from unexpected events such liquidity problems, Cyber-attacks, or system failures, AIBL could develop a disaster recovery plan. By doing this, it may be able keep up continuity of operation, secure customer information, and reduce monetary damages.

Chapter 3

General Activities of Al-Arafah Islami Bank Limited

3.1 Introduction

General banking attempts to assist individuals in handling their money by providing them with basic banking services, loans, and financial guidance. Customers can make use of Al-Arafah Islami Bank Limited's general banking sector for a range of products and services such as account opening, deposits, receipt of cash and making a payment, customer support, lockers facilities, and clearings, along with remittances. General banking services are available to both people for individual use and enterprises for organizational and commercial utilization. This department of the bank also offers monetary advice and supervision to customers on subjects such as investment, saving, and handling debt. Furthermore, the framework of general banking is not limited to conventional branches and ATMs, but now includes the use of internet and mobile. General banking is crucial since it contributes to constant supply of money. Through making credit available to customers, the rate of liquidity is influenced, resulting in economic expansion. There is growing interest in general banking across the world, particularly operations associated with products and services for individual customers and small enterprises. The majority of Bangladeshi banks prioritized serving industrial or business clientele. In order to balance out their institution and retail deposits and loans, as well as most importantly, to lower the cost of deposits and raise the return on assets via enhanced risk management, they are, progressively moving into the retail banking or general banking sector. The general banking operations of Al-Arafah Islami Bank Limited are highlighted in this study, along with suggestions for how they could be improved. The structure of this study is as follows. Beginning with a brief overview of the bank, Chapter 2 goes on to cover its management, marketing, financial, accounting, information, operations, and competitive

analysis. Chapter 2 also offers suggestions for how to enhance the current position of the organization. The background, objectives, and importance of this research are described in Chapter 3, and it also goes into depth about the main operating operations of AIBL's General Banking division. This research also offers some suggestions on how to solve the issues the general banking department is now experiencing.

3.1.1 Literature Review

The general banking sector in Bangladesh has quickly become one of the main drivers of the banking industry's recent expansion. By using household and individual savings and directing them toward profitable investments, general banking is playing an integral part in the creation of capital. In the long run, this aids in boosting the economy's access to money and encouraging economic expansion. The Bangladeshi banking sector is strategically focusing on general banking services in the present economic scenario to secure profitability and persistent connections to clients. As lenders' reliance on corporate banking is decreasing as a result of an increase in non-performing loans, economists predict that general banking will be the key engine of development for the nation's banking industry in the coming years. AIBL's general banking department works to maximize customer fulfillment by providing them with services that meet their demands. The bank's general banking division has a higher customer management rating, which contributes to the development of a committed and dedicated customer base. A number of major obstacles are also being faced by this sector as well. The rivalry from new competitors and non-traditional businesses, such as fintech companies, is one of the biggest obstacles. These firms are drawing clients away from traditional banks by providing revolutionary and efficient services which make use of new technological advances and company models. Regulatory compliance is yet another significant issue that the general banking sector has to cope with. In order to safeguard consumers and maintain the stability of the financial system, banks must abide by a number of laws and norms. As a result, compliance

expenses place considerable pressure on banks. Although the difficulties this department faces, the bank may compete successfully in this market by focusing on several critical success factors. The general banking division of Bangladeshi banks should focus on boosting customer service, maximizing the use of technology, and creating advanced products and services if they want to stay profitable and stimulate industry growth.

3.1.2 Objectives

- To analyze the current scenario of the general banking division of Al-Arafah Islami Bank Limited.
- To determine some of the obstacles that Al-Arafah Islami Bank Limited's general banking division is experiencing.
- To provide ideas regarding remedial measures to enhance the department.
- To obtain an extensive understanding of how each department of Al-Arafah Islami Bank Limited operates.
- To become acquainted with Bangladeshi Islamic banking procedures and services.

3.1.3 Significance

Since its establishment, Bangladesh's Islamic banking industry has played a vital role in raising deposits and providing funding for a range of economic operations. The Islamic banking industry leads the other Islamic financial system in Bangladesh, accounting for more than 28% of deposits and 27% of investments in the overall banking sector. At the end of March 2022, total deposits in the Islamic banking industry reached BDT 3996.79 billion, increasing BDT 65.68 billion from the end of December 2021 and BDT 418.87 billion from the same period the previous year. Islamic banking has grown considerably, in significant measure because it is becoming gradually more acceptable on religious grounds. Sharia-compliant banking is

preferred over interest-only banking by many in Bangladesh. However, religion is not the only factor contributing to the rise. Since conventional banking has been less trusted as the world's financial problems have become worse, interest in Islamic banking has increased on a worldwide scale. Islamic banking is centered on fairness, distributing risks, and good conduct, especially refraining from violating the rights of others. For this reason, a large portion of Bangladeshis choose Islamic banking. Any bank's general banking division is essential to the institution's overall achievement. The Islamic banks in Bangladesh, including Al-Arafah Islami Bank Limited, have been divided into independent general banking business units, each with its own administration and financial reporting procedures. This study will assist in both evaluating the challenges this department is now facing as well as understanding the general banking operations of Islamic banks in Bangladesh.

3.2 Methodology

The two main categories of data sources employed in this study are primary and secondary sources. The primary sources of data for this article were observation, interviews with clients as well as employees. In order to obtain more in-depth information on particular issues, I prepared interview questions prior to doing the interview. Some of the secondary data used for this study include government publications, publications by the Bangladesh Bank, web pages, journal articles, as well as organizational records.

3.3 Findings and Analysis of General Banking Activities of AIBL

3.3.1 Account Opening and Closing

When an account is opened, a legal contract is formed between the bank and the customer who opens it. AIBL's account opening division collects consumer deposits, which in a significant

way allow the bank to lend money to its regular and commercial clients. In order to safeguard financial institutions from theft, illicit activity, laundering of funds, and terrorist funding, proper account opening may also analyze continuing threats and keep an eye on suspicious activities. Account opening and closure procedures are essential and is strictly carried out by the bank. The bank requests a number of papers based on the kind of account and its requirements. It mainly includes NID, passport, TIN, Trade License, passport size pictures and employer's certification.

3.3.1.1 Procedures for Creating a Bank Account

Anyone who is legally capable of entering into a contract may establish an account with the bank by delivering a properly completed account opening form that includes their choice of nominee. After gathering all required paperwork, the account opening forms and sample signature card are filled out and signed in front of the designated bank officer. The staff members in charge of opening accounts must make sure that no deposit account is established without the Manager's permission. The Manager will only permit account opening when he is convinced that the candidate is credible and deserving of being a Bank client. No Cheque Book will be given prior to the gathering of the necessary data and the initial payment. The Account Opening Form of AIBL contains the rules for setting up and operating the corresponding accounts. Making the client aware of the regulations is the responsibility of the relevant authority. When an account is opened, a letter of appreciation is sent to the account holder at their filed address. A similar letter is sent to the chief executive officer or chairman of the organization if the account is established in the name of a corporation or other organization. This move makes it difficult to open any fraudulent accounts. If the account is controlled by a guardian, a minor may establish an account in their name. Normally, a savings-type account is opened in this situation. After a scheduled fee has been paid, account holders receive a statement of account. In accordance with the current Money Laundering Act, the bank reserves

the right to inquire about the source of the funds from the client, and the client is obligated to supply the information upon request from the bank. According to government regulations, taxation on income, duty on excise, VAT, and other taxes imposed by the government will be deducted from the account's balance. Generally, the Bank communicates with the client via email, phone or courier delivery. The Bank needs to be notified promptly if the account holder's residence or additional data changes. Customers are made aware by the bank when they are not managing their accounts correctly

3.3.1.2 Nomination

In the context of banking, a nomination is the right of an account holder to name one or more people who will be eligible to the funds in the event of the account holder's demise. If there are many nominees, each nominee's portion is specified. Minors are also permitted to be nominated. Payments will be provided to the legal guardian upon maturity in this scenario, if the account holder pass away before the nominees reach maturity. The previous nomination may be removed by the customer in favor of a new candidate. Only after the depositor's demise the nominee will be eligible to receive the funds according to distribution; in this situation, no Succession Certification is required, and this issue will be handled at the bank upon receipt of the following papers from the nominee:

- The death certificate of the deceased account owner, signed by an accredited doctor or the chairman of the Union Parishad. The death certificate must be validated by the Bangladesh High Commission or the relevant embassy office located in the foreign nation if the account holder passes away abroad.
- Properly authenticated passport-size photos of the nominee.
- An indemnity bond that is jointly or singularly executed by the nominee.

3.3.1.3 Types of Account

Depending on the requirements of the clients, different types of bank accounts at AIBL serve various objectives. The list of accounts that are typically opened at the bank is provided below:

Al-Wadiah Current Account

Al-Wadiah is the term used to describe a Shariah-compliant safekeeping agreement between the Bank and the depositor. It is a deposit product that complies with Islamic Shariah and requires the depositor to provide the bank with funds in the nature of "Amanat." While the Bank requests the depositor's consent to utilize the funds in accordance with Islamic Shariah, it also assures that the depositor will always have access to the funds upon request. Bank will be held entirely accountable if it loses money utilizing this deposit. Because customers are not taking on any loss or risk, they are unable to request a profit. Al-Wadiah Current Accounts must be started with at least Tk. 2000. Throughout banking hours, any amount may be placed and withdrawn as long as the minimum balance is met which is TK 2000. Account maintenance fees are deducted from the account every six months. There will be a closure fee when the account is closed.

Mudaraba Term Deposit Account

A profit-making account based on the Mudaraba principle, the Mudaraba Term Deposit Receipt gives returns in exchange for deposits made over a certain length of time. The bank takes deposits in accordance with the Mudaraba concept and invests them in Halal ventures. In this system, one side contributes finance and the other individual work. Profit is divided according to a pre-determined ratio, and any losses goes to the customer's account. As the bank is making all initiatives, investing labor and money, it will not incur any losses. Currently, the depositors get at least seventy percent of the bank's investment revenue through the use of the Mudaraba fund. Deposits for durations of one month, three months, six months, twelve months,

twenty-four months, and thirty-six months are accepted in the Mudaraba Term Deposit accounts. The deposit slip includes information on the customer, including name, sum, time frame, date, and MTDR number. When a Mudaraba Term Deposit matures, the depositor has the choice of either retrieving the deposit and any profits earned from it or extending the deposit.

Mudaraba Savings Account

The Mudaraba principle of Islamic law governs the opening of Mudaraba savings accounts. Savings accounts, as their name suggests, are primarily used to save customers' money, hence they are administered within particular parameters. Tk. 500 is the smallest sum that the account holder must maintain. Every amount may be transferred to the account. However, money may be drawn up to twice per week and four times per month without prior warning. Per transaction, a maximum of 25 percent of the available amount may be removed without advance notification. For withdrawals of sums more than the aforementioned mandatory limit, the client must give a seven day written notice in beforehand.

Monthly Installment Basis Term Deposit Account

Term deposit accounts with installment basis is a savings deposit method in which the client opens an account, determines the period of the scheme, pays the initial amount in installments, and then withdraws the money and earnings at maturation. The client can select any payment amount choice while creating an account under this scheme. However, it cannot be updated afterward. These are the monthly installment amounts: TK 200, TK 300, TK 500, TK 1000, TK 1500, TK 2000, TK 3000, TK 4000, TK 5000, and any multiple of TK 1000 up to TK 50000. Two, three, five, eight, ten, and twelve years are the lengths of the schemes. In general, deposited funds cannot be drawn before their 2-year maturity. Except for exceptional cases, a client who wishes to withdraw their money before the 2-year milestone will be permitted. Any client who misses consecutively three installment payments before the end of

the two-year period would be disqualified from the scheme's benefits. When two years have passed and a client has not paid five payments in a row between two defined periods, the bank retains the right to close the account.

Mudaraba Special Notice Deposit Account

Al-Wadiah Current Account and Mudaraba Savings Account combine to form the Mudaraba Special Notice Deposit Account. The account owner earns profit on this account and gets to use the drawing feature. The Mudaraba Special Notice Deposit account is useful for businesses or people that have large sums of money and need the ability to frequently deposit and withdraw money. The needed minimum balance in this case is Tk. 5,000, which is also the minimum deposit. The account holder is given a Pay-in slip book and instructed to deposit the funds with the cashier. Any value may be placed and withdrawn during business hours, provided it meets the minimum balance requirement. To avoid any risk of laundering illicit funds, authorized workers have to conduct the required investigations if large credits are received in recently created accounts.

In addition to these five major accounts, Al-Arafah Islami Bank Limited also allows customers to open the following accounts: Mudaraba Monthly Profit Term Deposit Scheme, School Students Mudaraba Savings Account, Monthly Installment Basis Hajj Account, Pension Deposit Scheme, Mudaraba Foreign Currency Deposit Account, as well as Farmer and Freedom Fighter Account.

3.3.1.4 The procedure for closing an account

- Anytime a client requests to close an account, they are required to submit an application and any unused cheque book leaves, as well as an explanation of their decision.
- Upon receiving the application, it must always be brought to the Manager's attention, who will immediately ensure that the client is not terminating the account due to

complaints that might potentially be resolved. Manager will issue an order for closure when contented with the justification.

- The computer operator must write the number of leftover cheque leaves and the account's balance on the application.
- The Authorized Officer contacts every division to inquire about any potential Bank liabilities. None of the accounts can be closed until the Bank's liabilities have been adjusted.
- When an account is closed, the closure fees have to be deducted from the account.
- The Account opening document shall have the stamp "Account closed," and the required modifications needs to be made in the bank's register and software.
- The authorized officer has to examine the application, account opening form, records made in the computer, and account closing seal before signing the application. The Account Opening Form and any other papers must be taken out of the necessary files and put in the file for closed accounts.
- The General Banking In-charge is responsible for properly documenting the elimination of unused check leaves in the Computer, Account Opening Register, and Cheque Book Registry.

3.3.2 Clearing House

Under the direction of Bangladesh Bank, clearing is the process of collecting and paying instruments including checks, payment orders, and drafts through interbank settlements. The Automated Cheque Processing System and the Electronic Funds Transfer make up Bangladesh Automated Clearing House, the country's groundbreaking computerized clearing house. The two systems function in batching mode, indicating that transactions that reach the banks

throughout the day are handled at a specified time and settled using an identical multilateral net amount on every single bank's own books kept with the Bangladesh Bank. For the purpose of sharing crucial information pertaining to BACH, a VPN has been established between all participating commercial banks, including Al-Arafah Islami Bank Limited. It serves as the most advanced electronic route for the nation's interbank settlement of monetary transactions. The country's options for exchanging checks are expanded nationwide because of automated clearing houses, which also save time and money. AIBL began using the Automated Cheque Processing System in 2010 through switching from the traditional cheque clearing framework to an image- and date-based system, where cheques that have been digitized with Magnetic Ink Character Recognition are sent between participating banks in a secure format.

3.3.2.1 Clearing Sessions

In the high value clearing session, instruments worth Tk. 5 lac and higher are represented for clearance. The session's start time changes based on Bangladesh Bank guidelines. High value checks have to currently be sent by 11 am for clearing. By 2:30 PM, each of these checks have to be cleared. As Bangladesh Bank clears high value and normal value checks using a computerized check processing framework, the frequency of high value cheque clearing has increased and clearing times have drastically decreased, maximizing immediate payments. In the regular value session, instruments with a value of less than Tk. 5 lac or any other quantity are presented. The session's commencement time alters as well, depending on Bangladesh Bank guidelines. The clearing house must receive any regular checks by 11:30 a.m. By 4:00 PM, these checks have to be cleared. All intra-regional and inter-regional checks are cleared by Bangladesh Bank's computerized check clearing system in a single day during the session. In outward clearing, cheques that have been deposited are first electronically scanned and validated here before being forwarded to the service branch. After applying the relevant stamps to the instrument, pay-in-slip, and counterfoil, the instrument is forwarded to the in-charge

together with the Pay-in-slip for reviewing and the act of signing. The counterfoil is then given over to the consumer when the instrument and pay-in slip have been separated from it. The employee is in charge of using UV lighting to check for things like the validity of the check's leaf and any material modifications to the payee's name, value, or date. The instrument is required to be scanned and submitted to the system if it is determined to be authentic in every way. Once all of the instruments have been submitted in full to the core banking system then the amount will be successfully transmitted to the paying bank through Bangladesh Bank. Cheques that Al-Arafah Islami Bank Limited receives from other banks are cleared inward. The bank checks to see if the checks are properly drawn. The approved bank is responsible for confirming the legitimacy of the cheques in terms of the date they were issued, the customer's signature, and the accuracy of the written content and figures. The authorized AIBL staff must then use UV lights to inspect for any apparent inconsistency. In accordance with the amount of funds in the customers' distinct accounts, properly drafted checks are debited.

3.3.3 Foreign Remittance Department

A remittance is the sending or transference of money to another person, one who resides abroad. The Bangladeshi wage earners trust Al-Arafah Islami Bank Limited to swiftly transfer their hard-earned money to their designated recipients in Bangladesh. On inward remittances, AIBL has placed a lot of focus. During this time, the institution had built up a substantial amount of drawing agreements with Exchange Companies in key nations including Italy, Canada, the United States of America, the United Arab Emirates, Kuwait, Qatar, and Bahrain. In the initial stage, the sender of the funds (the remitter) visits his bank or exchange house and submits an application for payment into the account of the recipient (the remittee). The Remitter bank's needs for the remittance include: Remittee Identity and Address, Banking Account Number, and Branch Information. When the transfer has been completed, AIBL holds onto the money to ensure that all formalities have been followed and legality has been

established. The Remittee needs to get in touch with his bank and deliver all the pertinent paperwork that the Bank requests. The bank typically needs the following details: the remittee's NID, the transfer's purpose, the sum of money being transferred, and the name of the sender and account number. The customer may quickly take the money from the bank's cash counter when the authorized employee has finished the verification process. If the sender transfers money through an exchange house, the bank needs a few hours to conduct the transaction. On the other hand, if the remitter transfers money to the recipient's bank account, the transaction will typically take 3–4 working days for completion. AIBL does not impose any fees for remittance. In addition, effective from January 1, 2022, the government increased incentives to 2.5% in an effort to promote the inflow of remittances into Bangladesh. For instance, a Bangladeshi residing overseas who contributes TK 50,000 to his family in Bangladesh will earn a TK 1250 incentive. The AIBL Ababil program calculates this incentive automatically.

3.3.4 Funds Transfer System

3.3.4.1 Real Time Gross Settlement

Real Time Gross Settlement Service is a type of funds transfer system which enables "in real time" and "gross" movement of money or securities from one bank to another. "Real-time" suggests that RTGS transactions are handled as soon as the sender requests them, and "gross settlement" denotes that orders for the transfer of money are carried out one-to-one. With the RTGS system, there is no need for the tangible transfer of funds; instead, Bangladesh bank makes modifications to the sending and receiving banks' accounts by deducting the relevant sum from one bank's account and adding the same sum to the other bank's account. Within 30 minutes after receiving the notice of the transfer of funds, the bank of the beneficiary is required to credit the recipient's account. In 2016, AIBL launched this service. Only those account holders who have operational accounts with AIBL are eligible for RTGS. No strangers are

permitted to conduct RTGS transfers. Customers must fill out an application and supply the following information in order for AIBL to perform transactions using RTGS:

- Both a debit and credit account number
- The account titles for the credit and debit accounts
- Transferable amount
- Transaction's objective
- The accounts' respective branch and bank names
- Contact Number
- The customer's signature

In AIBL, the service fee for RTGS transactions is TK 100 per payment. RTGS method is extremely secure since, in the unlikely event that the money transmitted via RTGS does not reach the intended recipient, the identical sum will be returned to the originating account in a matter of minutes. With instantaneous settlement of high value and immediate payments in the nation, this technique has expanded the payment network. The minimum transactional amount is BDT 100,000. On business days, customers can transfer money using RTGS from 10:00 AM to 3:30 PM. For the transaction to be completed, both the sending and receiving bank branches must be RTGS-enabled.

3.3.4.2 Bangladesh Electronic Funds Transfer Network

The Bangladesh Electronic Funds Transfer Network is a nationwide direct batch payment system for electronic payments. In 2011, AIBL began utilizing the nation's first transparent digital inter-bank money transfer system, BEFTN. Credit transfers such as paycheck, remittances, company dividend payments, corporate settlements, taxation payments, and person-to-person payments can all be processed through this network. In the same way, it accepts debit payments such as EMI installments, insurance transactions, and payments for

utility costs. Only banks that provide BEFTN enabled services are capable of handling BEFTN transactions. It is apparent that BEFTN transactions cannot occur in real time, and that they take at least a single day to get done. The number of BEFTN transactions is unlimited, and AIBL does not demand fees for this system. In cases where BEFTN transfers are unsuccessful or are not dealt with on time, recipient banks must refund the money to the issuing bank within a two-hour period. If a consumer has to transfer a relatively small amount of money and the transaction does not require to be completed immediately, they typically use BEFTN as the method of funds transfer. Customers must complete a form containing their bank account number, the amount that needs to be transferred, the recipient's name, the recipient's bank branch, their contact number, and their signature in order to perform transfers using BEFTN.

3.3.5 Cash Operation

As the most fluctuating and liquid asset on a bank's balance sheet, cash needs to be managed smoothly. The daily management of controlling cash inflows and outflows is referred to as cash operations in financial institutions. Without the cash department of AIBL, no transaction can be completed thoroughly. It acts as the center for every other division. The Cash Department is crucial in influencing how clients see a bank's level of customer service. It mostly deals with collecting cash, disbursing cash, daily cash balance, and safeguarding cash.

3.3.5.1 Receipt of cash

The designated cash official completes the following tasks prior to accepting cash from depositors in Pay-in-Slips:

- Examine the account title, number for the account, amount in words and numbers, date, and signatures recorded on Pay in Slip and must confirm on its preciseness and credibility.
- The designated official must thoroughly examine and count the money.

- Record the amount and stamp the cash received.
- Enter information about the money obtained in the Ababil software.
- To make sure that there has not been any kind of theft, counterfeiting, or embezzlement, another person in the cash department is required to verify this transaction using the Ababil software.

3.3.5.2 Payment of cash

The following procedures are followed when paying cash against instruments such checks, pay orders, and payment slips:

- The official has to examine the instrument for validity and transparency, post the check and pass it. Then, count the necessary cash and record the amounts on the backside of the instruments or vouchers.
- Acquire a second signature from the payee or customers on the other side of the documents, and stamp it.
- The designated official must input the information for the instruments or checks in the cash register.
- In the end, once the aforementioned formalities have been completed to the Cash Official's contentment, the Recipients will be given cash in exchange for the instrument or check.

3.3.5.3 Balancing of cash

The Cash Receiving Official has to sum up the cash received for the day after the final entry in the "Cash Receiving Register," as well as record the total amount in words and a figure under the the sum, and ensure that the figure is accurate and matches the figure generated by software. A second authorized individual is required to enter every one of the payment vouchers into the "Cash Payment Register" in sequential order, date-wise, and to confirm that the sum of these

payments for the day matches the total amount that is displayed in the software. The cash in-charge prepares and signs the cash balance book and sends it to the manager after the cash officials have balanced the cash receiving and payment records. When the manager is satisfied with the book's correctness and authenticity, he will countersign it to certify that it is legitimate.

3.3.5.4 Safety and security precaution for cash handling

- The cash counter is always locked from the inside and no unauthorized individuals are permitted to access to it.
- The keys to the vault room and cash safe have to be carried by the manager, second officer, and cash in-charge. When the vault room is securely locked and opened up, every single one of the custodians and the joint custodian have to be around. The vault chamber is always secured with two locks.
- Currency notes are organized into packets of 100 pieces each after being processed. Both the label on the front and the back of the packets has to include the properly signed signatures of the employees who are performing the counting and verifying the notes.
- Immediately after being taken out of the vault or deposited there, the total value of all notes is recorded in the computer system and vault database.
- To prevent receiving any counterfeit or incorrect notes at the cash register, the notes are thoroughly verified. When a fake note is presented, the individual who presented the note, and the law enforcement are notified. Although if the Bank believes the individual presenting is uninvolved the bank is required to gather information about him and his claims regarding the source of the note. The fake note and the person's responses have to be submitted to the law enforcement to continue the investigation.
- During breaks and prayers, all of the money is removed from the counter and stored in a distinct safe in the vault. The cash counter is always secured to stop unidentified people from entering the counter.

3.3.6 Locker Services

Most of the Al-Arafah Islami Bank Limited branches provide clients with a fully secured locker facility for the safety of their precious goods, private papers, as well as other possessions in order to protect them from any unpleasant incidence. There are 183 lockers total in the bank's Dhanmondi branch, of which 30 are hard, 87 are medium-sized, and 66 are small in size. A savings or current account with acceptable transactions and balances is required for the locker holder. In AIBL, lockers are handed out annually. The annual fee must be paid in advance by the locker owner at the time of allocation. After all procedures have been completed and the correct recognition has been received, the Locker's Key will be given to the Locker's owner. The owner of the locker must keep the keys in a secure location and must never provide them to anybody other than authorized employees of the bank. The Locker Holder has to sign in the relevant column of the Locker Management Register before the Locker may be used. This must be done in front of the person in charge or Authorized Officer. After being certain of the identification of the locker holder, he will permit him or her to enter the locker room. If a locker holder's death has been reported, the locker is closed down and no one is permitted to use it. The valuables will be given to a nominee if there is someone. If there is no nominee, the Locker may only be opened with a court order and the Head Office's authorization.

3.3.7 I-Banking Services

Al-Arafah Islami Bank Limited is integrating technology and now provides internet banking, allowing users to do various financial operations from the convenience of their own homes. The bank has a time limit on when its financial services are available. I-banking, despite this, provides for customers' financial needs 24/7. Customers can save valuable time by not having to travel to the bank by using internet banking. The many features and advantages of electronic banking include the ability to monitor accounts, manage transactions, make payments, make transfers, and a lot more— from a mobile device or a desktop computer. Customers may use

internet banking to manage their debit and credit cards as well as update their information. Anyone who has registered for I-Banking and has an open bank account with Al-Arafah Islami Bank Limited is eligible to utilize it. The actions to take in order to sign up for I-banking online are as follows:

- Visit Al-Arafah Islami Bank Limited's official banking webpage.
- Select the 'New user/Create your account' link or the login icon.
- After that, the user must provide their login, payment card details, registered cellphone number, and account number.
- The client must input the OTP that was issued to the registered cellphone number in order to validate the procedure.
- After that, to log in, customers must use their temporary customer identification number and password.
- After logging in, users can set up a stronger password for later usage.

After completing the registration process a client must submit an internet banking application form to begin using the service. The Branch representatives must verify that the application form is correctly filled out. The client's signature must be verified by the designated authority. Once the application form's signature and other details have been examined, the Branch must send it to the ICT Division's headquarters in order to request the password needed to use I-Banking. In the initial use, AIBL gives the customer a special "Customer ID" and a temporary password to use. The User should promptly change the Password at initial login as a security precaution. Customers can effortlessly execute their financial activities owing to the bank's simple to operate and easily accessible banking platforms and webpages.

3.4 Summary and Conclusion

The basis of a bank's business approach is general banking, which offers an array of advantages to both the bank and its clients. It is a crucial part of AIBL, delivering individuals and companies the resources they need to properly handle their funds and carry out transactions with confidence and efficiency. Creating and managing savings and current accounts, receiving deposits, granting credit to customers, dealing with payments, and providing additional financial resources and services including remittance facility, locker service and digital banking are just a few of the services offered. With the assistance of programs like RTGS and BEFTN, AIBL additionally speeds up transactions and transfers. Additionally, AIBL provide clients with tools like credit card and ATM debit cards, which let them gain access to their finances and conduct transactions. General banking is a crucial tool for AIBL to attract new clients and hold onto current ones as well. AIBL may establish long-lasting relationships with its clients and convince them to stick with the bank throughout the years by providing a wide selection of goods and services that are catered to each client's unique requirements.

3.5 Recommendations

- By decreasing the number of paperwork, minimizing the quantity of information needed, and offering straightforward directions, AIBL could speed up the account opening procedure. As a result, opening an account for clients may take a lesser amount of work and time.
- In order to broaden the remittance system's client base and give users more alternatives for sending and receiving money, AIBL should work with partners including new exchange houses, financial institutions, and payment service providers.
- Giving clients access to real-time cheque status updates can increase customer satisfaction and lessen the need for them to call the bank to inquire about the status of

their cheque deposits. Customers can be informed when their payment has been processed and when funds are available, in order to accomplish this.

- The majority of banks in developed countries enable RTGS money transfers through mobile apps. AIBL clients may benefit from more accessibility and flexibility due to mobile access to the RTGS system. Customers could perform payments from any device, anytime, anywhere with the use of a mobile app.
- As lockers are not accessible in every branch of AIBL, they could expand the number of branches lockers are available, making it simpler for clients to use them.
- AIBL can tailor the internet banking experience for users using data analytics and machine learning. This could involve giving out specific financial advice, making special offers, and making particular suggestions.

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