
INTERNSHIP REPORT ON SOCIAL ISLAMI BANK LTD.

ID : 12264044

PREFACE

One can acquire theoretical knowledge by learning only in a classroom. But generally there is a significant gap between practical situation and theoretical knowledge. To bridge this gap, practical experience is required to be achieved to match theoretical knowledge.

One of the tried and proven methods of combating the short coming in the experience with internship program. It is the combined arrangement between the educational institution and business houses operating in the practical field. MBA program is targeted to produce skillful “Business Executive” having an absolute professional outlook. So, the graduates of this discipline should be pragmatic and should have a first-hand view of the real life business environment, the prime objective of the internship program is to produce the learners with practical organizational environment so that, they can tune up themselves for the jobs in future and can get an opportunity to reconcile the theoretical knowledge with real life situation. For this reason internship program is an indispensable for the MBA program. As a student of BRAC University, I was placed in various divisions at Bashundhara Branch. I have tried my best to make this report effective and realistic and my endeavor will be fruitful at that time if anybody is benefited from this one.

LETTER OF TRANSMITTAL

Date: 19th June, 2014

Santu Kumar Ghosh
Assistant Professor
BRAC Business School
BRAC University.

Subject: Submission of Internship Report

Dear Sir,

I am hereby submitting my Internship Report, which is a part of the MBA Program curriculum. It is a great achievement to work under your active supervision.

This report is based on over all banking activities of Social Islami bank Limited (SIBL). I have got the opportunity to work in Social Islami Bank Limited for twelve weeks, under the supervision of Wahid Uddin Ahmed (AVP and Branch Manager) of Bashundhara branch.

This project gave me both academic and practical exposures. First of all I learned about the organizational culture of a prominent bank of the country. Secondly, the project gave me the opportunity to develop a network with the corporate environment.

I would be highly obliged if you are kind enough to receive this report and provide your valuable judgment. It would be my immense pleasure if you find this report useful and informative to have an apparent perspective on the issue.

Sincerely Yours

Sayad Nazmul Huda
ID No: 12264044
BRAC Business School
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EXECUTIVE SUMMARY

The report represents the three-month working experience on Social Islami Bank Limited (SIBL).

I was assigned in the Bashundhara Branch of SIBL. This report gives a clear idea of the activities and the operation strategies of the Bank. SIBL incorporated in 5th July 1995 and being into its commercial operation on 22nd November with a view to provide exclusive service facilities to its client and accordingly meet the demand of banking service all over Bangladesh. During the short span of its operation the bank had been widely acclaimed by the business community from small business persons to industrial conglomerates for forward looking business outlook and innovative financial solution.

I've divided the study between five chapters. It is argued however, that any study of Islamic Banking in the 21st Century should make dispassionate interpretation of history of achievement and failures of past generations and take cognizance of rising expectations and signs of re-discovering Islam in the contemporary period. This bank is playing a vital role in the islamic banking region in Bangladesh. They are going through **Shariah Law** by direction of **Shariah Board**.

The whole report is based on the operations of SIBL and the services it provides. My overall experience had been very fascinating and I believe internship period at Social Islami Bank Ltd. will definitely help me a lot in building my future career.



CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

The present world is the ultimate and definite result of successful trade, finance and business. To conduct the successful trading system world is going ahead time to time. To learn the successful trade, commerce and business policy the educational institutions are also not behind. Day by day they are offering more and more courses to teach the successful business policy deeply. My intern organization was Social Islami Bank Limited (SIBL) Bashundhara Branch. So, I am very grateful to my internship organization, SIBL to allow me for joining there, work and gather knowledge practically and give me a chance to increase my intelligence about the industry. Banks are playing very important role in case of service providing. So banking is very important to conduct the business activities. To attract the clients to the banks, they have to make their entire service system very effectively. Physical evidence is one important factor of banking to attract clients. In this report my main concern is to find out the satisfaction level of clients through the physical evidence.

1.2 ORIGIN OF BANKING INDUSTRY

The English Word “Bank” is derived from Italian word “Banco” which means Bench. The Latin “bancus” and French word “banque” which means a bench. There are the opinion that the medieval European bankers (i.e. money changers and money lenders) transacted their banking activities on the benches in the market place. This money changing and money lending business is known as the “Banking Business”.

The history of Banking is very old; actually, the need of keeping the surplus of earning safely created the need of banking activities. So, the concept of Banking first established around 2000 BC in Assyria and Babylonia. This concept spread to the Dutch Republic in the 16th century and in the 17th century in London. Various monarchs have established the necessity of banking in different ways. Banking concept was well-established in the whole Europe by the time of Adam Smith. He came along with the “Invisible Hand” theory. Empowered by his views of a self-regulated company, money lenders and bankers managed to limit the state’s involvement in the banking sector and the economy as a whole. This free market capitalism and competitive banking found fertile ground in the new world, where the United States of America was getting ready to emerge.

At first the US Banking system was not benefited by the smith’s theory. They only issued bank notes against gold and silver coins. Alexander Hamilton, the secretary of treasury established the national bank

to direct the issuance of bank notes and maintain the reserve of the bank notes. Gradually, many banking activities like loans, corporate finance transferred at the hand of merchant banks. After the World War I U.S. replaced the Europe as the center of financial world. World War II created the opportunity to spread the banking activities through the whole world.

Banks have come a long way from the ancient world, but the basic business practices have not changed. Now, at the present world, banking activities have come in our own hand through the blessings of internet and online activities.

1.3 BANKING SECTOR IN BANGLADESH



Banking sector in Bangladesh demonstrated a moderate level of resilience in the year 2011, attributable to improvement in key financial indicators of the banking industry. With a view to maintaining soundness, solvency, efficiency and stability in the financial system, Bangladesh Bank (BB) initiated a number of policy measures including greater emphasis on risk management in the banks, periodic review of stability of the banks and the banking industry through stress testing, strengthening financial inclusion of under-served/un-served productive economic sectors and population segments, encouraging enhanced CSR activities and Green Banking initiatives. Moreover, preparation of revised risk management guidelines is at final stage.

Under Supervisory Review Process, banks are asked to determine their adequate level of capital which would be enough to compensate all possible risks in their business and that would be more than the minimum required capital. Adequate capital for the banks would be finalized through SRP-SREP dialogue.

Alongside the conventional interest based banking system, Bangladesh entered into an Islamic Banking System in 1983. In FY 2011 out of 47 banks in Bangladesh, 7 PCBs operated as full-fledged Islamic banks and 16 conventional banks were involved in Islamic banking. The Islamic banking industry continued to show strong growth since its inception in 1983 to December 2011 in tandem with the growth in the economy, as reflected by the increased market share of the Islamic Banking industry in terms of assets, financing and deposits of the total banking system.

Bangladesh Bank has taken several measures in recent past to put in place good corporate governance in banks. These include fitness and proper test for appointment of chief executive officers of PCBs, constitution of audit committee of board and enhanced disclosure requirement etc. In continuation of the above reforms, the roles and functions of the Board and Management were redefined and clarified with a view to specifying the powers of the management and restricting the intervention of directors in day-to-day management of the bank.

1.4 ISLAMIC BANKING SYSTEM

Islamic Banking refers to that system of banking activities related to the principles of Shari'ah (Islamic rulings). The practical application of Islamic Banking is related to the development of Islamic economies. The purpose of the Islamic Banking is same as the conventional banking system except the operation according to the rules of Shari'ah known as *Fiqh al-Muamalat*(Islamic rules on transactions).

The origin of Islamic Banking can be traced back to the very birth of Islam when our Prophet himself acted as an agent for his wife's trading operations. Islamic partnerships (Mudarabah) dominated the business world for centuries. So the concept of Islamic Banking is not new. Rather, it is coming from centuries ago. The principle source of the Shari'ah is the Quran followed by the recorded sayings and actions of Prophet Muhammad (PBUH) - the Hadith.

Islamic Banking deals with interest free financial structure. As Islamic economy is a complete system of social and economic justice, it deals with property rights, the incentive system, and the allocation of resources, economic freedom, decision making and the proper role of government. According to the Quran "God has permitted trade, but forbidden riba (interest)" (2:275). Again, according to the Quran "....."Allah will destroy Riba (usuary) and will give increase for Sadaqaat and Allah likes not the disbelievers, sinners.....". So, it is only the fixed, predetermined, return on savings or transactions that is forbidden, not an uncertain rate of return, such as the making of profit.

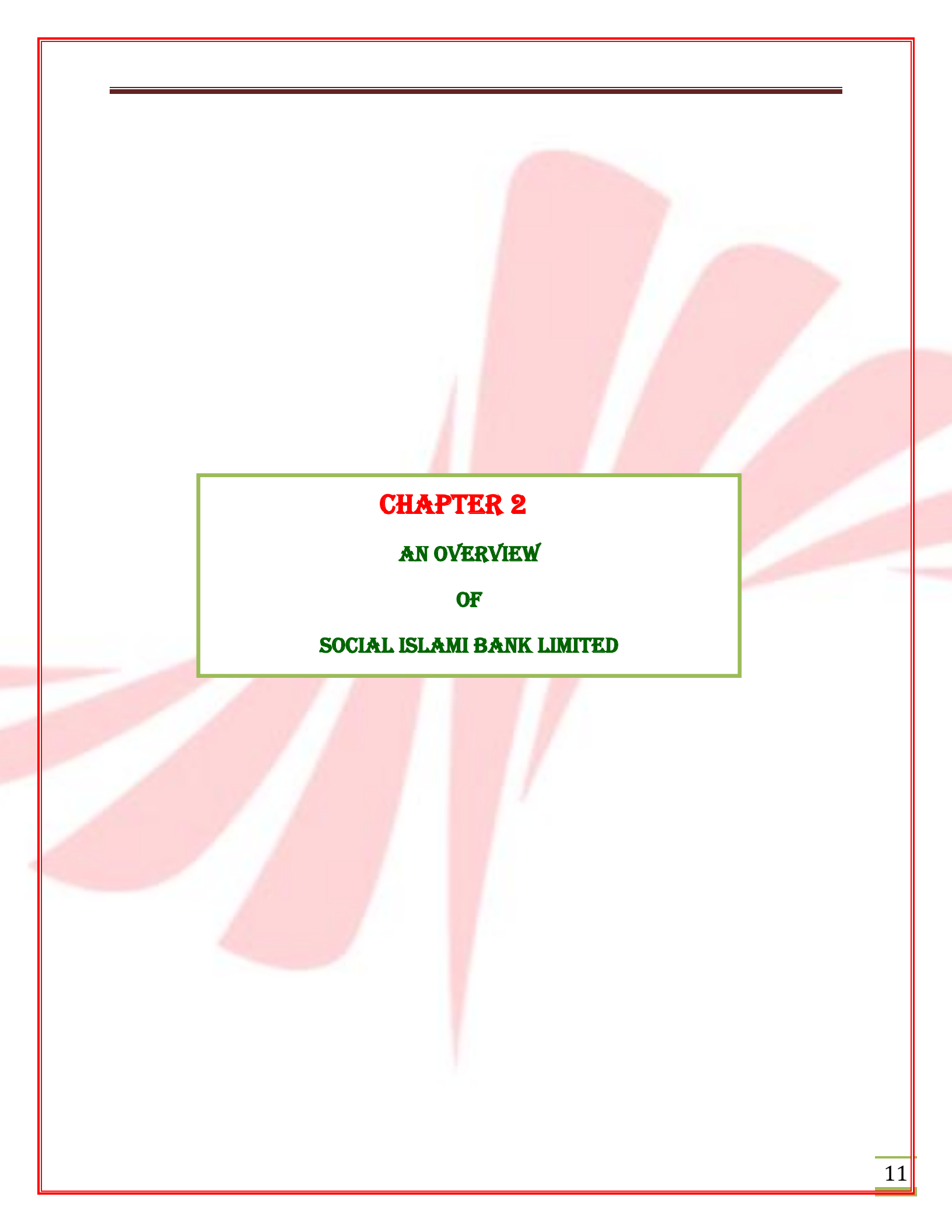
1.5 ISLAMIC BANKING AROUND THE WORLD

As Islamic Banking concept is not very new, it is no longer a novel experiment. This concept totally deals with ethical values. Like other conventional banks, Islamic banks also offer a full-spectrum, fee-paid retail services but do not involve interest payment. It also include checking accounts, foreign exchange transactions, fund transfer, letter of credit, safe deposit and other normal activities of modern bank. As a whole, Islamic banking is concerned not only with profit making but also with ethics. There is a risk of diluting the Islamic banking with conventional banking unless Islamic banks do something to establish their distinctness as Islamic banks.

Day by day customers for Islamic banking system is increasing. According to the conservative estimates of the Banker in October 2008, Islamic finance assets globally exceed \$500 billion that could easily double over the coming decade. The first private Islamic Bank was “Dubai Islamic Bank” was set up in 1975. After that more than 50 Islamic banks came into business which is not only situated in Islamic countries but also in Western European countries like Denmark, Luxembourg, Switzerland and UK. In Britain, Islamic Banking attracted over 40,000 customers. Alburaq, subsidiary of Arab Banking Corporation, has become the market leader for Shari’ah compliant home finance in UK. In Egypt and Sudan the Islamic Banking has started in 1977 by the establishment of “Faisal Islamic Bank”. Same year, in Kuwait “Kuwait Finance House” was established. In Iran and Pakistan, it was by government initiative to cover the whole country with Islamic Banking in 1981. Day by day South Asian were being used to with Islamic banking concept.

1.6 ISLAMIC BANKING IN BANGLADESH

The interest based banking system was introduced in Bangladesh when it was the part of British Colony. During seventies, the initiative was taken by different bodies to establish the Islamic Banking system in Bangladesh. Finally Islamic Banking has been introduced in Bangladesh before one and half decade alongside with the traditional banks. At present, the Islamic Banking system has attracted half of the population throughout the whole country. First Islamic Banking system was established by the establishment of “Islami Bank Bangladesh Limited” in 14th Marche, 1983. The two conventional banks also operate Islamic Banking systems which are Prime Bank Limited and Dhaka Bank Limited. My Intern organization “Social Islami Bank Limited” is the 4th Islamic Bank in Bangladesh which was established on 5th July, 1995 and went on operation on 22nd November, 1995.



CHAPTER 2
AN OVERVIEW
OF
SOCIAL ISLAMI BANK LIMITED

2.1 SOCIAL ISLAMI BANK LIMITED (SIBL)



Social Islami Bank Ltd.

Social Islami Bank was established on 5th July 1995 and went on operation on 22nd November, 1995 as a Second Generation Islami Bank with close co-operation and assistance of some renowned personalities of the Islamic world. H.E. Dr. Hamid Al Gabid, Former Secretary General of OIC and Prime Minister of Niger, H.E. Ahmed M.SalahJamjoom, Former Commerce Minister of Saudi Government, H.E. Prof. Dr. Ahmad El-Naggar (Egypt) participated in this noble endeavor as sponsor shareholders. Targeting poverty, Social Islami Bank Ltd. is indeed a concept of 21st century participatory three-sector-in-one banking model. In the formal sector, it works as an Islamic participatory Commercial Bank with human face approach to credit and banking on the profit and loss sharing. It is a non-formal banking with informal finance and credit package that empowers and humanizes real poor family and creates local income opportunities and discourages internal migration. It is a development bank intended to monetize the voluntary sector and management of Waqf, Mosque properties and introducing cash Waqf system for the first time in the history.

In the formal corporate sector, this Bank would, offer the most upto date banking services through opening of various types of deposit and investment accounts, financing trade, providing letters of guarantee, opening letters of credit, collection of bills, leasing of equipment and consumers' durable, hire purchase and installment sale for capital goods, investment in low-cost housing and management of real

estate, participatory investment in various industrial, agricultural, transport, educational and health projects and so on.

To enhance the performance of the bank the management adopted strategic plan that includes increase of efficiency, establishment of transparency, efficiency and accountability in all spheres of banking practices and as a logical consequence of reform. Establishing Central Trade Processing Unit (CTPU), Central Remittance Unit (CRPU), Central Clearing Unit (CCU) are the reform processes that the bank had undertaken from 2010 to be compliant on one hand and serve the clients more efficiently and effectively on the other.

Successful issuance of 1:1 Right share in the year 2011 has resulted in an effort towards raising the paid up capital to Taka 2,987.81 million and thus capital of the bank stood at Taka 9,534.52 million at the yearend 2011. The year 2011 has ended with a capital surplus of Tk. 2456.22 million as per requirement of the BASEL-II. Having the year 2010 as a successful return SIBL witnessed a remarkable growth too in different sectors in the year 2011. We have successfully opened 12 numbers of branches throughout the year 2011 and thus the total number of Branches stood at 76. The latest branch is Bashundhara branch which has gone on operation on 27th December, 2011.

2.2 POSITION OF SIBL IN THE BANKING INDUSTRY OF BANGLADESH

SIBL has enhanced the opportunity of Islamic Banking activities in the Bangladesh. Being one of the major organizations of Islamic system it has adopted all the rules and regulations of Shari'ah but in modern corporate style. It has established its position in such a way that clients from both Islamic and conventional sides are being attracted to it. As a result, it has come in a good position to compete with both the conventional and Islamic banks.

SIBL has now 76 branches all over the country with two subsidiary companies- SIBL Securities and SIBL Investment Ltd. The bank has opened 12 branches in 2011 to bring more people under the coverage of banking services.

SIBL has taken a renewed drive aiming at consolidating its business in more focused areas covering SME and Agro-finance with emphasis on search for alternative delivery channel. The bank has already introduced Internet banking and launched some new products to strengthen its business. The products are Sonali Din, Kafela, Proshanti, Mohor, SwornaShikhar, SubarnaDiganta, Swopner Siri, SomriddhirSopan, SacchondoPratidin, Sobuj Chaya, Subarnalata, Dipti, SObujSayahnno, SubornaRekha, SukherThikana, Sonchita, SIBL Young Star Account and SIBL Zameel ATM Debit Card.

The bank has set its strategy to convert all its banking activities from traditional branch-based system to an ideal blending of both centralized processing unit (CPU) and effective operation of branch that based on modern essence of banking. Meanwhile, SIBL has centralized its international trade finance through a focused Centralized Trade Processing Unit (CTPU) for up gradation of service distribution system in all the branches irrespective of being an AD or non-AD branch. As a result, every branch of the bank has been authorized to facilitate L/C clearance to its clients. SIBL adopted other reform by establishing Central Processing Unit (CRPU) in order to serve the clients more efficiently and effectively. Moreover, the bank introduced SIBL Visa Islamic Credit Card having four types of card namely Duel Currency Gold, Duel Currency Classic, Local Currency Gold & Local Currency Classic. All the 76 branches have come under 4 (Four) different clustered group headed by Deputy Managing Directors. The restructuring under clustered concept was initiated to ensure quality management system in the bank thus to ensure Asset quality /operational Efficiency and compliance standard.

SIBL's professional focus is always on customer's satisfaction and for this, customer care desk has already been installed in all key branches. One stop service is introduced for privileged clients/Hon;ble clients/ Fast track clients and women clients.

✿ SIBL Business success- 2011

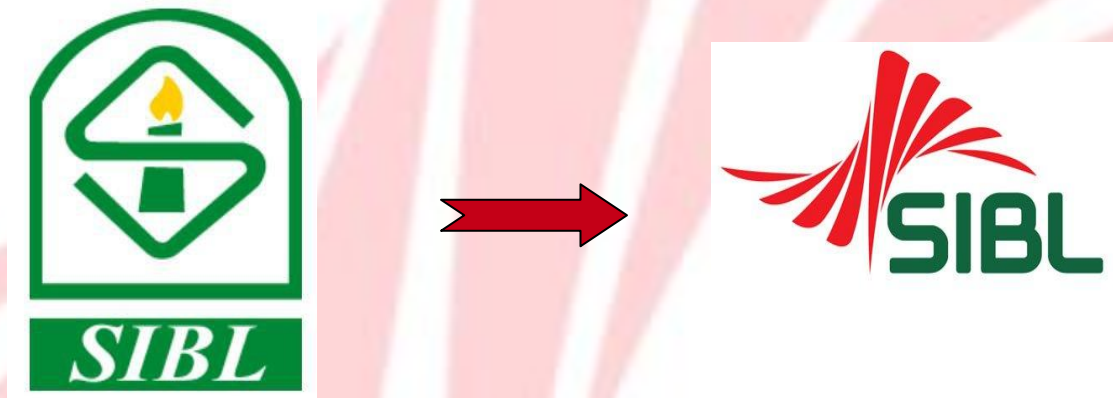
SIBL maintained and achieved strong position in all key areas of operations despite challenges in 2011. Capital of the bank was Tk. 12.60 crore at the very inception, and by the year 2011 it has increased to Tk. 953.45 crore. Total deposits of the bank stood at Tk. 6685.25 crore and total assets stood at Tk. 8440.62 crore as on 31st December, 2011 which indicate a growth of 49.05% and 53.00% respectively over that of the previous year. The bank achieved 46.97% growth in investment with a total investment portfolio of Tk. 5390.86 crore in 2011 compared to Tk. 3668.03 Crore in 2010. Import business of the bank stood at Tk. 6819.85 crore in 2011 with 72.83% growth over that of the previous year while Export business of the bank stood at Tk. 3497.50 crore in 2011 with 63.65% growth over that of the previous year. Total foreign remittance stood at Tk. 513.49 crore in 2011 with 367% growth over that of the previous year. Total foreign exchange business of the bank was Tk. 10830.84 crore iiii in 2011 with 74.89% growth over that of the previous year. The classified investment was 3.93% of total investment. The bank registered an operating profit of Tk. 276.88 in the year 2011 with remarkable growth of 68.97% compared to Tk. 163.86 crore in 2010.

✿ 2012- A Golden Year for SIBL

The year 2012 is considered as a golden year for SIBL. Adopting new strategic business policy, SIBL will leave no stone unturned to boost business in all areas of operation to achieve its corporate goals. In the year 2012 SIBL has committed to the continuous effort to increase the shareholder's value, and be valued as a compliant organization. The 12 new branches which were established in 2011 have gone on full operation in this year with 100% success and become one of the most popular bank in the entire country.

✿ Journey with New Logo

SIBL has passed a successful year 2011 through generating highest business growth in terms of profit and also set superior service delivery for its customers through implementation of real time on line state of-the-heart banking technology. In its journey towards continuous excellence in 2012 the bank has decided to change its logo.



The new logo depicts bird's wing, 9(nine) feathers, to represent its comfortable and safe flying in the economic sky of the country connecting it with the global sky by passing the territorial Boundary. The wings are colored in red in a green background. Red symbolizes the vigour and enthusiasm of youth and the green symbolizes love for the dear motherland, Bangladesh a country of greenery. Moreover- 9 (nine) feathers represent- Honesty, Transparency, Efficiency, Accountability, Reliability, Innovation, Flexibility, Security and Technology flying towards continuous excellence.

2.3 MEASURING THE ACCURACY OF SIBL IN BANGLADESH THROUGH INDUSTRY ANALYSIS

✿ 2.3.1-The Industry Life Cycle

Each different strategic group is in the different stage of industry life cycle. But as we are focusing only on *Social Islami Bank* in our report we will only talk about *Social Islami Bank's* strategic group, which is the second-generation bank group. According to our text book the industry life cycle model consists of-

1. An Embryonic Industry Environment
2. A growth Industry Environment
3. A Shakeout Environment
4. A Mature Environment
5. A Declining Industry Environment

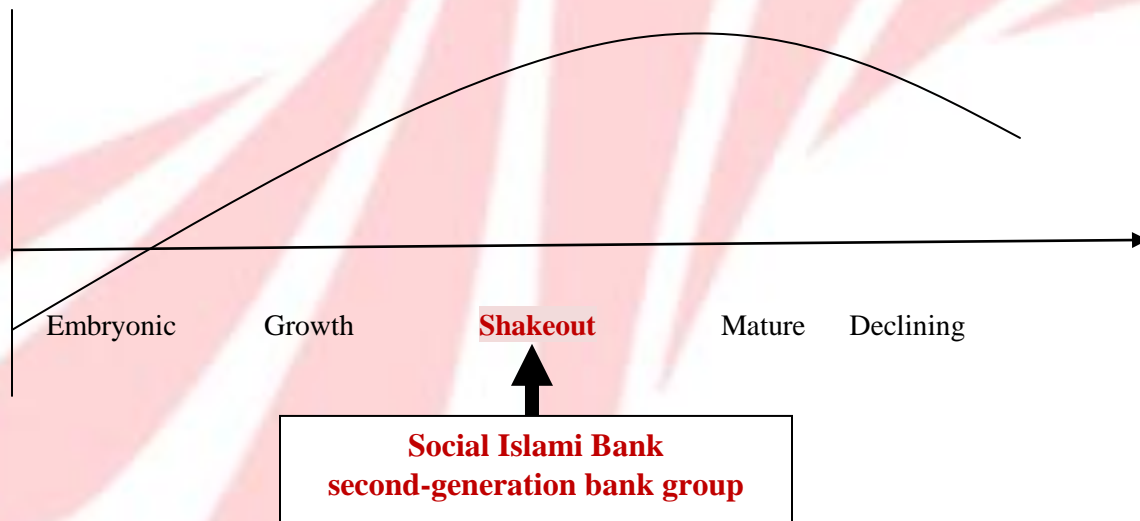


Figure : Industry Life Cycle

✿ Social Islami Bank in Shakeout Stage

Social Islami Bank like the rest of the banks in the second-generation group has already passed the embryonic stage, because most of the banks in this group started business in the middle 1990s. After that, Social Islami Bank create demand as public was exposed to the modern banking services and they experienced a rapid growth in the growth stage by late 1990s. Until now, generally the rate of growth has

slowed down more or less. As *Social Islami Bank* enters the shakeout stage it is experiencing intensive rivalry. For example, the advertisements of the banks are very much similar. The advertisements read-Social Islami Bank as “**Journey towards Excellence**” and so on.

Industry Analysis is very helpful to measure the success of any organization through which we can understand the impact of that organization in the industry. To do this Industry Analysis several steps may be followed like:



✿ 2.3.2-ABELL's Framework



■ Who is the Target Customer?

Like all other banks SIBL also targeted those people who want to keep their surplus of earnings for future savings. Alongside as an Islamic banking organization SIBL also targets the Islamic hearted and religious people who want to conduct their banking activities through the rules and regulations of Shari'ah. Like other conventional and Islamic banks SIBL also targets the corporate sector to conduct their financial transaction safely with full trust.

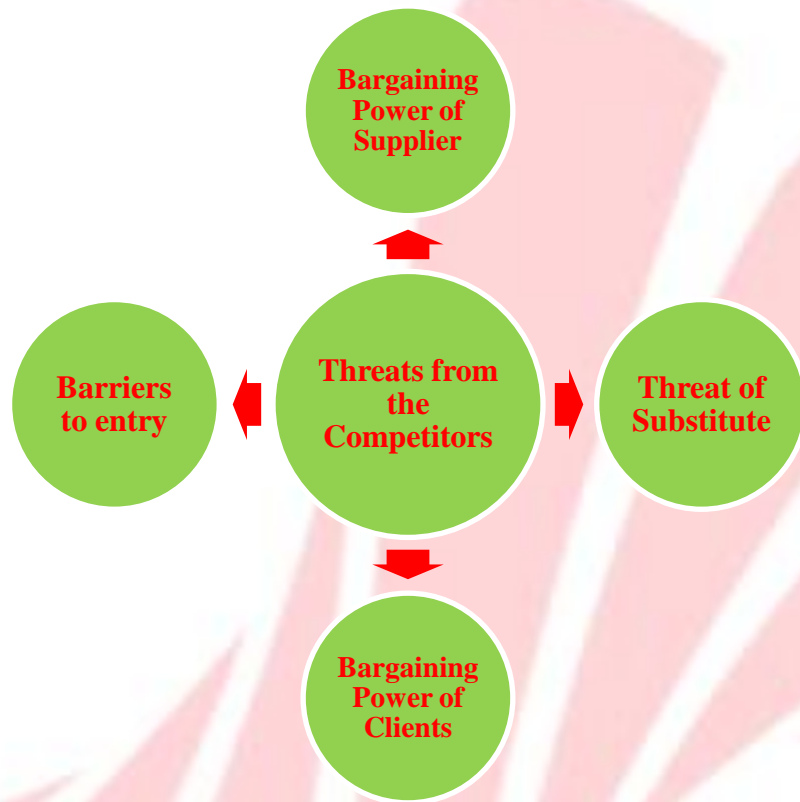
■ What are their Needs?

As the clients of every bank keep their surplus of earning for future savings, the clients of SIBL also have needs of same type of activities. They have the need to save their surplus of money in the bank account and withdrawal of that according to their wish in any amount within their current balance. The corporate clients have needs to conduct their daily financial transaction from different parties with whom they conduct their business and the efficient deposit collection through clearing and cash deposit system as early as possible. Moreover, some clients also have needs of loans to make the fulfillment of different necessities of lives.

■ How to serve them?

Like other conventional and Islamic banks SIBL also works for the best satisfaction of clients. Clients deposit their money in their bank accounts and get a "Munafa" for time to time. Again, the bank lend money at a rate to those clients who have needs of loans. The difference between the clients' deposit and clients' borrowing is the profit of the bank. This is how all the banks as well as SIBL serve the clients. As the Shari'ah prohibits the Riba (Interest), SIBL, like other Islamic banks also prohibits the interest rate which is a fixed earning but not the uncertain rate of return like profit.

✿ 2.3.3-Porter's Five Forces:



■ Threat from the Competitor:

Threat from the competitors is very fierce in Banking Industry. The services banks offer is more of homogenous which makes a bank to offer the same service at a lower rate and eat their competitors' market share. There are so many banks and non-banking financial organization to fight for the same pie in the market. Bangladesh is a huge market place for banking business. Many new banks are going to start their business in the current year. So, SIBL has to compete both with the existing banks and also with the new banks. Moreover, as an Islamic banks it has to compete largely with other powerful Islamic banks also. Client switching cost is very low in banking industry. If the clients get more facility and also a little higher rate they can easily switch to other banks. Although, the basic banking activities are same in all banks, clients face undifferentiated services in all the banks. So the switching cost is low. Again, the exit barrier is very high for the banks. So, SIBL also has to be bound to perform in a way so that it can maintain its position in the market. As Bangladesh is a country of shrinking economy, so government regulations are low to enter in the banking industry which also cause the higher threat from the competitors.

■ Threat from the Suppliers:

Suppliers of the Banks are depositors mainly. In the Banking Industry of Bangladesh suppliers' bargaining power is high. They can easily switch to other banks if they get higher rate of return by depositing same amount of money. Again, the suppliers of equipments like computer, cheque book, money counting machine, photocopier, clearing machine, cheque checking machine, etc are also the suppliers of banks. Those suppliers also have so many options to supply their equipments but the suppliers are very few in the market. So the banks as well as SIBL are bound to go for a good understanding with those suppliers for the sake of their business. In that case, suppliers bargaining power is high.

■ Threat from Clients:

In the banking industry and also for SIBL the bargaining power of clients is high. There are so many options for them. They can easily switch to other banks if they get a little higher rate of return. Or they can invest their surplus in the foreign banks, stock market, mutual fund, co-operative society or in the multilevel marketing business. So the bargaining power of clients is also high.

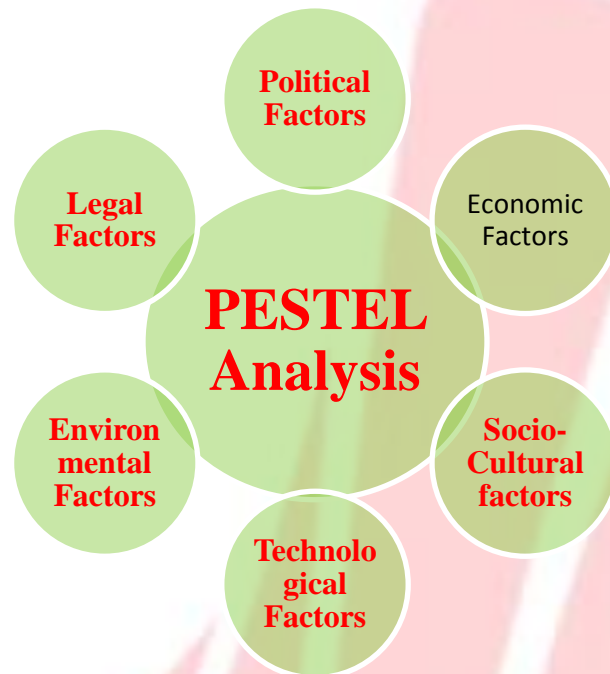
■ Threat from new Competitors:

Recently Bangladesh Bank has permitted the entry of new 10 banks in the industry. In the industry of shrinking economy like Bangladesh, starting a bank seems very easy. So, SIBL will have to compete with those new banks also. As a result, the threat from new competitors is very high.

■ Threat of Substitute Product or Service:

There are many options other than the banks to invest surplus money for the clients. They can invest their money in the stock market, mutual fund, treasury bond, debentures, multilevel marketing business etc. So they have so many substitutes other than banking to invest their money. So, threat of substitute product is also high for SIBL.

✿ 2.3.4-PESTEL Analysis



■ Political Factors:

Banking activities are governed by the authority of Bangladesh Bank which is a self-driven regulatory body. There are some regulations from the government but those are not those much difficult to set up a bank. That's why government has given permission to set up 10 more new banks in Bangladesh. And the existing banks as well as also increasing their branches around the whole country day by day. In 2011 SIBL has opened 12 new branches. In 2012 SIBL is planning to open 7 more branches which shows the political factors to conduct banking activities is not that much rigid and difficult.

■ Economic Factors:

Bangladesh Economy is showing a mixed illustration about the true economic condition of the country. Crop sector is improving. Corporate sector is also developing. There deposit in the bank is showing that Bangladesh is facing a positive result of industrialization. Again, the recent collapse in the stock market is showing a negative picture. But whatever the situation is, it is very favorable for banks. Due to positive results of industrialization deposits are increasing in the banks. Again, due to the collapse in the stock market many people are withdrawing their money from the stock market and investing in banks. So the situation is favorable for banking activities.

■ Socio-Cultural Factors:

Lifestyle of people in Bangladesh is developing day by day. Gradually, they prefer high class products. Literacy rate is increasing. People are becoming more aware about the banking activities. So they trust more on banks to deposit and save their money. Because investment in bank is much more secured than other investments. These issues are causing favorable condition to conduct banking activities.

■ Technological Factors:

Technology for banks is improving day by day. Banks are providing ATM cards to its clients which makes the clients able to withdraw money from anywhere and from booth of any banks without cheque just applying only a PIN number. Credit cards are issued to the clients to conduct their financial transaction in anywhere they want. Cheque clearing is becoming very easy. Instead of manual Outward Bill Clearing, banks are doing electronic cheque clearing which makes it easy to send the cheques to the Bangladesh Bank computer within a few seconds and return it to the particular clearing department of a bank. Nowadays banks are also facilitating the mobile banking which makes it able to reach the money through ansms and PIN number to the receiver. Online transaction is done regularly to transfer money from one bank to another bank and from one branch to another branch. So all these technological factors are making the banking business easier.

■ Environmental Factors:

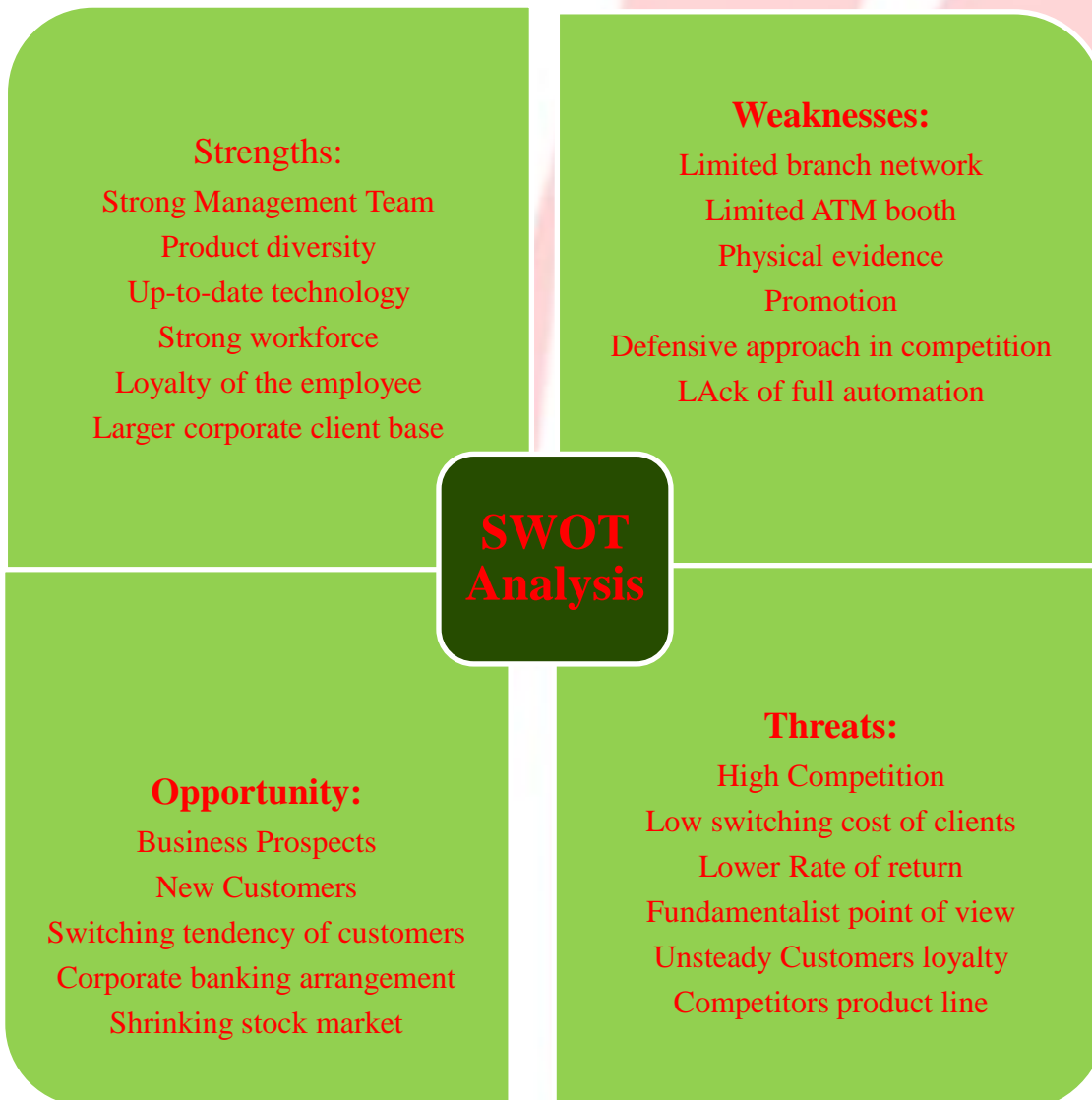
In Bangladesh crop sector is increasing. Industry sector is emerging very quickly. People are more concerned about their savings. All the factors to lead a successful life and to meet the daily necessities is driven by the economic environment. People are demanding more loans to build their own householdings or buying cars. Loans are also provided even to get married. SIBL is providing facility to the client by opening deposit schemes for future saving to the diversified people and even for doing Islamic activities like “Hajj”, Cash Waqf”, “Islamic Mohorana System” etc. People of Bangladesh are becoming more concerned about the Islamic banking system to make their investment “Halal”. So the total environment is favorable for banking activities.

■ Legal Factors:

The banking activities of Bangladesh and all the banks in Bangladesh are regulated by Bank Company Act 1991. This Act is only applicable for commercial banks not for co-operative banks. Moreover, there are other Acts like Bangladesh Bank Order 1972, The Negotiable Instruments Act 1881, The Banker’s Book Evidence Act 1881, Bank Deposit Insurance Act 2000, Anti-Terrorism Act 2012, Money

Laundering Prevention Act 2012 etc to conduct the banks. All these rules and regulations are only to help the successful banking business. So the legal factors are also very helpful to conduct the banking activities.

✿ **2.3.5- SWOT Analysis:**



■ Strength:

- ❖ **Strong Management Team:** The current management team of SIBL is the one of the powerful and efficient management team the bank has ever faced.
- ❖ **Product Diversity:** SIBL launched different products for diversified people beside the normal current and savings account.
- ❖ **Up to Date Technology:** The technology of SIBL is up to date. Due to their up to date technology they have adopted Eldorado system to do the transaction not only with other branches but also with other banks.
- ❖ **Strong Workforce:** The workforce of SIBL is very strong. They have recruited the most qualified people among all the candidates through the strong selection process. They consider each of their employees just like a diamond.
- ❖ **Loyalty of the Employee:** In SIBL employee's loyalty is very strong. It has so many senior and experienced employees who are working only due to strong loyalty and respect for the organization.
- ❖ **Larger Corporate Client Base:** SIBL has attracted a large corporate sector of the country because of their extra facility and warm greetings or cordiality to the corporate clients.

■ Weakness:

- ❖ **Limited Branch Network:** SIBL branch network is limited compared to any other banks. They are in the shakeout stage of the industry life cycle. So far, they should have establish many more branches. Although they are opening new branches in a recent time, but it didn't exceed even the 100.
- ❖ **Limited ATM Booth:** SIBL ATM booths are limited in the country. They have arranged the transaction of the money from other banks' booth also but there own booth is not available in the country. They have very few ATM booths. So people become confused about from where they will pick up their money.
- ❖ **Physical Evidence:** Physical Evidence is one of the most important components of service marketing. As banks are the very important organizations to provide the service to the clients, the physical evidence should be attractive. But SIBL has not adopted that much servicescape quality except some few branches.
- ❖ **Promotion:** As a second-generation modern Islami Bank SIBL should adopt more powerful promotional strategy which they have not done yet.

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- ❖ **Defensive approach in Competition:** SIBL always try to stay in a defensive position to remain in a steady position. But they should follow at least some of the aggressive movement to go ahead.
 - ❖ **Lack of Full Automation:** SIBL has not yet adopted full automation in case of their own networking system. But they have committed that in a very few days they will be able to adopt fully automation system.

■ **Opportunity:**

- ❖ **Business Prospects:** Bangladesh has 64 districts. So SIBL has a broad business prospects by opening more and more new branch in different districts.
- ❖ **New Customers:** Nowadays customers are becoming too much aware of banking activities. So SIBL has a great opportunity to attract more clients by providing better facility.
- ❖ **Switching Tendency of Customers:** Clients switching cost is very low in banking industry. So if SIBL can adopt more client friendly system and can give more facility they can also attract the existing client of other bank and they can make them interested to switch their previous banks.
- ❖ **Corporate Banking Arrangement:** SIBL has to compete not only with the Islami bank but also with other conventional banks also. So they should adopt high level of corporate banking arrangement.
- ❖ **Shrinking Stock Market:** The stock market of Bangladesh is facing a shrinking position. So it is a high time for banks as well as SIBL to attract more clients to invest their money in banks. So SIBL can also take the advantage of that.

■ **Threat:**

- ❖ **High Competition:** Now. In Bangladesh Banking industry is huge and many new banks are also going to start their operation within a very few days. So it is very threatening for SIBL to keep their reputation consistently same to the clients.
- ❖ **Low Switching Cost of Clients:** Clients switching cost is low in banking industry. So clients can easily switch to other banks if they get better benefit.

-
- ❖ **Lower Rate of Return:** Bangladesh Bank has permitted the banks to give highest 12% rate of return on every deposit. SIBL is following that rule where some of other banks are giving more rate of return by unethical practices only because of attracting customers.
 - ❖ **Fundamentalist Point of View;** There are some people who are fundamentalist about the religion “Islam”. They want the full adoption of Islamic lifestyle and environment in the banks also. So one of the biggest Islamic bank “Islami Bank Bangladesh Limited” is very attractive to them. So they have a confusing impression on the corporate style Islamic Banking which SIBL is following.
 - ❖ **Unsteady Customers Loyalty:** In banking industry customer loyalty is very unsteady. Sometimes client even don’t know what they actually need. They always look for better option than the existing option. If any bank provides better facility they will go for hunting that.
 - ❖ **Competitors Product Line:** SIBL has diversified product line. But other banks may offer some more innovative and facilitating product line to clients to attract them.

2.4 SLOGAN

With the new journey SIBL has started its new slogan to add a new dimension in their service. The slogan is the indicator of its continuous improvement to create the excellent service condition for the clients.



উৎকর্ষ অবিরাম
Journey Towards Excellence

2.5 MISSION OF SIBL

- ✿ Transformation into a service-oriented technology-driven profit earning Bank.
- ✿ Ensure fast, accurate and best-in-class customer service.
- ✿ Balanced & sustainable growth strategy.
- ✿ Optimum return on shareholder's equity.
- ✿ Introducing innovative Islamic Banking products.
- ✿ Attract and retain high quality human resources.
- ✿ Empowering real poor families and create local income opportunities.
- ✿ Providing support for social benefit organizations-by way of mobilizing Funds and social services.

2.6 VISION OF SIBL

In its journey towards continuous excellence SIBL is striving to become the Country's leading Islamic Bank offering one-step service of an wide range of value added products and services meeting the needs of the customers; conducting the business ethically in accordance with the laws of Shari'ah while optimizing best utilization of the most modern state-of-the-art technological solutions through creation of a pro-active organizational culture based on sound team spirit, fairness, mutual understanding and pragmatic leadership always remaining open to new ideas and adaptable to the best practices in the market ensuring recognition and quality banking experience to the customers and deliver best value to all the stakeholders as well.

2.7 VALUES



- ❁ **Honesty:** SIBL is trying to prove its honesty throughout their whole operation to provide the maximum utilization of its values.
- ❁ **Transparency:** SIBL tries to be transparent to all the stakeholders for their every steps to create the highest level of trust among the stakeholders.
- ❁ **Efficiency:** Efficiency creates the perfection in every service. SIBL is trying to achieve that in all the aspects.
- ❁ **Accountability:** Accountability makes somebody to be responsible in any service which motivates SIBL to serve the nation with highest responsibility.
- ❁ **Reliability:** SIBL always tries to create and remain in a reliable condition in the mind of clients.
- ❁ **Innovation:** Innovation makes everything attractive. So SIBL is trying to innovate more and more service to help the customers.
- ❁ **Flexibility:** Flexibility drives to better understanding and greater satisfaction. So SIBL always tries to be flexible to the clients so that clients can fulfill their needs through the facility of SIBL.
- ❁ **Security:** By providing reliable services SIBL is trying to ensure the security.
- ❁ **Technology:** Modern life is technology dependent. So to fulfill the needs and to make the life easier SIBL is trying to adopt fully technology oriented banking service.

2.8 OBJECTIVES OF SIBL

- ✿ Build up a low cost fund base
- ✿ Make sound loan and investment
- ✿ Meet capital adequacy recruitment at all time
- ✿ Ensure 100% recovery of all advances
- ✿ Ensure a satisfied work force
- ✿ Focus on fee based income
- ✿ Adopt an appropriate management technology
- ✿ Install a scientific MIS to monitor banks activities

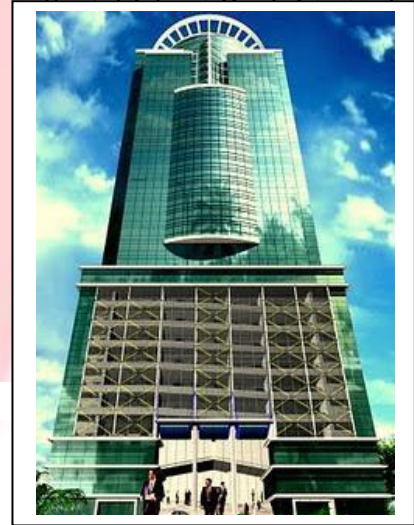
2.9 STRATEGY OF SIBL

- ✿ Synchronized and steady growth of the Bank
- ✿ Utilize all available resources to develop various plans, policies and procedure in each of objective and goal areas
- ✿ Implement plans, policies and procedures
- ✿ Utilize a team of professional employees
- ✿ Search for a total customization solution of L.T. for the purpose of full automation step

2.10 CONTACT INFORMATION

☀ HEAD OFFICE

22, City centre
103, Motijheel Commercial Area
Dhaka- 1000
Bangladesh
Phone: 09612001122
SOIVBDDH
Mail: info@sibl-bd.com, ceo@sibl-bd.com
URL: www.siblbddh.com
Webmail: mail.sibl-bd.com

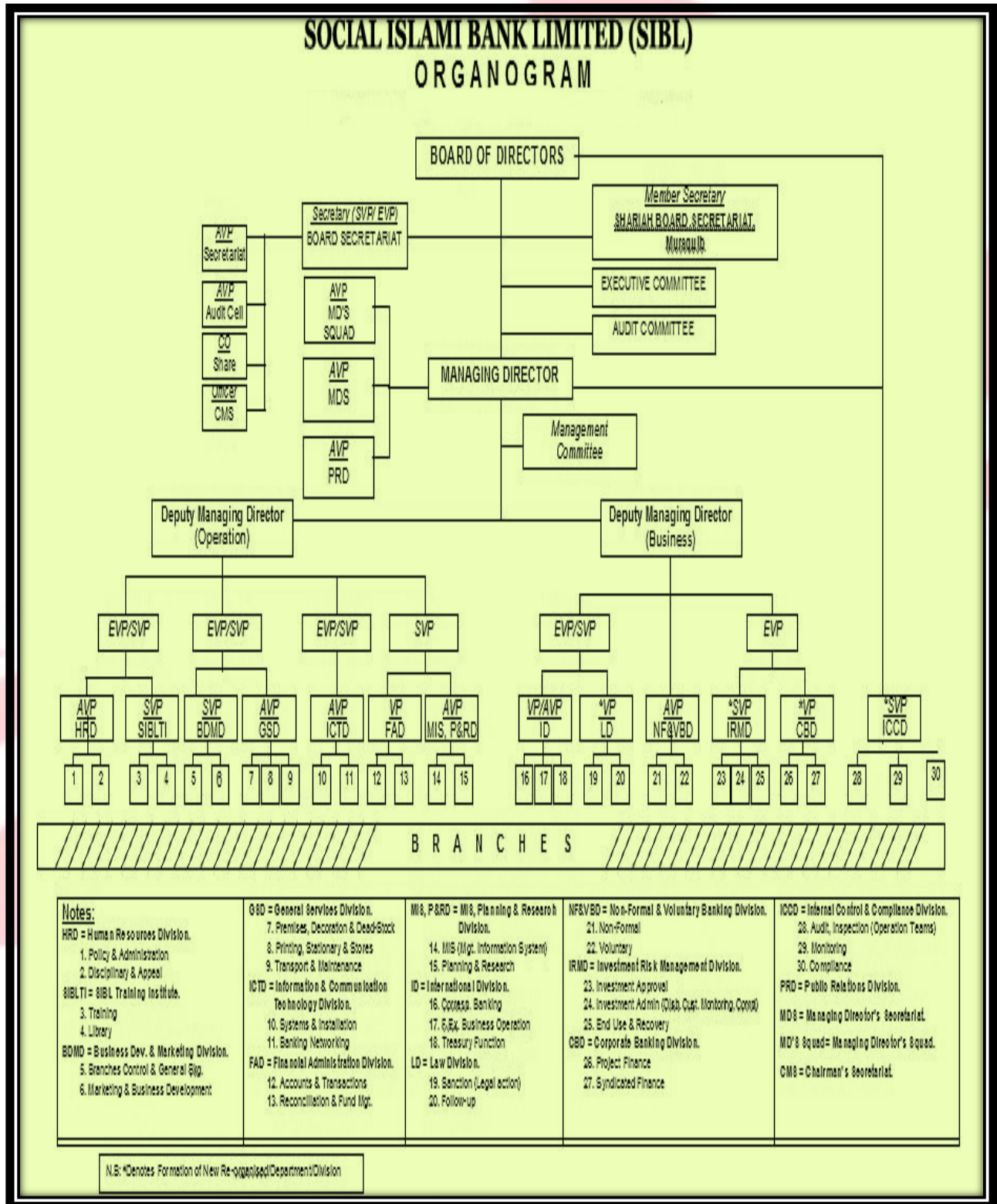


2.11 BRANCH & ATM NETWORK

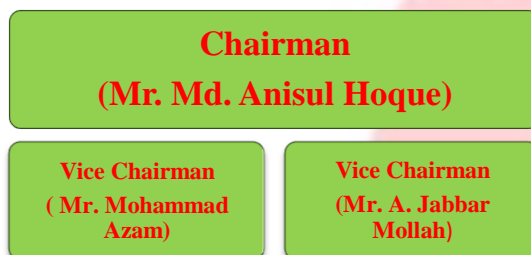
The bank has a network of 97 branches as on 31.12.2015 strategically located in different cities and even in the small towns also. All the branches are functioning in computerized environment. The opening of branches has strengthened the network and opened opportunity for growth. SIBL have 97 existing branches and 9 other proposed branches in different cities to provide better service to its valuable customers.

The Bank has 210 ATM booths throughout the country and its increasing day by day. Although the bank has limited ATM booth, it has made a system of Q-Cash system from the 1200 ATM booths of other bank also which helps the clients a lot. So they become able to draw their money and get the cash within a very few minutes also if they are far from the branch.

2.12 ORGANOGRAM OF SIBL



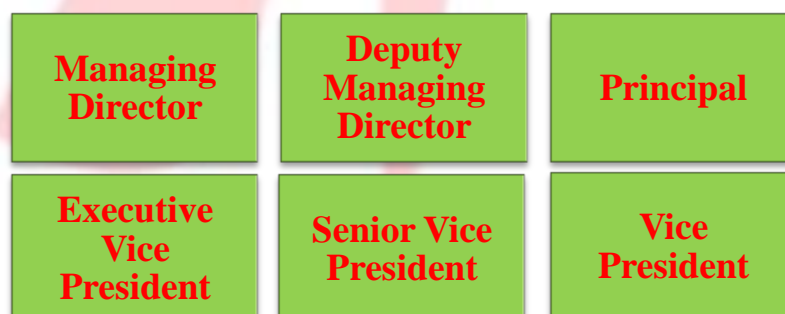
2.13 AUTHORITY OF CHAIRMAN



2.14 CORPORATE STRUCTURE HIERARCHY



2.15 MANAGEMENT TEAM



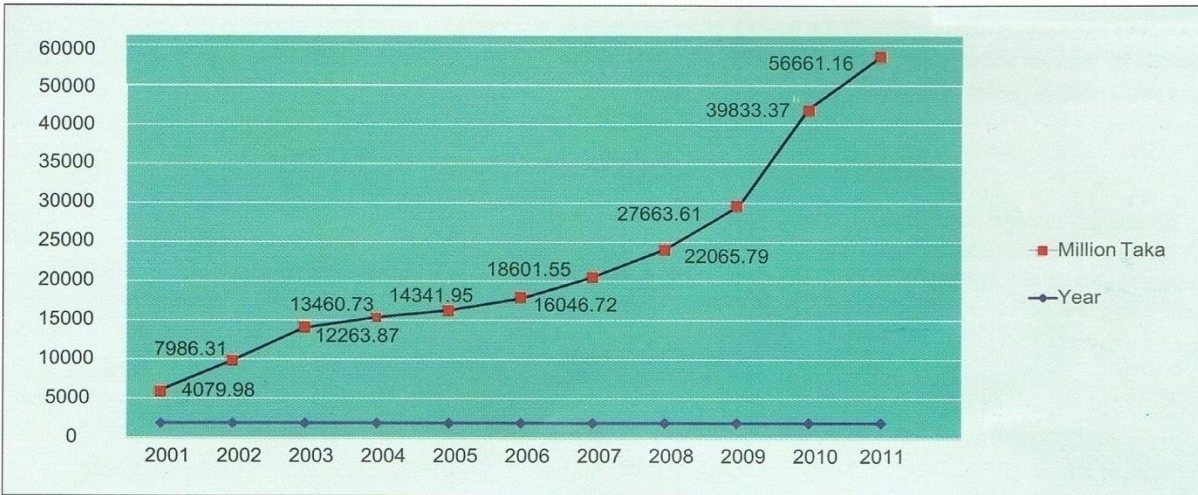
2.16 PERFORMANCE OF THE BANK AT A GLANCE

(Taka in Millions)

| Sl No. | Particulars | 2009 | 2010 | 2011 | 2012 | 2013 |
|--------|----------------------------|----------|----------|----------|----------|-----------|
| 1. | Authorized Capital | 4000.00 | 4000.00 | 4000.00 | 4000.00 | 4000.00 |
| 2. | Paid-Up Capital | 1119.55 | 1309.88 | 2691.72 | 2987.81 | 6393.92 |
| 3. | Total Shareholder's Equity | 1665.29 | 1867.36 | 3555.75 | 4198.77 | 9412.21 |
| 4. | Total Deposit | 19753.94 | 24099.82 | 31588.16 | 44850.77 | 66852.55 |
| 5. | Investment | 16440.26 | 19951.30 | 26580.58 | 36680.28 | 53908.58 |
| 6. | Foreign Exchange Business | 23903.8 | 33363.20 | 39110.00 | 61931.00 | 108308.30 |
| 7. | Operating Profit | 480.78 | 787.37 | 1064.31 | 1638.63 | 2768.80 |
| 8. | Profit Before Tax | 212.92 | 354.81 | 726.88 | 1136.69 | 1901.28 |
| 9. | Total Assets | 24546.55 | 29808.88 | 39980.82 | 55168.54 | 84406.18 |
| 10. | Stock Dividend | 17% | 10% | 11% | 14% | - |
| 11. | Cash Dividend | - | - | - | - | 10.50% |
| 12. | Number of Employees | 674 | 750 | 950 | 1252 | 1375 |
| 13. | Earning Per Share (EPS) | 17.60 | 17.20 | 18.39 | 2.15 | 1.81 |
| 14. | Number of Branches | 52 | 64 | 76 | 87 | 97 |

2.17 DEPOSITS

During the year 2011, the bank drew up a series of action plans, both short term and long term, to raise the deposit base of the Bank in line with the Directives of the Bangladesh Bank. The short term action plan included launching of special drives like deposit mobilization in months of March-April 2011. As a result of continuous evaluation and monitoring we could significantly improve the liquidity position as well as deposit mix in 2011. The following graph shows the customer deposit trend of the Bank:



Deposit of the bank shows a tremendous increasing trend. Total deposit of the bank stood at Tk. 66,852.55 million compared to Tk. 44,850.77 million of 2010 which is sharp 49.05% higher. To keep the deposit cost within the limit, the bank could successfully maintain its deposit mix which is the most important in long term and short term deposit planning. Comparative total deposit mix of the bank for the year 2011 and 2010 is given below:

Different Deposit Package by SIBL

*** Mudaraba Savings Deposit**

Mudaraba Savings Deposit is the deposit of one party and on the basis of operation by another party this deposit is taken. By providing Introducer of the account as required by the bank and by depositing a minimum amount any depositor or multiple depositor can open single or joint account. Any educational institute, Club, Association or Social institutes can open this account. The bank may merge amount collected through this deposit and may invest in any shari'ah allowed investments. After determining the annual profit/loss the depositor will get his part of profit. In case of balance declining below bank stipulated margin in any month profit shall not be provided for that month.

*** Al -Wadiah Current Account**

AL-WADIAH Current Deposit A/cs are opened on proper introduction with minimum initial deposit fixed by the Bank. ALWADIAH Deposit is accepted on

ALWADIAH principles which mean al Amanah with permission to use. According to this principle Bank can use the fund of the account alongwith other funds as per Shari'ah at bank's own risk. Account holder(s) will not share any profit/loss. The Law and regulation of Bangladesh, usual customs and procedures common to banks in Bangladesh including Islamic Banking Principles shall apply to and govern the conduct of account opened with the Bank.

❁ **Mudaraba Term Deposit**

Mudaraba Term Deposits are accepted by the bank with a sum of Tk. 5000 or above (multiple of 1000) from individuals (single and joint), firms (proprietorship/partnership), limited companies, autonomous bodies, charitable institutions, association, educational institution, local bodies, trusts, etc, against issuance of non transferable receipts in acknowledgement of MTD account may be opened in the names of minors jointly . With their guardians. The mudaraba term deposits are accepted for periods of 12, 24, 36 months. The Bank reserves the right to invest the funds received in mudaraba term deposit accounts, in its sole judgment, in any interest-free "Halal" business it deems fit.

❁ **Mudaraba Scheme Deposit**

| | |
|--|---|
| Swapner Siri - MudarabaLakhopothi Deposit Scheme | Having an amount of that multiple depositor can ensure many of your capital expenditures. The scheme can be opened for 2, 3, 5 and 10 years. |
| SabujChhaya - Special Savings Scheme for Senior Citizens | This is an attractive chance for senior people to confirm a sustainable life by depositing a fixed amount in this account. The scheme holders can deposit minimum amount of Tk 10,000 and shall get monthly fixed amount of profit for up to 3 years. |
| SabujSayannho - Special Deposit Scheme for Senior Citizens | Senior people can ensure a tension free life and meet daily expenses even after retirement by availing this scheme and withdrawing a lump sum amount or withdrawing as monthly pension scheme. The scheme holders shall be insured against any risk of accident and shall be entitled to an insurance facility from Tk.50,000 to Tk.1,00,000. |
| Sanchita - Special Deposit Scheme for Women | This attractive scheme is designed to facilitate the scheme holders conducting their daily transactions and earning profit simultaneously. This scheme requires minimum deposit of Tk. 25,000 |

| | |
|---|--|
| Kafela: | The scheme holders can save through monthly installment for a period of one to ten years as per their desired hajj time. The beneficiaries shall be provided the stipulated amount on the basis of nominal monthly installment after a certain period with a view to perform Hajj. |
| Proshanti- Mudaraba Zakat Savings Scheme: | This 'Mudaraba Zakat Savings Account' has been introduced like a special deposit scheme for Zakat payers. The depositors shall get profit at the rate of 10 per cent on daily balance. The beneficiaries are entitled to get profit semiannually. |
| SamriddhirSopan - Mudaraba Double Growth Deposit Scheme: | This scheme is conducted according to Mudaraba policy. The scheme holders have to deposit minimum Tk 10,000. The beneficiaries shall get up to 80 percent investment facility of total deposit after two years. |
| Mohor MudarabaMohorana Savings Scheme: | This product is aimed to create consciousness for paying 'Denmohor' among married as well as unmarried men of Bangladesh. It also reduces the burden of men in paying a lump sum amount of 'Denmohar'. By depositing the monthly installments the beneficiaries shall be able to pay Denmohor to their wives after a certain period (05 years and 10 years). |
| SharnoSikhor MudarabaKotipoti Scheme: | SharnoSikhor helps the desire to become a kotipati come true. The depositor shall be the owner of taka one crore through monthly deposit of a fixed amount from 05 to 15 years. The beneficiaries shall get up to 80 percent investment facility of the total deposit. |
| SubornaDiganto - Mudaraba Millionaire Scheme: | The depositor can be a millionaire through monthly deposit within a period of 01 year to 10 years. |
| SachchondoProtidin- Mudaraba Monthly Profit Deposit Scheme: | Monthly expenses can now easily be met by this scheme as scheme holders will be entitled to a fixed amount of profit per month by depositing a fixed amount. It can be a relief for a retired person. The scheme holders shall be paid fixed amount of profit per month for up to 03 years while by depositing minimum Tk 50,000. |
| SIBL Dipti - Mudaraba Education Savings Scheme | This is an attractive scheme aimed at implementing higher education of the children. The guardians shall get a handsome amount of money after maturity under the scheme that would help their children's dream of achieving higher education come true. The scheme can be run for 3, 5 and 10 years. |
| SIBL Young Star Account | SIBL Young Star account has been introduced with a view to raising savings tendency among school-going children from childhood. The beneficiaries are entitled to daily profit on daily balance, which directly adds to the account. |
| Subarnolota - Special Savings Scheme for Women | As women are the home-makers in the family this special scheme of SIBL helps women bear their monthly expenses to make the life easier. By depositing minimum amount of Tk 10,000 or any multiple of it the policy holders shall get a fixed amount of profit per month for up to 3 years. |

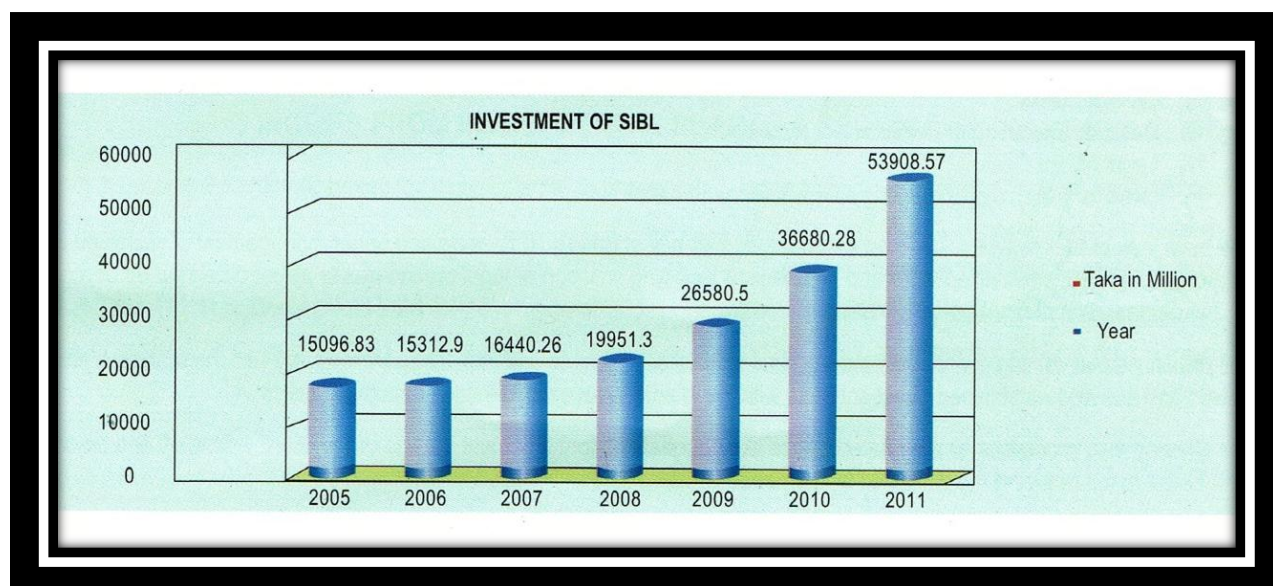
| | |
|---|--|
| Sonali Din - Mudaraba deposit Pension Scheme | Under this scheme women can ensure a happy family life as it gives you the opportunity to meet capital expenditure as well as monthly expenses. The depositors can withdraw Tk 1,000 per month for up to 3 years by depositing Tk 1,00,000 now. |
| SukherThikana - SpecialSavings Scheme for lower-income group workers. | Financial inclusion of lower income groups specially the RMG workers is the core concept of this scheme. Availing this scheme lower income groups can now also earn lucrative profit by investing small amount monthly. This scheme can be opened for a period of 3, 5 and 10 years. |
| SubarnoRekha - Special Savings Scheme for Women | Women can ensure an economically sound life by availing this scheme which shall pay a lump sum amount with attractive profit or as monthly pension scheme as per their requirement. The scheme holders shall be insured against any risk of accident and shall be entitled to an insurance facility from Tk.50,000 to Tk.1,00,000. |

☀ Cash Waqf Deposit

In the voluntary Sector, SIBL has also introduced Cash Waqf Certificate, a new product for the first time in the Banking history so that a new beginning can be made for a participatory economy. This scheme has been well received by the public in general for its unique features. SIBL as a pioneer of this innovative financial product of social capital mobilization has received both local & international accreditation. By opening a Cash Waqf Deposit A/C someone can get an opportunity to do welfare to the mankind through Sadaka-e-Jariah. SIBL urges to all religious & affluent persons of the society to come forward to mobilize Cash Waqf Deposit so that the profit may be utilized for the well being of mankind.

2.18 INVESTMENT

Global investment of SIBL in the year 2013 showed a very favorable growth both in quantity as well as in quality. The total investment of the Bank stood at Tk. 53,908.57 million in various sectors as at 31st December 2013 against Tk. 36,680.28 million of 2012 registering a growth of 46.97% that signifies the confidence of the clients in the Bank. The Bank has extended financial support towards some of the largest business giants in the Bangladesh like Popular Diagnostic Ltd., ACME, Bengal Group, Mir Akhter Ltd., S.A. Group, Aman Spinning, ABA Group, BSRM, KDS Group, Noman Group, United Group, Abdul Monem Ltd., PRAN Group, NASA Group, City Group, ACI etc. The following Chart depicts the year wise investment since 2005:



| | |
|--|--|
| Bai- Muazzal | Bai-Muajjal is a contract between Buyer and Seller under which the seller sells certain specific goods (permissible under Shariah and Law of the country), to the Buyer at an agreed fixed price payable at a certain fixed future date in lump sum or within a fixed period by fixed installments. The seller may also sell the goods purchased by him as per order and specification of the Buyer. n Bank's perspective, Bai-Muajjal is treated as a contract between the Bank and the Client under which the bank sells to the Client certain specified goods, purchased as per order and specification of the Client at an agreed price payable within a fixed future date in lump sum or by fixed installments. |
| HPSM-Hire Purchase under ShirkatulMelk | Hire Purchase (participatory ownership) mode both the Bank and the client supply equity in equal or unequal proportion for purchase of an asset like land, building, machinery, transport etc. Purchase the asset with that equity money, own the same jointly; share the benefit as per agreement and bear the loss in proportion to their respective equity. The share, part or portion of the asset owned by the Bank is hired out to the client partner for a fixed rent per unit of time for a fixed period. Lastly the Bank sells and transfers the ownership of it's share / part / portion to the client against payment of price fixed for that part either gradually part by part or in lump sum within the hired period after the expiry of the hire agreement. |
| HPSM- Ijara | The mode under which any asset owned by the bank, by creation, acquirement or building-up is rented out is called HPSM (Ijara). In this mode, the client pays the Bank rents at a determined rate for using the assets/properties and returns the same to the Bank at the expiry of the agreement. The Bank retains absolute ownership of the assets/properties in such a case. However, at the end of the period of HPSM (Ijara), the asset may be sold to the client at an agreed price. |
| Murabaha | Bai-Murabaha is a contract between a Buyer and Seller under which the Seller sells certain specific goods permissible under Islamic Shariah and Law of the land to the Buyer at a cost plus agreed profit payable in cash on any fixed future date in lump sum or by installments. The profit marked-up may be fixed in lump-sum or in percentage of the cost price of the goods. In case of Bai-Murabaha Banks procure the goods as per indent of the customer, retain it in its custody and sell the same part by part or at a time to the client who gave indent for the goods. |

| | |
|----------------|---|
| Musharaka | Musharaka means partnership business. Every partner has to provide more or less equity funds in this partnership business. Both the Bank and the investment client reserve the right to share in the management of the business. But the Bank may opt to permit the investment client to operate the whole business. In practice, the investment client normally conducts the business. The profit is divided between the bank and the investment client at a predetermined ratio. Loss, if any, is to be borne by the bank and the investment client according to capital ratio. |
| Bill Purchase | Bill Purchase, in trade finance, allows a seller to obtain financing and receive immediate funds in exchange for a sales document not drawn under a letter of credit. The bank will send the sales documents to the buyers bank on behalf of the seller. |
| Bai-Salam (PC) | This is export finance. Bai-Salam is a term used to define a sale in which the buyer makes advance payment, but the delivery is delayed until sometime in the future. Usually the seller is an individual or business and the buyer is the bank. |
| Quard | It is a mode to provide financial assistance/ loan with the stipulation to return the principal amount in the future without any increase thereon. |

✿ Investment Income

The bank has registered an income from investment of Taka 6,922.20 million under different modes of investment accounts in the year under review compared to Taka 3,886.18 million of 2010 which is an increase of 78.12% from the previous year. A comparative position on income received from different modes of investment in the year 2011 and 2010 is given below:

(Figures in Million)

| Mode | 2013 | 2012 | Growth |
|----------------------------------|----------|----------|---------|
| Murabaha | 417.73 | 715.56 | -41.62% |
| Bai-Muazzal | 2,890.73 | 1,547.00 | 86.86% |
| HPSM | 1,376.71 | 823.69 | 67.14% |
| Musharaka | 29.20 | 25.84 | 13.00% |
| Bai-Salam | 0.44 | 0.05 | 780.00% |
| Quard against MTDR | 549.86 | 130.66 | 320.83% |
| IBP & FBP | 708.43 | 209.95 | 237.43% |
| Placement with other Bank & FI's | 949.09 | 433.45 | 118.96% |
| Total | 6,922.20 | 3,886.18 | 78.12% |

2.19 FOREIGN EXCHANGE BUSINESS

Foreign Exchange Business stood Tk 108308.30 million in 2011 against Tk. 61931.00 million in 2010 which is a sharp increase of 74.59%. The growth rate is following;

| Particulars | 2009 | 2010 | 2011 | 2012 | 2013 | Growth |
|-------------|----------|----------|----------|----------|-----------|---------|
| Import | 13482.30 | 18343.80 | 22753.30 | 39459.50 | 68198.50 | 72.83% |
| Export | 9961.60 | 12674.30 | 14433.20 | 21372.20 | 34975.00 | 63.65% |
| Remittance | 459.90 | 2341.10 | 1923.50 | 1099.40 | 5134.90 | 367.06% |
| Total | 23903.80 | 33363.20 | 39110.00 | 61931.00 | 108308.30 | 74.89% |

✿ Export & Import

During the Year of 2011, the foreign trade business of the bank has recorded a significant growth of 72%. Import business increased by 73% of who taka 34,975.00 million in 2011 which real value was taka 68,198.50 million in 2011 against taka 39,459.59 million in 2010. On the other hand, export business grew to taka 34,975.00 million in 2011 which is 64% higher than the export of taka 21,372.20 million in 2010. The bank has 14 authorized dealer branches well equipped with highly trained professionals to meet different requirements of import and export based clients.

✿ Foreign Remittance

SIBL is in continuous effort to encourage expatriate Bangladeshis for remitting through banking channel. In this regard the bank has established remittance drawing arrangements with reputed exchange houses/ money transfer companies around the world. At present the bank is providing remittance service channeled through Western Union and Money Gram, commonly known as the money transfer giant having presence in most of the countries of the world. The bank has at present remittance drawing arrangements with 6 internationally reputed exchange huses spread all over the world namely: Aussie Forex and Finance Pty Ltd., NEC Money Transfer Entidad, Placid N.K., Fast Remit, Lotus Forex, and International Remittance. Bank's remittance business was Taka 5,134.90 million in 2011 against 1,099.40 million in 2010 which shows a growth of 367.06%

2.20 RISK MANAGEMENT

The management of SIBL acknowledges that risk is an integral part of business and attaches due importance to various risks involved in the banking business. The Board of Directors of the Bank has endorsed the views of the management and instructed to implement the same in line with the directors of Bangladesh Bank. The Bank has also taken initiatives to structure the Banking activities in line with Bangladesh Bank's risk management guidelines. The risk management of the bank covers a wide spectrum of risk issues and the six core risk areas of banking i.e. investment risk, foreign exchange risk, internal control, & compliance risk, money laundering risk, ICT risk and asset liability management risk have already been taken care of by the management. SIBL is much concerned about the business risk and its proper management.

2.21 CORRESPONDING BANKING RELATIONSHIP

With a view to facilitate foreign trade business SIBL is maintaining affluent correspondent banking relationship with 435 international Banks around 99 countries in different strategic locations worldwide to ensure the best & steadfast trade services. The correspondent banks are selected with an in depth analysis of their services & network to ensure that customers get the best and most reliable services globally at most competitive rates. Presently Nostro Accounts in different major Currencies like USD, GBP, EURO, JPY, ACU Dollar etc. with reputed international banks for the settlement of all foreign currency transactions of customers.

Again, in the national level SIBL is maintaining a modern efficient relationship with some other banks with the system of Eldorado. Through this Eldorado system SIBL can operate business and transaction of the money with the help of code number from one bank to another bank.

2.22 CENTRAL CLEARING UNIT (CCU)

Centralized Clearing Unit (CCU) is well in its way in modernizing of payment & settlement system of Social Islami Bank Ltd (SIBL) through BATCH & BEFTN. All the way through sophisticated on-line system with Bangladesh Bank & satellite base in house on-line system has enable the clients to banking with us. In BATCH Section ,we may cove all branches of SIBL over the country in electronic cheque

processing system & on-line payment of clearing under state of the latest technology through Bangladesh Automated Cheque Processing System (BACPS). Through online clearing system any can deposit their cheque in any branch of SIBL for crediting one's account with SIBL in any branch. The MICR (Magnetic Link Character Recognition) based cheque has already been introduced in SIBL to ease & standardized of payment system

2.23 CENTRALIZED TRADE PROSESSION UNIT (CTPU)

SIBL has established Centralized Trade Processing Unit (CTPU) for serving customers in a more effective and efficient way. For the Non-AD branches around Dhaka division and Chittagong division, two base stations have been established at head office, Dhaka and Agrabad Branch of Chittagong respectively. All the branches under CTPU Dhaka and Chittagong are able to serve their clients through these base stations. As a result, processing of foreign trade business faster and efficient. It has established the concept of branch-less banking.

2.24 CENTRALIZED REMITTANCE PROCESSING UNIT (CRPU)

The main purpose of this unit is to encourage wage earner's remittance through banking channel and to facilitate the distribution of such remittance to the ultimate beneficiary throughout the country within shortest possible time. The centre can effect faster payment of remittance through online, Eldorado Remittance Payment System, Bangladesh Electronic Fund Transfer Network (BEFTN) and through the offices of BURO Bangladesh.

2.25 HUMAN RESOURCE DEVELOPMENT

Human resource is the most valuable asset for the bank. Bank plans to hire, develop and retain the human resource base with the right level of skills and talent to meet current and future challenges. The employees of the bank are given on the job training and sent to different training program, seminar and workshop at home and abroad. Social Islami Bank Limited (SIBL) try to create a mutual trust and dignity and its investment in Human resource development is key to sustainable profit. The deserving employees are rewarded under a performance linked award system with accelerated promotion and other incentives. Moreover a number of executives and officers were sent to Bangladesh institute of Bank Management (BIBM) and other training agencies. At the end of 2011 total number of employees stood at 1374.

2.26 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

The bank is pioneer, amongst the Islami banks to introduce online banking facilities for customers. The introduction of Islamic Banking Version of Integrated “Ababil” software, SIBL is prepared to provide better service to valued clients. Ababil is centralized core banking software to provide the clients easy and ready made service as and when required. The bank provides customers through online banking facilities using Fiber and radio link Connectivity. Moreover, using of SWIFT at the AD branches has added some new dimension and improved means in overseas communication system. SIBL has joined ATM network under the Electronic Transaction Limited (ETNL). There are 89 ATM booths in metropolitan cities of Dhaka, Chittagong, Rajshahi and Sylhet and the customers are enjoying 24 hours Remote Banking Facilities through using SIBL ATM Debit Card and VISA card. Above all, the management of SIBL is very keen to facilitate its customers with IT based banking services like Remote Banking Facilities, Electronic Fund Transfer Service i.e. SMS Banking, Phone Banking etc. by introducing centralized real time on-line banking network.

2.27 NON-FORMAL SECTOR

Non formal sectors aims at “Empowering Family”- by creating investment opportunities for the mass community through its (i) Family Empowerment Micro-Finance Program (is a group based lending provided to the poor segment of the society who are not able to provide collateral security), (ii) Family Empowerment Micro- Enterprise Program (is best tailored for the small traders, shop-keepers, manufactures where ceiling of investment is from Tk. 30.00 thousand to Tk. 2.00 lac.) and (iii) Small and Medium SME Program (is considered one of the focus areas of operation in SIBL. SME clients are entertained by all the branches in both rural and urban areas. Total investment portfolio of the bank has been segregated into 3 major aspects e.g. Corporate, SME & Retail.)

2.28 CORPORATE SOCIAL RESPONSIBILITY

As an Islamic Bank, Social Islami Bank Limited is quite conscious of its social responsibility and always trying to participate in social cause program in the country. The bank is committed to serve the society at large through its different activities. In 2011 SIBL has performed so many CSR activities like : Blood Donation Program, Donation to Kamal cholarship among the brilliant student of SSC & HSC Examintaion-2011, Distribution of Blanket, Sharee& Lungi among the poor, Donation of Pick up van to

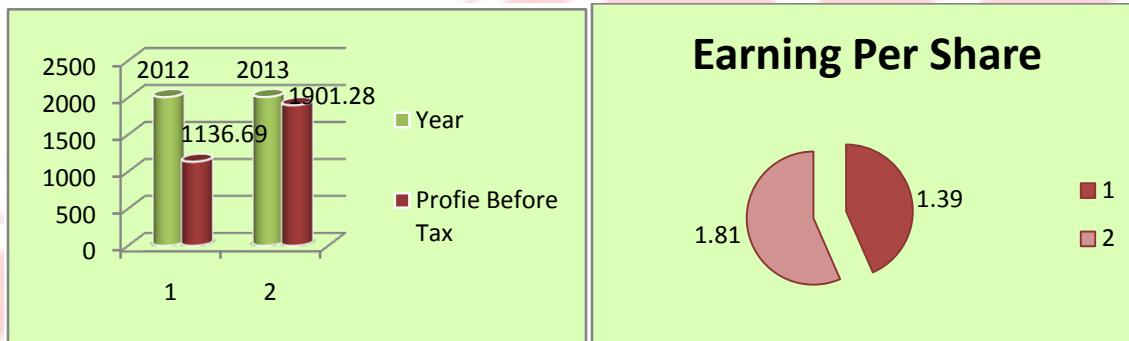
Bangabandhu Memorial Trust, Awarded “GunijonSammanana 2011” honored to eight eminent persons to mark the SIBL 16th Anniversary.

2.29 MARKETING ACTIVITIES

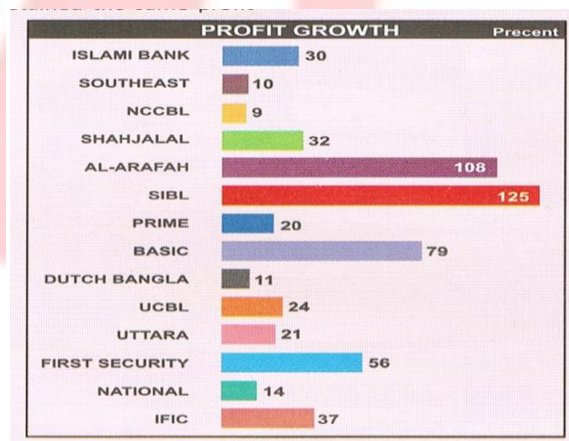
SIBL has done so many promotional works. They have used print advertisements in newspapers. They also promote themselves by sponsoring in the Bangladesh Premier League (BPL). They have broadcasted many television commercial also to promote themselves.

2.30 PROFIT GROWTH RATE

| Particulars | 2013 | 2012 | Growth |
|-------------------|----------|----------|--------|
| Profit Before tax | 1901.28 | 1136.69 | 67.26% |
| EPS | Tk. 1.81 | Tk. 1.39 | 30.22% |



✿ Profit growth picture from media accolade



CHAPTER 3
AN OVERVIEW
OF
BASHUNDHARA BRANCH
SOCIAL ISLAMI BANK LIMITED

3. SOCIAL ISLAMI BANK BASHUNDHARA BRANCH

In 2011 SIBL has launched 12 new branches in the several place of Bangladesh. The 75th branch Bashundharamy working branch where I have joined to complete my internship program, started its operation on 27th December 2011. Mr. Ahmed AkberSobhan, Honorable Chairman, Bashundhara Group inaugurated the branch being present as chief guest. The Honorable Chairman of the Bank Mr. AnisulHaq was present in the program as Special Guest. Bank's Managing Director Mr. Muhammad Ali presided over the inaugural function. Bank's senior executives, clients and local elites were also present in the opening ceremony.



❁ 3.1 Address



Social Islami Bank Limited

Bashundhara Branch

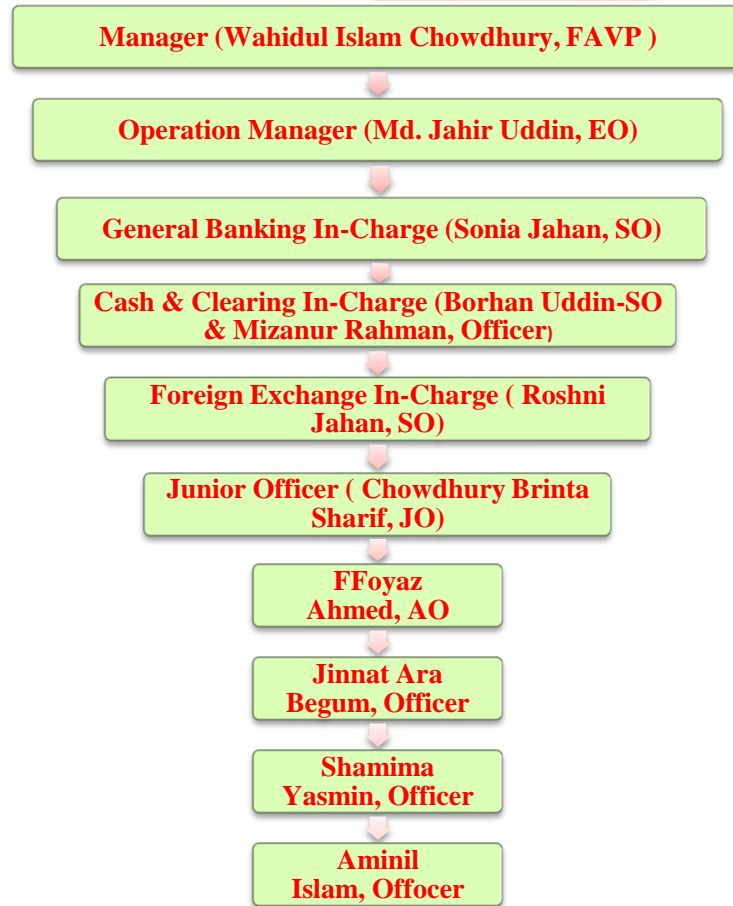
House # 16, Block-A

Bashundhara Avenue, Bashundhara, Dhaka

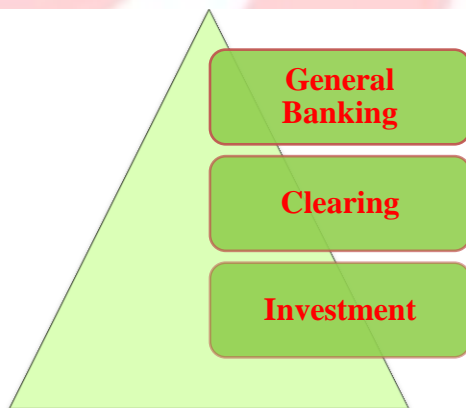
Phone- 8402501, 8402502

Mobile – 01711-349530

❁ 3.2 BRANCH'S EMPLOYEE STRUCTURE



❁ 3.3 DEPARTMENT



❁ 3.4 NUMBER OF EMPLOYEE

❁ 3.5 FUNCTIONS OF BASHNADHARA BRANCH

■ General Banking:

- ❖ Giving all the services related with different accounts and schemes as opening, closing, changing etc.
- ❖ All types of cheque and cash transactions
- ❖ Interbank and intrabank transactions
- ❖ Clearing
- ❖ Issuance of pay orders
- ❖ Issuing ATM cards
- ❖ Providing account statements
- ❖ Cheque and balance transfer
- ❖ Online banking activities

■ Investment:

- ❖ Handling of all the loan schemes
- ❖ Handling of credit cards
- ❖ Bank guarantees

3.6 SWOT ANALYSIS OF SIBL BASHUNDHARA BRANCH



✿ **Strength:**

- ❖ **Experienced Employee:** After opening the Bashundhara Branch some of the experienced employee from other branch has been transferred here which helped a lot the branch to be successful in operation.
- ❖ **Quick Service:** Bashundhara Branch is very quick to provide its facility to the valued clients.
- ❖ **Internal Profit:** Within a very short time Bashundhara Branch is facing the Profit where other new branches are behind it.
- ❖ **High Level of Client Facility:** Bashundhara Branch is very cordial to its valued clients. It tries its level best to give the highest level of satisfaction in case of service whether it is impossible for other branches or not.

✿ **Weakness:**

- ❖ **Lack of Employee:** The employee number of Bashundhara Branch is very low. Although the branch is providing higher level of service, but it becomes very tough sometimes for the employees.

-
- ❖ **Lower Investment:**The investment department has not been able to do so much investment.
 - ❖ **Low Vault Limit:**The vault limit is low in Bashundhara Branch. So sometimes it becomes very difficult to provide high amount of cash at the same time.

✿ **Opportunity:**

- ❖ **Rich location:**Bashundhara Branch is situated in a place where most of the people stay in the higher or upper class level. So it is a very big opportunity to get deposit from those class.
- ❖ **Influence of Corporate Client:**Bashundhara Branch has the giant corporate client Bashunadhar Group. Bashundhara group has assigned its employee to open their salary account in the SIBL Bashundhara branch. So near future this account will increase.
- ❖ **Location Advantage:**Bashundhara Branch has the location advantage in case of attracting institutional client also. In Bashundhara so many in stitutions like North South University, Independent University, HURDCO International School, Play Pen School and other institutions are situated. So if this branch can attract those institution it is possible to get deposit from them.

✿ **Threat:**

- ❖ **Strong Competitors:** In Bashundhara Residential Are, there are 11 established banks are situated. So SIBL has to compete all of them.
- ❖ **High Switching tendency of clients:**As other famous banks of Bangladesh have also their branches in Bashundhara, so they can also attract very easily clients which may hamper the reputation of SIBL if SIBL don't follow the strong and attractive connection with clients.
- ❖ **Lack of Promotion:**SIBL Bashundhara Branch need more promotion in their own territory to attract clients which they have not adopt yet.

CHAPTER 4

**MY JOB EXPERIENCE AT
BASHUNDHARA BRANCH
SOCIAL ISLAMI BANK LIMITED**

4.1 WORKING EXPERIENCE AT SOCIAL ISLAMI BANK LTD.

The MBA program is designed to focus on theoretical and professional development of people open to take up business as a profession as well as service as a career. The course is designed with an excellent combination of theoretical and practical aspects. This internship provides the Students to link up their theoretical knowledge into practical fields. In this connection, I was assigned to Social Islami Bank Ltd. Bashundhara Branch. This chapter will give a brief idea about my duties and responsibilities over the three month in Social Islami Bank Ltd. Bashundhara Branch. From the first day of my joining in Social Islami Bank I have given some responsibilities. Through this internship program I have gathered practical knowledge about the corporate world. I work there for 12 Weeks. For these 12 Weeks I worked in various departments. I've described my work experience below.

4.2 GENERAL BANKING

- Account Opening – The first thing I have learned how to open an account in Social Islami Bank Ltd. I was instructed about the procedures and the requirements of every different types of account. (Current, Savings etc.) I had also taken part in completion of some of the account opening form. After the finishing the procedures of the forms I have also learned how to process and store into the software named Flora which Social Islami Bank Ltd use for their online banking.
- Desks pass – After learning the procedures of account opening I was appointed to for 2-3 days in the desk pass of GB. All the documents both inward and outward go through this desk. The responsibility of this desk is to mark all the documents and give those documents an official trespass number and send those documents to appropriate places.
- Introduction to the Banking software – I was given bit information about how the online Banking software works and what is the function of it. I was also allowed to browse the software for my proper leaning about the procedures of the transactions.
- Cheque Book processing – After the introduction with the banking software I learned how to process a Cheque book. I have learned the processing of the Cheque book requisitions and other formalities. I have also took part in the delivering the Cheque book when a client comes to acquire it. Social Islami Bank Ltd follows a unique process for

securing their Cheque books. They put some secret Random numbers in every pages of the Cheque book. I have also taken part in the processing of those random numbers in the Cheque books.

- Payment Order – Pay Order or Payment order in one of the main facility of Social Islami Bank Ltd. I learned what pay order is and how it helps to transfer funds. I also learned how the government get their tax and bank obtain their commission from each payment order.
- Cheque clearing – Cheque clearing section is one of the most important parts of GB. Working in this section requires a lot of patience and concentration. I learned the process of both inward and outward clearing.
- Demand Drafts (DD) – Demand draft works like a pay order but it is generally used for transferring the funds outside Dhaka. I learned the process works for DD. Most of the government organizations use Demand draft for transferring their funds in Social Islami Bank.

4.3 LOANS AND INVESTMENTS

- Sorting and classifying loans – First thing I learned in Loan and Advances was sorting out the loans. Learning about the loans and its classification. I also learnt about the classified loans of Social Islami Bank Limited, Bashundhara Branch.
- Studying the Statement of Investment – I had the opportunity to see how Loans and Advances of Social Islami banks reports to Bangladesh Bank in the end of financial year. So I had the chance to learn about the statements of investment for my report topic high in Investment analysis.
- Studying and sorting Transaction profile of a Defaulter – I also took part in sorting out the transaction profile of few defaulters. Bank was going to take some legal actions against them to the required the sorted transaction profile of those clients.

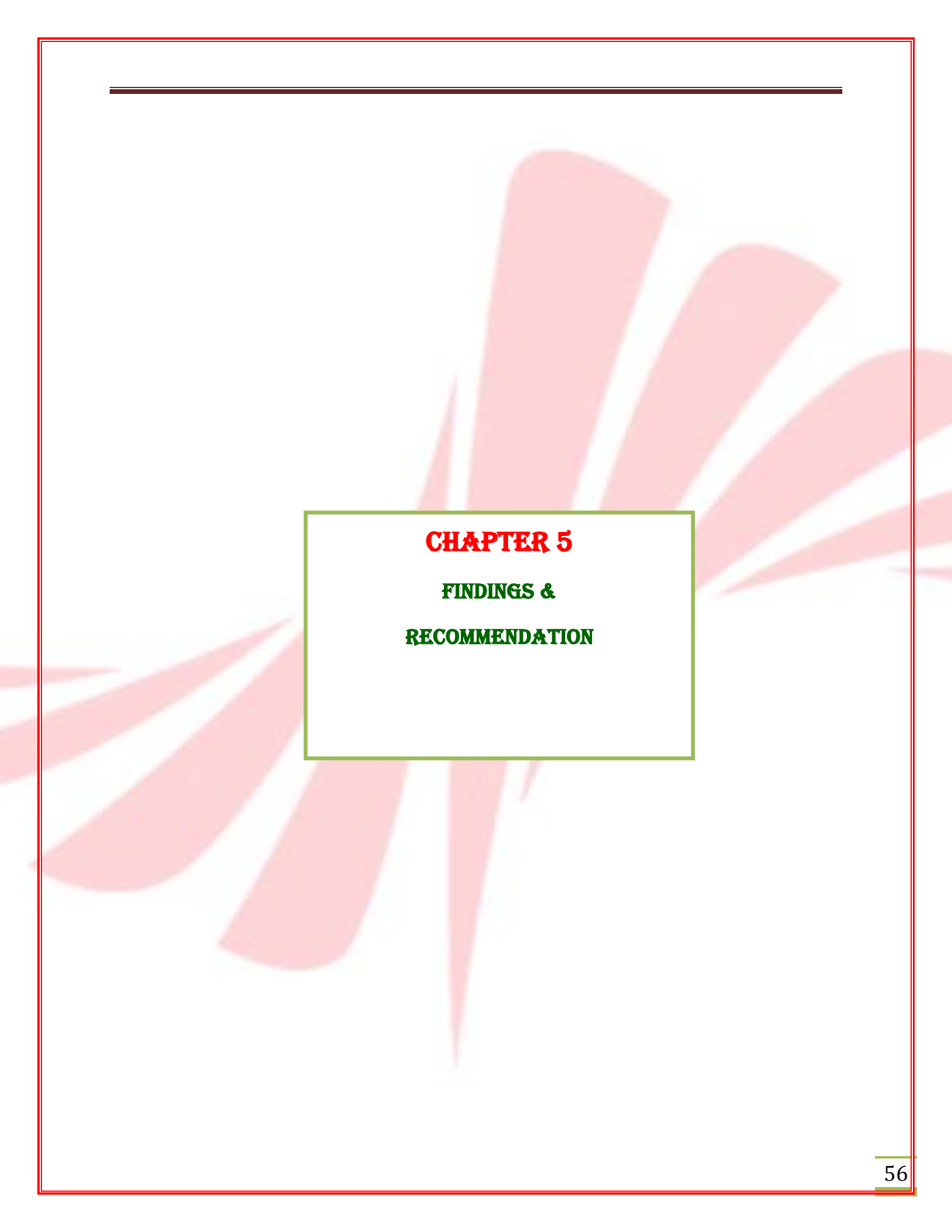
4.4 FOREIGN TRADE/EXCHANGE

- L/C opening – The first thing I learned in foreign trade section was how to open a letter of credit or documentary credit for both local and international purpose. I learned about the requirement of opening a letter of credit or documentary credit and how it operates in business and transactions.
- Knowledge about Export form – I mainly worked in import section so I had to study the Export forms and functions of those forms. I studied all four export form and the function of those forms and also learned how to report this forms in Bangladesh Bank.
- Filling the Export forms – Filling the forms is basically an online process which Social Islami bank reports to Bangladesh bank. The total procedure is web based. Forms need to be filled with their realization and authorization dates.
- Using SWIFT Alliance messenger (SAM) – SWIFT is the Society for Worldwide Interbank Financial Telecommunication, a member-owned cooperative through which the financial world conducts its business operations with speed, certainty and confidence. More than 10,000 banking organizations, securities institutions and corporate customers in 212 countries trust us every day to exchange millions of standardized financial messages. Though I didn't have much opportunity to use SWIFT properly but I do leaned the basic thing of SAM and used it for filling up the LC information.
- Process of realizing the export bills – Later I worked in the process of realizing the export bills such as foreign bill purchase (FBP), foreign bill charge (FBC). This was a part of export section where the bank realizes the export bills on behalf of their clients.
- Organizing and Sorting the Export bill files – Organizing and sorting out the bill files after realization is also known as the backend work. Basically I had to sort out the bill vouchers with IBDT voucher and customer voucher. After sorting up the vouchers I had to fill up the bill registers, EXP registers, Advance Income Tax (AIT) register and customer performance register.

4.5 CLEARING HOUSE

In clearing House I have worked more than 4 Weeks gradually. That was the busiest section of Bashundhara Branch. My job was to receive the cheque's from the client and give them the received paper. Then endorse the cheque for sending to Nikash House at Bangladesh Bank.

- First Need to check the received cheque that's accounts payee or cash. If its an accounts payee cheque ensure a cross seal in the top of the cheque.
- Secondly, in the account payee cheque need to ensure the two endorse seal and the sign of authorized officer before sending Nikash House.
- If it is a bounced cheque then it's need to identify the cutting seal. Then give this cheque in the second lime cheque.



CHAPTER 5
FINDINGS &
RECOMMENDATION

5.1 FINDINGS

Bank is a financial institution. The service of a bank is considered as its product. Bank is financial intermediary dealing in accepting surplus savings as deposits and extending funds to those who can approach the bank with bankable projects. Amount of funds can be increased or decreased depending on the professional skill of the bank executives. Efficiency of customer service is related with progression of operation. Social Islami Bank Ltd operations are increasing gradually. Each year deposits and investment growth indicates SIBL better movement in the banking field, which is satisfying clients. As a result, clients are increasing and ultimately equity is increasing. Gradually bank's operation is increasing. Investment is rising rapidly and a good response is getting from the clients is different investment scheme. SIBL rising movement is generating increasing profit. Client's satisfaction depends on the efficacy of customer service. All operational improvement with profit leads us to say that value of customer service of SIBL is in the positive situation.

5.2 GENERAL BANKING DEPARTMENT

- In general banking department they follow the computerized banking system.
- They are using Data Base Networking in Information Technology (IT) Department. So they can transfer data from branch to branch and branch to head office by using online.

5.3 LOANS AND INVESTMENT DEPARTMENT

- Political influence is one of the major problems in Bangladesh. Due to political involvement the bank becomes bound to provide loans in some of the cases, which are rarely recovered. Bank has to face this in convenience situation almost every year and the percentage of such loans is about 20%
- The loans and advance department takes a short time to process a loan because the process of sanctioning loan is done by computerized system. If is in average 10 working days.
- CIB report is not readily available from Bangladesh Bank.

5.4 FOREIGN TRADE/EXCHANGE

- In foreign exchange department, it is required to communicate with foreign banks frequently and quickly. To make the process easily, Telecommunication Network is established in all branches.
- A scheme is operating in the name of Instant Cash Scheme. Through this scheme, on Residence Bangladeshi can send money from any parts of the world.

5.5 CLEARING HOUSE

- Hare has a big pressure to maintain customer demand and banking process. Every time need a verify to clear the instrument entry. It consumes a lot time and this is a bad sign for employees that they are unable to complete their work smoothly.
- Sometimes big corporate like Bashundhara pay the employee salary which create pressure for one or two people.

RECOMMENDATIONS

- ✓ Decision making process should be made more decentralized.
- ✓ Filing is a very important component of proper documentation. It has to be dealt with importance.
- ✓ An uninterrupted network system has to be ensured. It will save the officials from much hassle and will save time
- ✓ In the credit department, strict supervision is necessary to avoid loan defaulters. Bank officials should do regular visit to the projects.

-
- ✓ Attendance system needs to update which will help the transparency and time keeping to them. Performance of IT division should be improved which is badly in need for them.
 - ✓ Review market conditions and take precautionary measures towards facing abnormal market situation and vulnerability of investments of the Bank.
 - ✓ Exercise governance and oversight over the bank's risk rating systems to ensure that they are fit for purpose and adequately utilized to control risk in the bank.
 - ✓ Empower the employee through training and decentralize the power, while they will become confident and more energetic.
 - ✓ SIBL may also indulge in Tele Marketing. This will smooth the progress of them to expand their sales.
 - ✓ SIBL should appoint customer service officers in all branches. They solve customers' problem, answer inquiry of customers etc.
 - ✓ SIBL should pursue an aggressive marketing to come up into limelight. Campaign in order to build up a strong image reputation among the potential customers. Campaign such as ad in the newspaper & magazine, billboard, neon signs, publicity message. SIBL can pursue promotion campaign with its customers particularly the corporate clients to build up a strong report.
 - ✓ SIBL should differentiate its services adopting the modern facilities and diversify products
 - ✓ To achieve the goal, a bank must establish and adhere to adequate policies, practices and procedures for evaluating the quality of asset and the adequacy of loan provision and reserve.
 - ✓ As one of leading Banks in Bangladesh, SIBL Bank should provide equal emphasis in each department of banking service.

CONCLUSION

Now a day banking organizations are one of most vital parts of an economy. Now banks provide various services for individual, different firms, companies even for cultivation. Banks offer a great accumulation of loans for personal and industrial purposes. SIBL is running successfully and for its good deposit performance the bank occupies 2nd positioning the Islamic Banking Sector. Taken all in all, it can be safely said that SIBL action program is directed towards development of an authentic participatory Economy beyond Market Economy. The family empowerment credit program of Social Islami Bank is gaining ground at the grass root field level in Bangladesh. Family Empowerment microcredit and micro enterprises program must be designed in a manner so as to make a) finance, b) production, c) marketing, d) trading, e) local specific survey and research as well as moral integrity in one package. In SIBL approach, credit conveys the totality in life and clearly linked to social context and cultural setting in conformity with Shariah. There is a better chance in provision for social subsidy. De-secularizing credit may lead to re-writing new economics. It is thus felt that the linking credit to social goals and assignments will have far-reaching theoretical implications for development of an alternative concept of new theories of income, output and employment. This bank expresses its sincere thanks to the government of the People's Republic of Bangladesh and Bangladesh Bank for their co-operation and valuable guidance to the bank. SIBL also takes this opportunity to their valued clients, patrons, well wishers, correspondents and the shareholders for their support and patronization extended during the year under review. SIBL also records its appreciation for the services rendered by the executives and the members of the staff for the stability and growth of the bank. SIB needs further active support and continued cooperation of Bangladesh Bank, ministry of finance and other government agencies, executives and employees of the bank, valued partners, clients and the community at large in accomplishing difficult tasks ahead of it.

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