Report On

Adoption of Digital Banking in Bangladesh- A Study on Social Islami Bank PLC

By

S.M Lutfor Rahman
18104034

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

BRAC Business School
BRAC University
June, 2025

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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:

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S.M Lutfor Rahman

18104034

Supervisor's Full Name & Signature:

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Riyashad Ahmed

Assistant Professor, BRAC Business School

BRAC University

Letter of Transmittal

Riyashad Ahmed

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Kha-224 Merul Badda, Dhaka-1212

Subject: Submission of internship report on "**Adoption of Digital Banking in Bangladesh- A Study on Social Islami Bank PLC**"

Dear Sir,

This is my pleasure to present my internship report on **"Adoption of Digital Banking in Bangladesh- A Study on Social Islami Bank PLC"** as per the BRAC University's BBA requirement and by following your instruction. I had the privilege of interning at Social Islami Bank PLC, Darussalam Branch, and was appointed to the General Banking Unit. The three-month internship experience was pretty interesting and allowed me to have an enriching educational experience. I was able to get in-depth knowledge about Islamic Banking in general which helped me preparing this report effectively.

Despite my limitations, I have tried my best to finish the report with the essential data and recommended proposition in a significant compact and comprehensive manner as possible.

Sincerely yours,

____

S.M Lutfor Rahman

18104034

BRAC Business School

Non- Disclosure Agreement

This agreement is between the student, S.M Lutfor Rahman (ID: 18104034) & Social Islami Bank PLC to maintain confidentiality regarding any sensitive information or details that the student may come across while doing internship.

Name of the Student: S. M Lutfor Rahman

ID: 18104034

BBS Department, BRAC University

Name of the Company: Social Islami Bank PLC

Supervisor Name: Khalil Ullah Ashraf

Position: AVP/Manager, Darussalam Branch

Darussalam Road, Mirpur, Dhaka-1216

Social Islami Bank Limited

Social Islami Bank PLC
Darus Salam Road, Dhaka.
Mirpur-1, Dhaka-1216
Phone: 58050980

Ref: SIBL/DSRB/GB/2024/ 897
Date: 08/05/2024

TO WHOM IT MAY CONCERN

This is to certify that S.M Lutfor Rahman, S/O A.K.M Anisur Rahman & Latifa Khatun, having address- 15/4/2, Road no.1, Kallyanpur, Dhaka- 1207, major in Finance & CIM from BRAC University, started his Internship Program in SIBL Darussalam Road Branch from 20/01/2024 and successfully completed his Internship Program till 20/04/2024. During this period, he has worked in all departments specially in General Banking Division. He has acquired good knowledge in banking in the aforesaid departments. We found his sincere, honest, dedication and performance are highly satisfactory.

We wish all the success in his life.

Khalil Ullah Ashraf
AVP & Manager
01713139441, 01711349530

Acknowledgement

The three-months long internship with Social Islami Bank PLC provided me with very enriching and educational experience from the first day to the ending of my internship period. For this, I am really grateful to the BBS department of BRAC university for providing me with a platform to have my first internship experience. I am also very thankful to the department for providing us with a clear and concise guideline which helped me complete the internship report. I would like to express my utmost gratitude to my supervisor, Riyashad Ahmed, for is guidance and helping me with the report throughout the journey. Lastly, I would like to thank the employees of Social Islami Bank PLC for their kind cooperations and valuable insights, especially my on-site supervisor/manager of the branch, Mr. Khalil Ullah Ashraf, who helped me giving the idea about the report title.

Executive Summary

This report titled **"Adoption of Digital Banking in Bangladesh- A Study on Social Islami Bank PLC"** was done as a requirement of the undergraduate program BBA of BRAC University. This report aims to depict the digital banking scenario, how it has transformed over the years, the adoption and the future of the digital banking in Bangladesh. The overview of Social Islami Bank PLC, its day-to-day activities, its overall financial performance of the last three (3) years, KPI, etc are also discussed in the paper. This report also highlights the Social Islami Bank PLC's adoption of this dynamic digitalized landscape and its role in doing so. The bank's approach to adopt the newer technology, promoting sustainability through paperless banking, introducing innovative and interoperable apps (SIBL NOW), and commitment to digital inclusion by onboarding unbanked people to formal banking are also discussed.

The report comprises of three parts- First of all, the overview of the report where various internship information and the overall report overview. Second part is all about the organization where I completed my internship programme. This part gives insights about the activities, overall health and financial condition of the organization etc. Lastly, the report/project part emphasizes on the growth of digital financial services, its key drivers for the growth, challenges, and how to address those challenges, by analysing the trends, research papers, and credible sources available.

This study concludes by stressing the significant role digital banking plays in shaping the future of Bangladesh's banking sector. However, addressing the different challenges, recommendations were also given such as sufficient investment in technology, increasing customer awareness, compliance with changing regulations, and how Bangladesh can cope with this changing landscape.

Contents

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List of Acronyms

PLC	Private Limited Company
SIBPLC	Social Islami Bank PLC
CSR	Corporate Social Responsibility
SME	Small and Medium Enterprise
KPI	Key Performance Indicator
ROA	Return on Asset
ROE	Return on Equity
IDR	Investment-Deposit-Ratio
CRAR	Capital to Risk (Weighted) Ratio
NIM	Net Interest Margin
P/E	Price to Earnings Ratio
EPS	Earnings Per Share
ATM	Automated Teller Machine
CRM	Customer Relationship Management
CDM	Cash Deposit Machine
DFS	Digital Financial Services
MFS	Mobile Financial Services
NPSB	National Payment Switch Bangladesh
RTGS	Real Time Gross Settlement
BEFTN	Bangladesh Electronic Fund Transfer Network
BBS	Bangladesh Bureau of Statistics
BGD e-GOV Crit	Bangladesh Government’s e-Government Computer Incident Response Team
e-KYC	Electronic Know Your Customer
PwC	PricewaterhouseCoopers
DoS	Denial of Services

Chapter 1: Introduction

1.1 Internship Overview

1.1.1 Student Information

I am S.M Lutfor Rahman, a student of BBA at the BRAC university, currently doing my major on 1) Finance, Banking & Insurance, and 2) Computer Information Management (CIM).

1.1.2 Internship Information

I had the opportunity to intern at the Social Islami Bank, Darussalam Branch. As per BRAC University's requirement, the internship period was three months long, from 20/01/2024 to 20/04/2024. My on-site supervisor was Mr. Khalil Ullah Ashraf, the AVP as well as the manager of that branch. Although I was initially assigned to the general banking unit, I worked at different desks and units of the bank, helping me gain vast knowledge and experience during my internship.

1.1.3 Duties/Responsibilities

In the general banking department, my duties or responsibilities included opening accounts, fixed deposits (FDR), and letters of credit (LC), addressing customer inquiries, and data entry. I had the opportunity to work across different desks, which allowed me to learn about the loan department and its operations. Furthermore, SIBL organized a financial literacy campaign that involved a field trip to educate a large audience and answer their questions, in which I participated.

1.1.4 Learnings

The internship is the foundation or a stepping stone for professional life. This internship opportunity has allowed me to have an in-depth look into the banking sector or the Islamic banking sector to be specific. I observed different banking activities and learned how the employees do their tasks behind the desks, and how they handle and interact with the customers. In addition, I got significant professional guidance from experienced professionals, which, I believe will help me prepare for my future career.

1.1.5 Student Benefits

The internship program aims to help students learn practical skills in a real working environment. In my case, that is also the truth. I have gained significant insights and practical knowledge from the expert bankers from my respective internship workplace. Moreover, the network I have built and the guidance I got is unparalleled. Furthermore, the overall internship experience has made me a better version of my former self and enriched my resume.

1.1.6 Recommendation

My whole internship period in the social Islami bank was really pleasant as all the staffs were really cooperative and respectful towards me. Learing experience as well was very productive for me. Few things I would appreciate Social Islami Bank Darussalam Branch might do that will enhance the internship experience far better. Like I said learning experience was great in the Bank but if the bank allows the freshers to observe and teach them the banking activities and relevant terms for the first couple of days, the process of learning and working will be much more efficient and fruitful. One of the challenges I faced during the internship period was the unavailability if information about certain topics for my report. It will be really helpful if the bank has a dedicated information corner for the students for their project.

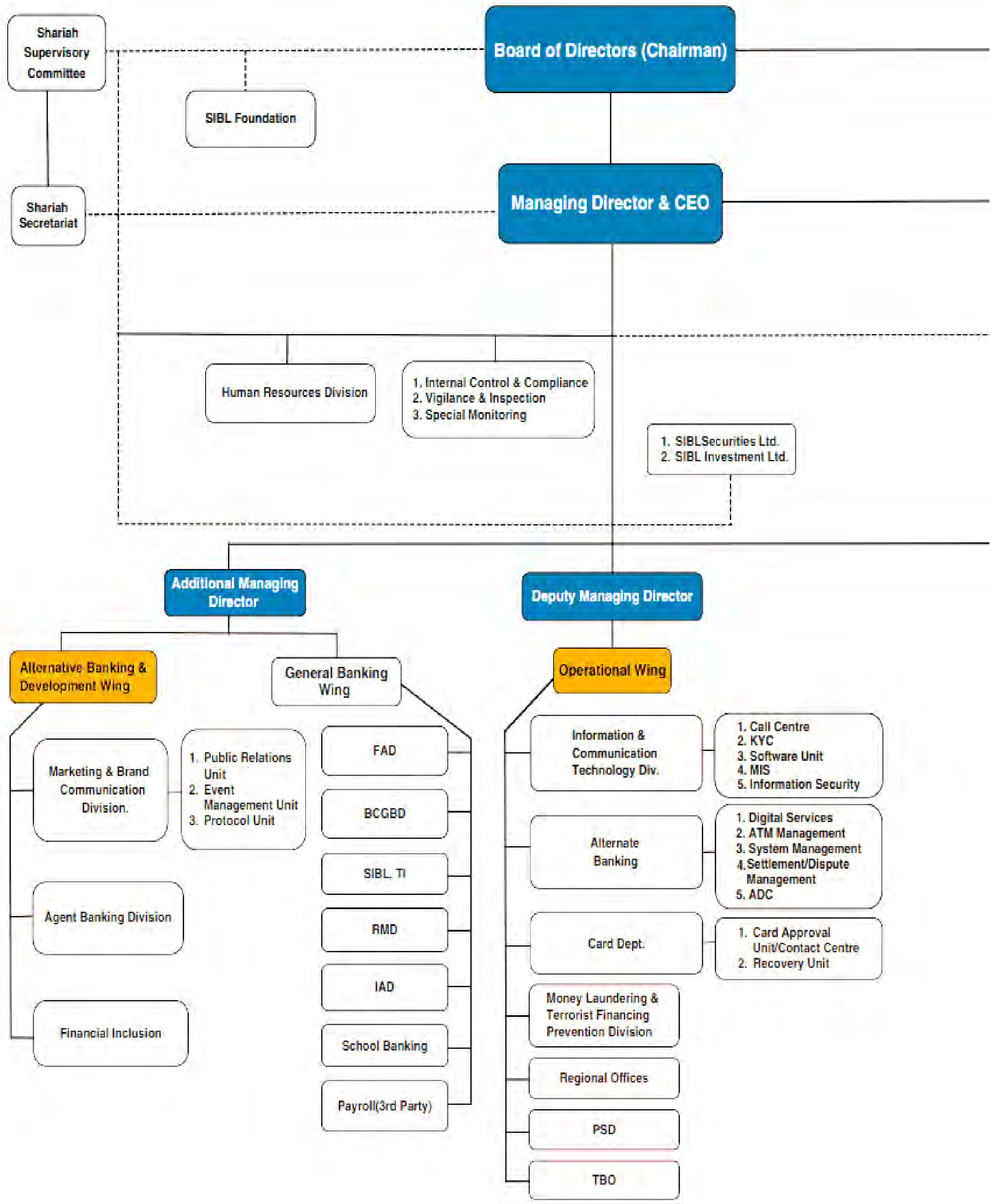
Chapter 2: Overview of the Social Islami Bank PLC

2.1 Background of Social Islami Bank PLC

Founded in 1995, Social Islami Bank PLC. (SIBL) was founded in 1995 under the shariah principles of Bangladesh and has since established itself as one of the country's leading value-added financial institutions. SIBPLC comprises of a three-tier banking model which are SIBPLC Formal, Non-formal & Voluntary which is the first of its kind, bringing a new dynamism to the banking sector of Bangladesh. SIBL PLC operates under the motto of "Working Together for a Caring Society" (SIBL, 2024). Thus, they work to eradicate the poverty and empower education. The theme of SIBPLC is to build a long-term business partnership with its clients to help them grow profitable.

Currently, SIBPLC serves with 179 branches 236 subbranches, and 4039 employees all over the Bangladesh. Along with that it also has 375 Agent Banking Outlets to provide services to the remote parts of the country.

2.2 Organogram of Social Islami Bank PLC



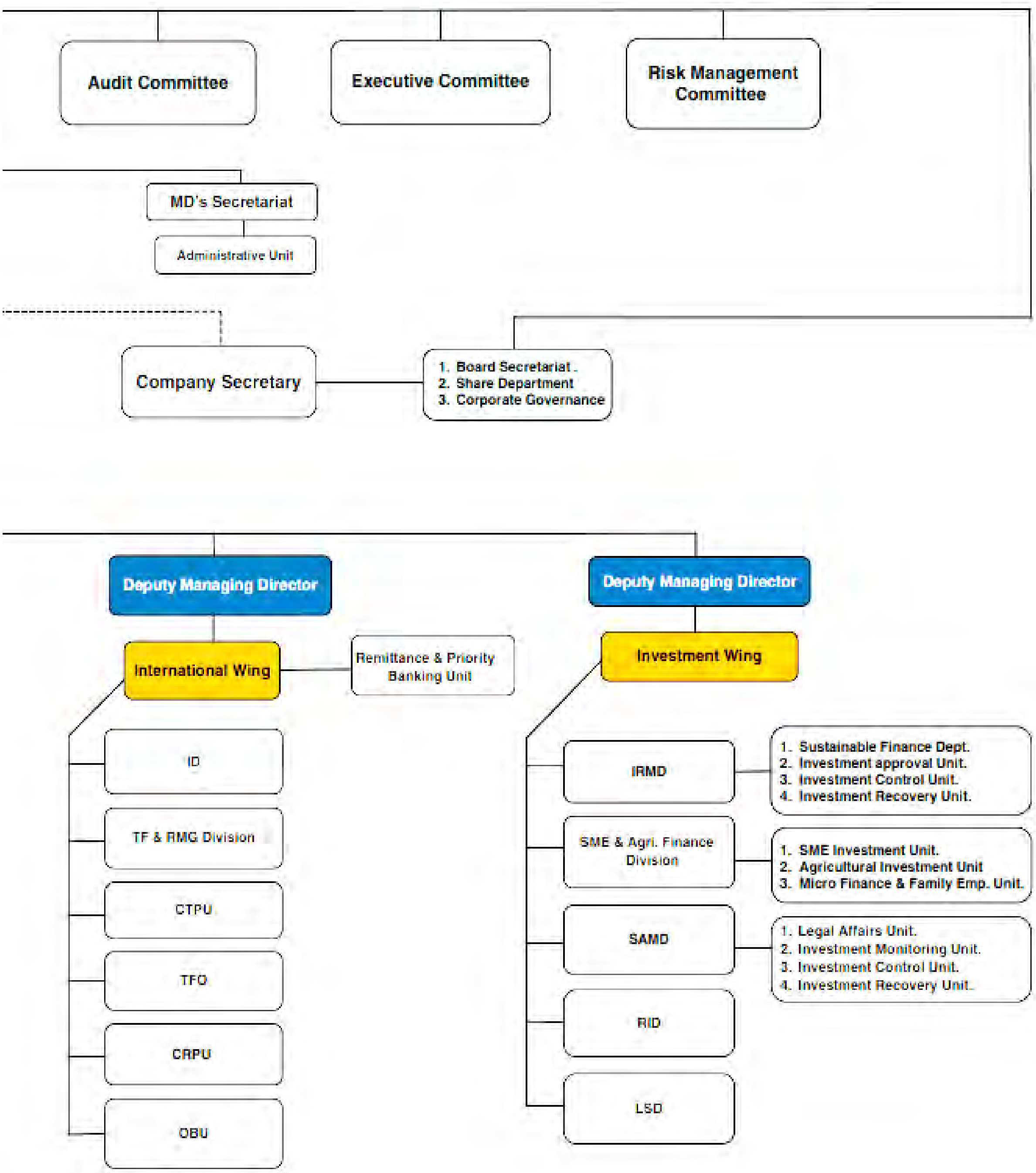


Figure 1: Organizational Structure of Social Islami Bank

The Organizational Structure of Social Islami Bank includes of Board of Directors, which consists of Managing Director & CEO, Deputy Director, Additional Managing Director. Social. The organogram also includes Executive Teams, Management teams, Human resource Department and Operational Divisions. As Social Islami Bank runs its operation on “Shariah Law”, it has special division named “Shariah Supervisory Committee and “Shariah

Secretariat". Social Islami bank's Stock Securities and Security Investment department are managed by the board of directors.

2.3 Company at a Glance

Name of the Company	Social Islami Bank PLC
Registered Office	City Center, 90/1 Motijheel C/A, Dhaka-1000
Chairman	Professor Dr. M. Sadiqul Islam
Managing Director & CEO	Mr. Mohammad Forkanullah
Employees	4039
Branches	179
Sub-Branches	236
Agent banking outlets	375
Credit Rating Agency	Alpha Credit Rating Ltd.
Authorized Capital	30,000,000,000
Paid-up Capital	10,341,542,860
Total Shares Outstanding	1,034,154,286
Listing Status	DSE & CSE (Active), Symbol: SIBL

2.4 Marketing Practices of Social Islami Bank

SIBL has established its brand by offering its innovative products and services into the market. But due to SIBL's, Sariah based nature it needs very specific marketing strategies. As an Islamic bank SIBL like any other bank uses demographic segmentation for marketing as it targets a very specific audience, where Islamic sentiment plays a huge role.

2.4.1 Products & Services of Social Islami Bank

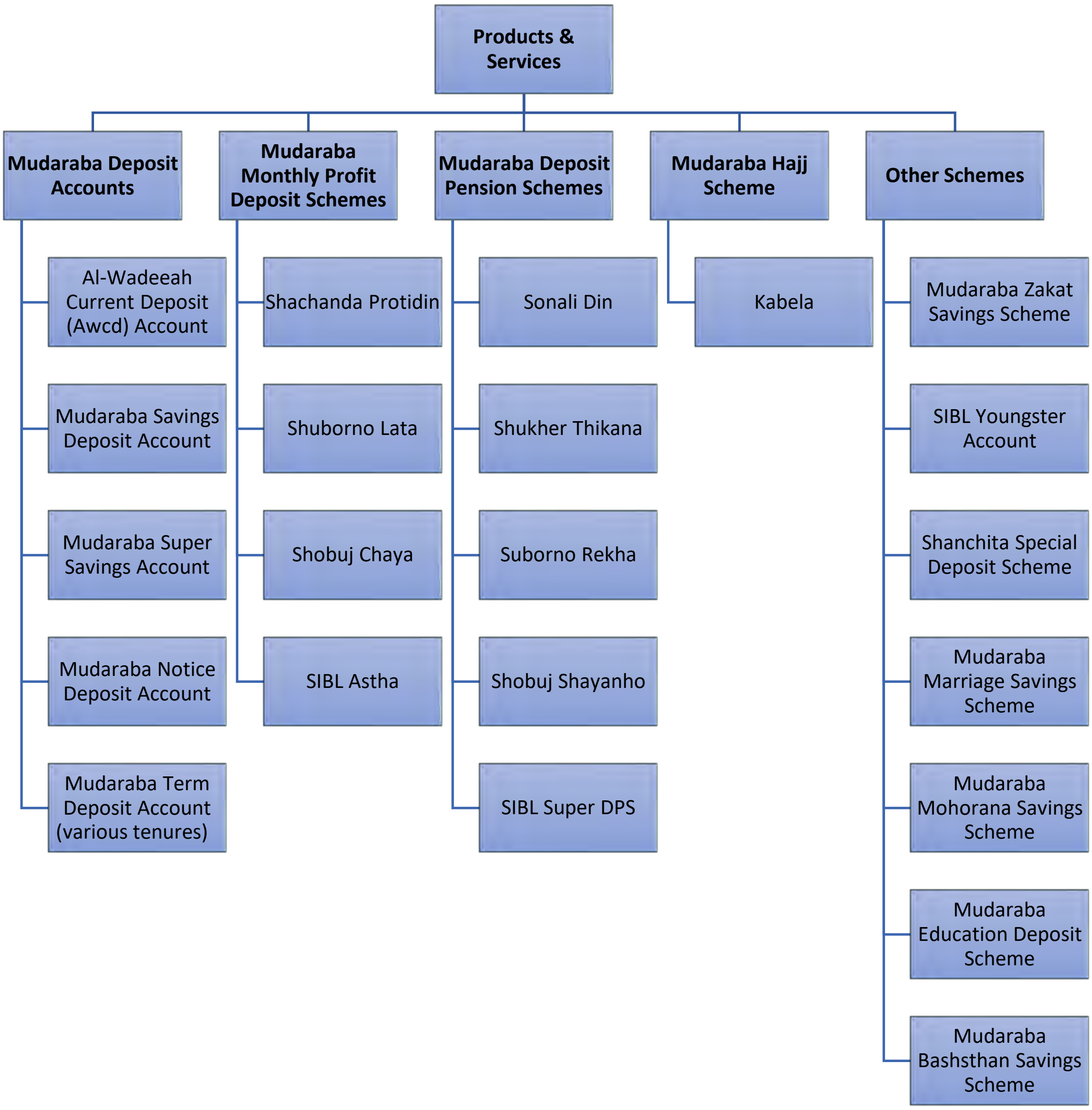


Figure 2: Products offered by Social Islami Bank

Social Islami Bank offers its products and services according to the Shariah Law of Banking in Bangladesh.

Other services include various specialized deposit products like Education Saving Scheme, Medical Scheme, Migrant Deposit Scheme, Freelancer Solution scheme, etc.

Other than that Social Islami Bank excels in its marketing by providing social marketing and services. Along with offering traditional banking products and services, Social Islami Bank PLC also works on CSR activities. Such as-

2.4.2 Green Banking

Green banking works with conserving energy, water, saving paper, etc. Bangladesh Bank has acknowledged SIBPLC as one of the leading private banks for its significant role in Green Banking initiatives nationwide. These are not just hollow claims as the bank has spent a large amount in 2023 for establishing solar panels and brick plants that are environment friendly. SIBPLC established its own environmental policies, demonstrating its commitment to the environment. The audit committee and operational employees works under a permanent separate unit named “Green Banking Unit” thus promising the commitment to the society and environment.

2.4.3 Cash Waqf Program

Cash Waqf program introduced by Social Islami Bank PLC, is a one-of-a-kind voluntary deposit scheme that allows clients to do welfare or in Islamic term “Sadakah” with the help of a banking system. This scheme has been well received by both local and foreign clients and is accredited internationally. This shows that Social Islami Bank is committed to do welfare by helping to manage the money sent to the underprivileged and make sure they reach to those who are in need.

2.5 Operation Management & MIS Activities

Operation Management

Operational management refers to operating the business efficiently and effectively by overseeing and controlling the processes of giving services to its clients. The goal is to ensure that an organization runs, meets its objectives, and provides value to customers.

Social Islami Bank’s operational management system in a bank may consist of various tasks and processes that ensure an effective work environment, more efficient management of clients, and better risk management which helps improve customer service and their retention.

The bank recruits operational managers to ensure and oversee the various operational management processes and distribute them among employees.

Operational management of SIBL includes-

- Designing, overseeing, and controlling the daily activities
- Managing customer interactions or maintaining proper CRM

- Handling the transactions and monitoring them
- Implementing technology and advanced infrastructure for more efficient workflow
- Risk management such as mitigating cybersecurity risks, fraud, and other operational risks.
- Monitoring and evaluating the operations as a whole and measuring the performance

To ensure more streamlined and efficient output, various responsibilities are also given to other employees. This promotes accountability and responsibility. These activities help banking operations run smoothly and mitigate the operational disruptions that might occur.

Management Information System (MIS)

Information technology has revolutionized how every business operates. The banking sector's data-driven business model benefits greatly from the emerging management information system. The banking business is all about providing customer satisfaction and better services for its customers. In today's growing number of banking clients, adding MIS into the business is a must.

Social Islami Bank has also implemented an effective management information system that provides better customer service and an efficient customer management system.

The central banking software that SIBL uses is called "Ababil" which manages all the core operations such as opening accounts, data management, transactions, customer information, data tracking, etc., and is able to provide more personalized services.

Social Islami Bank also uses a digitalized TPS system to handle day-to-day transactions, like deposits, withdrawals, loan processing, etc.

The management information system of SIBL also includes digitalized inventory management.

2.6 HR Practices of Social Islami Bank PLC

Human Resources Management and its practices showcase a company's productive, engaged, and motivated workforce, ultimately defining its corporate culture.

SIBL's has a strong HR practice within the company as it includes its employees in the planning, recruiting and training the employees in a planned and organized manner, has a practical compensation policy that benefits and motivates employees and has a proper conflict management policy in case any disputes arise.

2.6.1 Recruitment and Selection Process

SIBL prioritizes the employee recruitment process to ensure the best suitable employee for the company and the position. SIBL follows multiple layers of the recruitment process to ensure the employee fits the post and the company culture perfectly. As a company of banking sector, employee recruitment might be the most vital component of HR planning for the SIBL. The process is lengthy but is essential and integral part of SIBL.

First of all, management looks for vacant positions within the company. Based on the vacancy management then decides whether to find the employees internally or externally to fill out the positions. The HR management then gives a circular explaining the job description and eligibility. After that, the company looks for eligible candidates. From the pool of eligible candidates, the company looks for some specific criteria's like the experience and performance and other attributes as key indicators Then the shortlisted candidates can seat for the written test, interview and other formalities before selection.

So, the process follows as such-

Job Circular> Employee sources> CV Collection> Evaluation> Written Exam> Interview> Background Check> Confirmation Letter

2.6.2 Training of Employee

The next step comes after employee selection. Training is especially in important for the company to get effective and skilled employees.

In order to make the skilled employees, the primarily selected employees are must have to complete the probationary period for the first 6 months. There they are being trained on different key activities of banks. During this time period their performances are also being evaluated. Here the company finds the lack or shortcomings of the employees. The company then organizes the specialized training for the in-need employees like coaching, imitating or specific skill training etc. Along with that, many seminars, videos, lectures are provided for the employees of SIBL as part of training process.

2.6.3 Benefits & Compensation

The true performance for the employees cannot be achieved if the employees are not motivated enough. This motivation and engaging workforce can be achieved through employee compensation and benefits.

SIBL has implemented various employment benefits and compensation policy for its employees.

- Festive bonus
- Profit bonus
- pension fund
- Target fulfil bonus
- Travel Allowances

2.7 SWOT analysis of Social Islami Bank PLC

Strength

- **Strong Corporate Culture**: The bank's board and committee maintain high standards regarding ethics and an amiable environment among all the branches of the bank and regularly monitor its standing and whether the regulations of Bangladesh Bank are followed or not. Thus, by addressing the correct corporate governing practices the s is essential to maintain the strong corporate culture and benefiting the relevant stakeholders.
- **Strong Human Capital**: SIBL has an overall strong human resource and great corporate environment which enables delivering best value to the stakeholders of the organization.
- **Diversified & Dynamic services**: SIBL offers various corporate, daily retail as well as various SME product along with judicious service to its customer.

Weakness

- **Insufficient investment in Technology**: From my personal experience and from the company’s annual report I found that Social Islami Bank PLC has a very backdated technology to operate their everyday activities. The data management software has various limitations. But They are working on Cyber Security but more has to be done in this aspect.

Opportunities

- **Government Projects:** Nowadays government is taking various projects to develop the country's infrastructure. For example, mega projects like Padma bridge, Expressway, etc. along with some minor projects as well. SIBLPLC might want to take up these challenges by partnering with the projects.
- **Rising Women Customer and Entrepreneurship:** SIBLPLC has various specialized services for women as well as dedicated products for women entrepreneurship which is a great opportunity for the company.
- **Interest in the Islamic Banking sector:** 90% of Bangladesh's total population is Muslim. Islamic sentiments play a vital role in today's growth in the Islamic Banking sector. Being a 'Shariah" bank, Social Islami Bank can utilize the opportunity by capturing this growing market.

Threats

- **Bad customer:** Some customers intended to take the opportunity for not paying interest/profit after being capable to pay interest/profit duly. Moreover, some customer misuse the loan/investment taken for which it applied showing misleading documents.
- **Effects of pandemic, Global war effects & natural disaster:** Various events like the pandemic period, the global war of Russia-Ukraine, affected poorly for bank loan and investment outflow as well as loan and investment inflow. For FY 2021-22, the GDP growth stood at 7.1% whereas in FY 2022-23, it reduced to 5.78% in FY 2021-2022. (According to the provisional estimates of BBS)
- **Unanticipated event:** Nowadays hacker or cyber criminals are seeking to hack through Sophisticated IT tools and technology. Due to frequent cyber-crime, customers' trust could be weakened in banking security.

2.8 Financial Performance of Social Islami Bank PLC

Financial analysis of an organization refers to the process of evaluating a company's overall financial health by analyzing the different key performing indicators (KPI), audited financial statements different ratios like profitability ratios, liquidity ratios, etc to determine whether the organization is operating efficiently or not. It helps stakeholders to assess the company's performance and benefits the stakeholders to make supervised decisions and develop strategies for improvement in the future.

Social Islami Bank PLC has seen overall positive growth over the last few years despite having some drawbacks. The KPI suggests that the bank has been doing relatively well with the other competition in the market.

Key performance indicators of SIBPLC at a glance:

Figure 3: KPI of Social Islami Bank PLC

2.8.1 KPI Analysis

Looking into other components of financial performance indicators we can dive further.

2.8.1.1 Operating Profit

The Operating profit indicates how a business is faring on its core operations meaning, whether the company expenses are in limits with its income. It indicates the efficiency of the management and operations. Over the last 3 years, SIBPLC has been doing fairly well within the organization as profit increases yearly.

Figure 3 source: SIBL Annual Report 2023

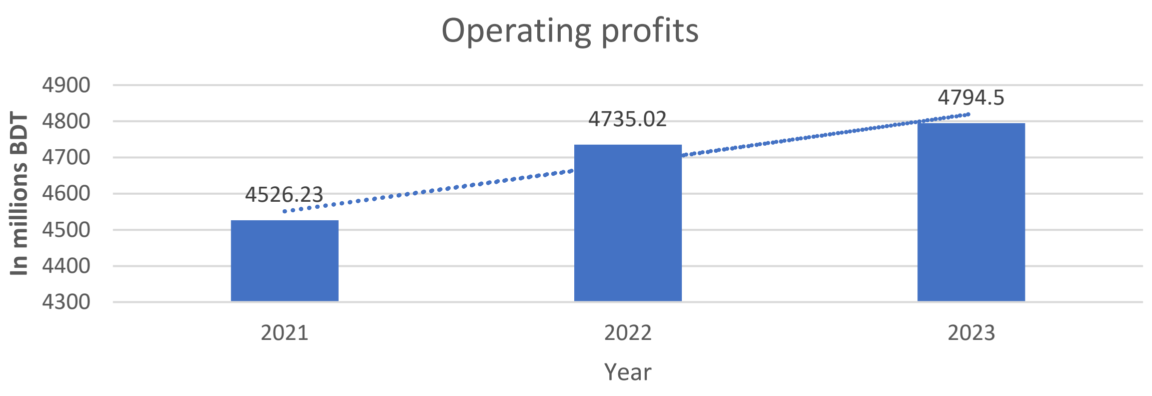


Figure 4: Operating Profits of Social Islami Bank PLC

2.8.1.2 Profit After Tax

Profit After tax is also important as it indicates whether the business can continue with the net revenue it generates. It also gives insights to the management to make necessary adjustments to make more profits. Data on profit after tax shows growth over three years and goes as high as 2501.13 million BDT compared to 1659.71 in 2021.

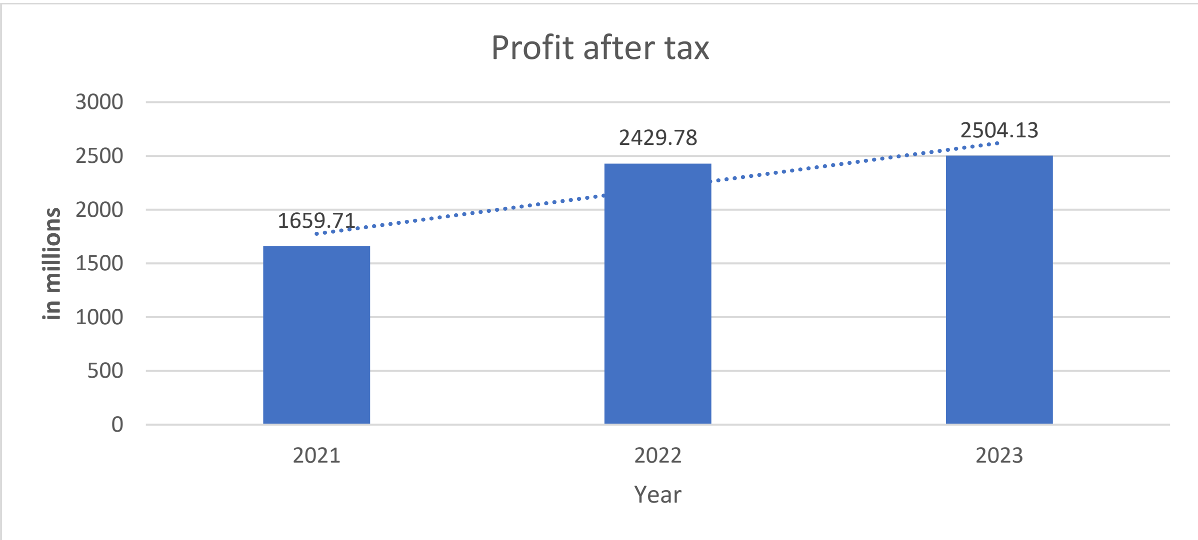


Figure 5: Profit After Tax of Social Islami Bank PLC

2.8.1.3 Net Assets

Net asset refers to the accumulated total assets after deducting all the liabilities of a company. The graph shows a steep incline over the years on accumulating the net assets indicating healthy wealth accumulation.

Figure 4 & 5 source: SIBL Annual Report 2023 (Own Constructed)

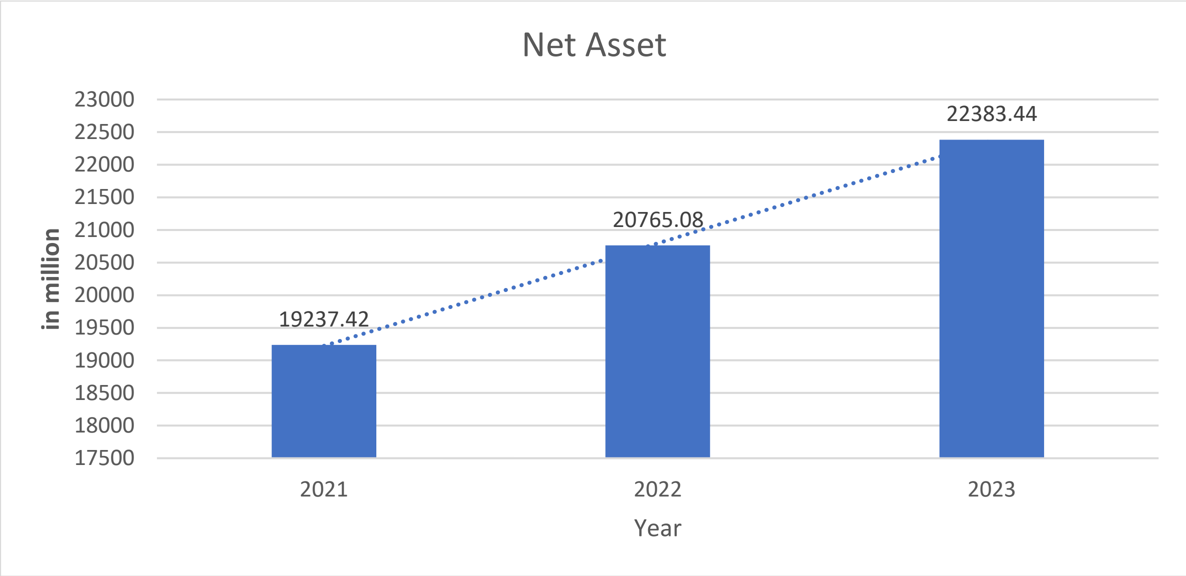


Figure 6: Net Asset of Social Islami Bank PLC

2.8.1.4 Investment Deposit Ratio

Islamic banks use the Investment Deposit Ratio (IDR) as a metric to help evaluate how much income is being generated by investing from the customers' deposits. It is a used by Islamic banks as they invest in different sector instead of giving direct loan. The higher the IDR the higher expected return from the investment. But too much IDR may raise concern as bad investments can make a negative effect on the bank.

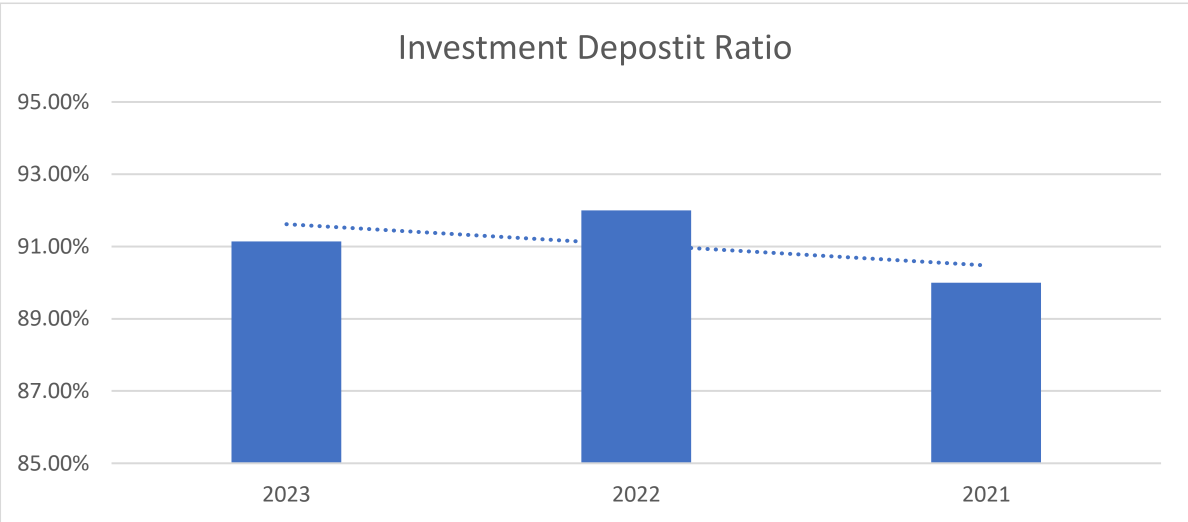


Figure 7: Investment Deposit Ratio of Social Islami Bank

Figure 6 & 7 source: SIBL Annual Report 2023 (Own Constructed)

2.8.1.5 Gross Profit Ratio

Gross Profit Ratio refers to how efficiently a company is producing and selling its products. The higher the ratio the more efficient the cost to production ratio is. The graph shows the peak percentage in 2022 at 58.25% compared to 55.86%. But we see a 2.82% decline in 2023 at 56.61%.

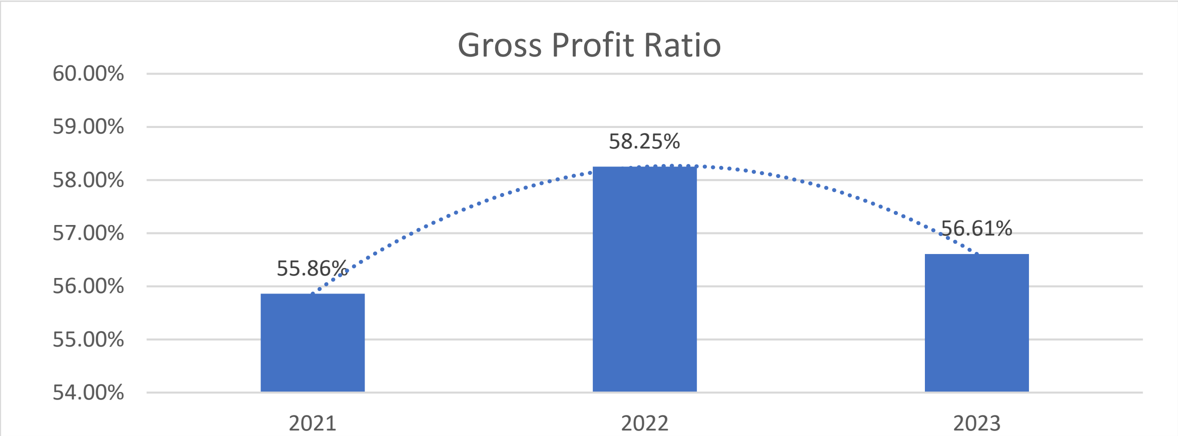


Figure 8: Gross Profit Ratio of Social Islami Bank PLC

2.8.1.6 Return on Equity (ROE)

Return on Equity (ROE) indicates the return/profit on shareholders' equity. The ROE of SIBPLC is fluctuating quite a bit ranging from 8.91% to 11.89% if compared with 2021 and 2023's ROE.

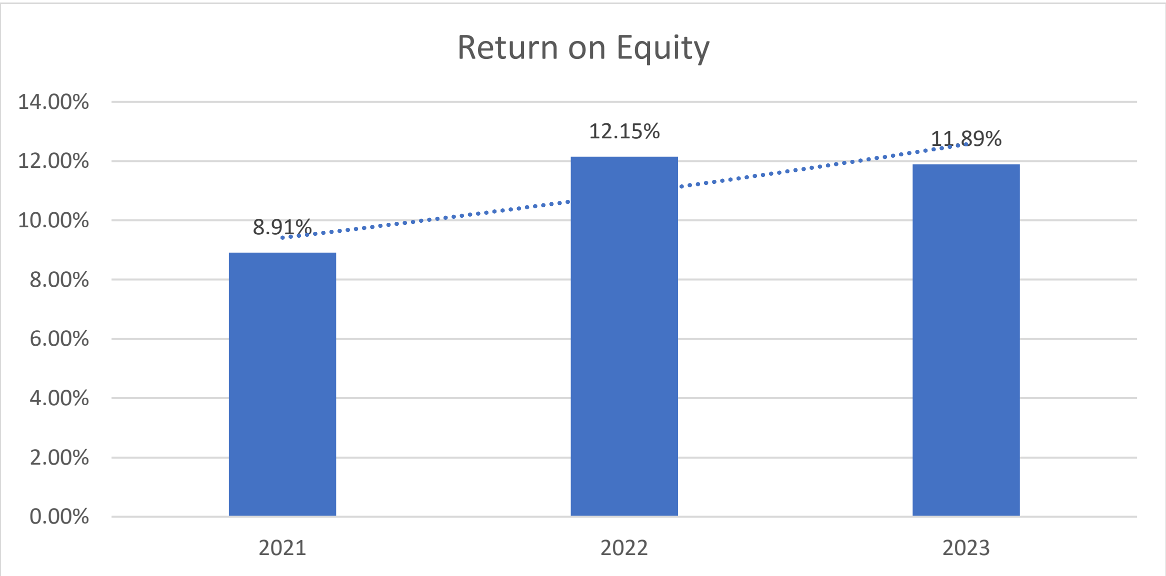


Figure 9: Return on Equity of Social Islami Bank PLC

Figure 8 & 9 source: SIBL Annual Report 2023 (Own Constructed)

2.8.1.7 Return on Asset (ROA)

Return on Asset (ROA) refers to how a company is managing its assets to generate a profit. The higher the better. The graph shows the return on equity is fairly stable over the last two years peaking in 2022 at 0.57%.

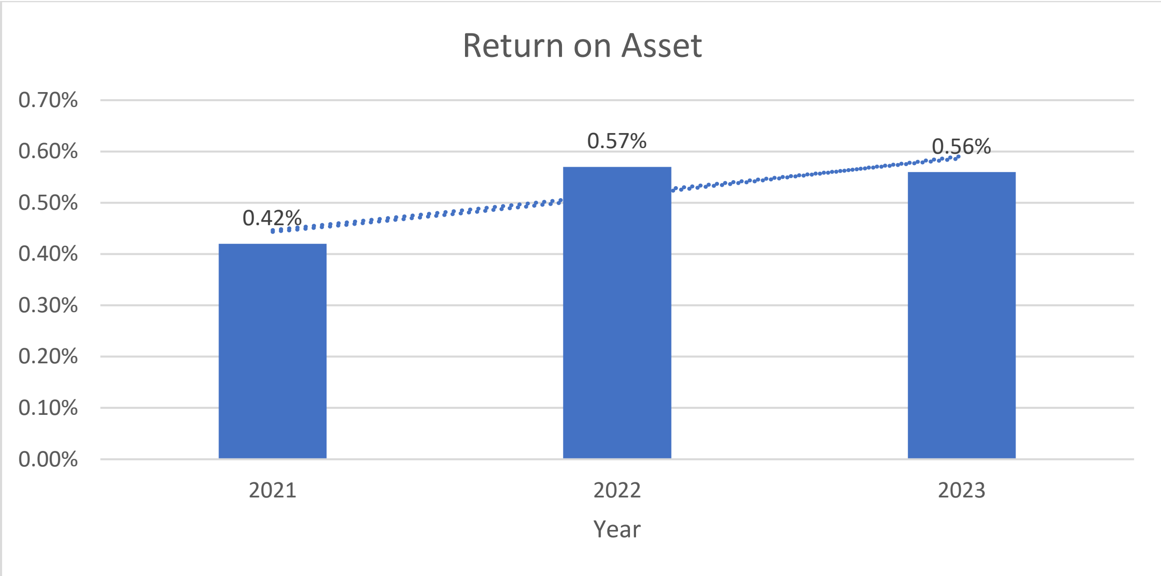


Figure 10: Return on Assets of Social Islami Bank PLC

2.8.1.8 Earnings Per Share/EPS

The EPS or earnings per share refers to how much the company generates profit for each share outstanding. The higher EPS indicates better profitability for the company. The EPS of SIBPLC remains the same for 2021 and 2023 at 1.6 BDT. In 2022, it reached 1.97 BDT per share.

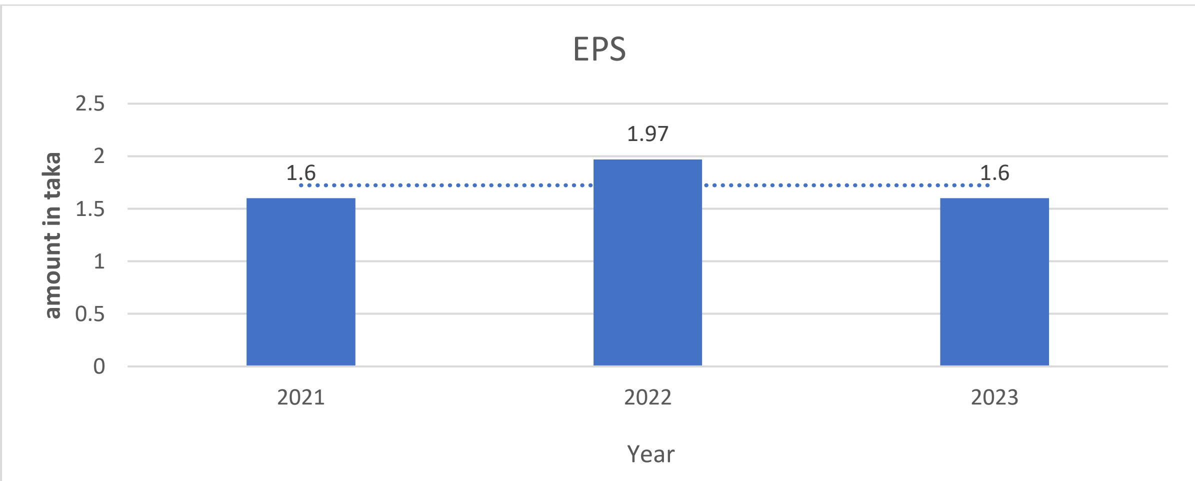


Figure 11: Earnings per Share of Social Islami Bank PLC

Figure 10 & 11 source: SIBL Annual Report 2023 (Own Constructed)

2.8.1.9 The Net Interest Margin (NIM)

The Net Interest Margin (NIM) ratio indicates whether a company is profitable or not in its lending. The higher the value of the ratio the better the more profitable the company is in its lending activities against its assets. We see the lowest percentage of return in 2022 only at 2%. 2021 and 2023 had 2.26% and 2.37% net interest margin respectively.

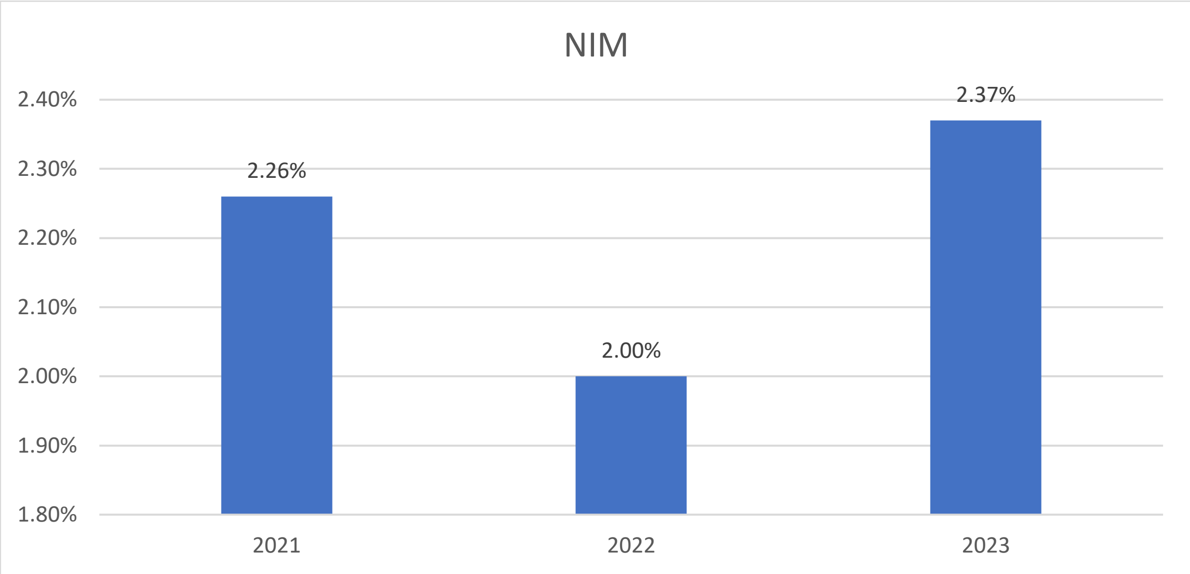


Figure 12: Net Interest Margin of Social Islami Bank PLC

2.5.1.10 P/E Ratio

The P/E ratio or price-to-earning compares the market price of a share against earnings per share to determine the potential growth or whether the share is overvalued or undervalued. The P/E ratio of SIBPLC has seen a steep decline in the span of 2021-23. From a good 8.78 to 6.25 to 5.01 respectively over the years which indicates a negative growth rate or a slower growth rate in the future.

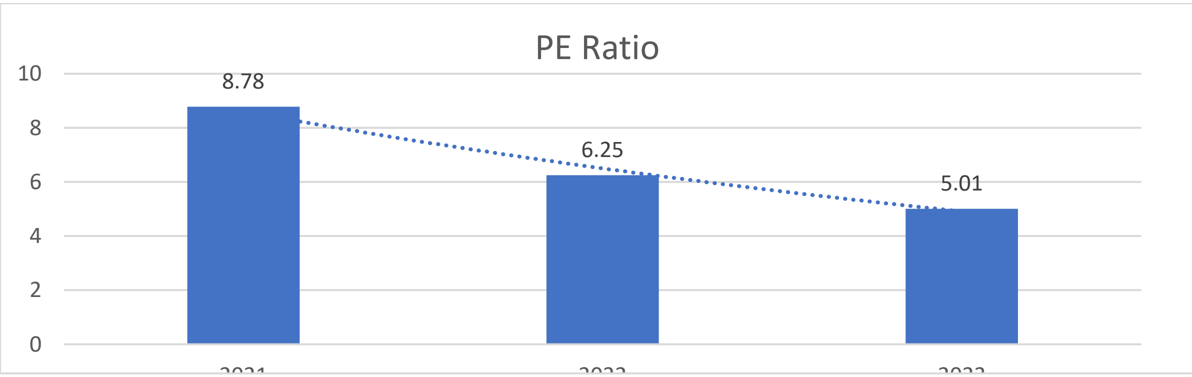


Figure 13: Gross Price-to-Earnings Ratio of Social Islami Bank

Figure 12 & 13 source: SIBL Annual Report 2023 (Own Constructed)

Chapter 3: Project Part

3.1 Overview of the Report

The internship is a short-structured program that is aimed to get practical knowledge about the work field by the means of getting appointed by any form of organization. This allows an intern to learn about the work environment and helps the intern to implement the implications of theories, policies, and strategies they learned during their whole university career. Basically, the internship program serves as the stepping stone for a fresher into the corporate world. A well-organized internship program helps students acquire professional skills and give them a head start at the professional life (Lam & Ching, 2007). However, along with the implications and being a significant part of a learner's practical life, the internship program is also a compulsory part of the academic program of BBA curriculum of BRAC University. Thus, this report titled, **"Adoption of Digital Banking in Bangladesh- A Study on Social Islami Bank PLC"**, was conducted following the guidelines provided by BRAC University.

Digital Banking is a term that encompasses a wide variety of financial and banking services that go beyond conventional banking and even the online banking we know. Digital banking of SIBPLC offers numerous services of digital banking products that are designed to complement traditional banking enabling its clients to have easy and safe access to their bank account. It offers a safe, fast, easy, and client-oriented service that facilitates customers' access to bank accounts and to carry banking services 24x7. The digital banking services allow clients to operate banking transactions at any time regardless of where they are, provided they have access to the internet. This relatively new phenomenon is getting quite popular as times go by. Needless to say, it will be the future of Banking systems in Bangladesh addressing the goal to fulfil the vision of Smart Bangladesh by 2041.

3.2 Literature Review

Digital banking, on a whole, refers to using various digital and advanced technological tools and channels to provide customers numerous arrays of financial services. Digital Banking is term that encompasses a wide variety of economic and banking services that go beyond conventional banking and even online banking. Digital banking mainly works differently than its counterpart, which is traditional banking. It mainly operates online or virtually and without a branch. Digital banking aims to complement traditional banking in a way that adds value like enhancing convenience, efficiency, and accessibility for a bank's customer. It also helps a bank to manage its customers more effectively as it does not require customers to come physically to the bank and do work manually there. It all happens virtually through electronic or digital means. So, it can be said that banking now-a-days is no longer bound to time and geography (Radovanović, 2009).

Numerous studies about digital banking adoption gained significant attention over the year (Digital Banking: A Scenario of Bangladesh, 2012).

Digital banking allows customers to have complete control over their respective accounts by enabling them to remotely access accounts and manage their transactions like making digital/online transfers and payments, and also helps operate their finances through secure online channels. In addition to that, it also helps to reduce the dependency on physical currency or cash, thus promoting green currency and adding convenience to the customers as well as the banks. Furthermore, it also adds a layer of security as digital banking often uses advanced security features like encryption, multi-factor authentication, and continuous monitoring to protect customer data and prevent unauthorized access.

If we break down the key features of the banks would be-

- Remote and convenient account management,
- 24/7 Service,
- Digital and Secure transactions,
- Cashless/ Green Currency.

3.3 Objectives

The main objective of this report is to focus on the digital banking practices in Bangladesh over the years and how these practices/activities are shaping the future of the banking system of Bangladesh and what role does Social Islami Bank PLC plays by adopting the changing digital banking landscape. This report also covers the overview of the bank as well as other aspects of the banking activities of Social Islami Bank PLC.

To be specific -

- To find out what value digital banking adds to the bank or why banks adopt digital banking,

- To analyse the adoption of digital banking by evaluating different trends of digital banking components,
- To find the key drivers that enabled the digital banking growth,
- To see what role SIBL plays in coping with the ever-changing digitalized banking system.

3.4 Methodology

The report is comprised of many statistical data from Bangladesh Bank's website data archives, different relevant websites, journals etc. This report aims to give insights about the landscape of digital banking and its adoption in Bangladesh over the years by analysing those statistical data over the period of recent years in Bangladesh.

In order to make the report as informative, reliable, and analytical as possible various sources of data were used. For this report, secondary method takes the spot light as majority of my data were taken from the secondary source.

As mentioned, most of my significant data was collected through secondary sources that were readily available on various different platform. For the **secondary source** I used-

- Website for background research,
- Annual report of SIBL,
- Journal articles about digital banking,
- Bangladesh Banks data about monthly economic trends,
- BBS analysis data,
- Various research papers and study.

3.5 Limitations

Although the study was done with the utmost best effort but it was not without limitations. Primarily because of insufficient access to the information. As an intern, I could not access to many information about the bank that I would like to add to the paper. Moreover, some data an information was really hard to gather like relevant data about the users, trends, and different statistics about digital banking. Also, getting the time schedule of some of the official personnel of my internship workplace was difficult too. Thus, because of these limitations some information may be given based on assumptions and done without cross-checking.

3.6 Findings & Analysis

3.6.1 Evolution of Digital Banking in Bangladesh

If look closely, we can determine that the background or the history of digital banking adoption in Bangladesh is interrelated to the evolution of technology and financial services in the country and sometimes by the hands of certain banks or financial organizations. Though the term digital banking may sound relatively new to the Bangladeshi context, as only 28% of Bangladeshi people are financially literate (The Intermedia Research, 2023) . we can go back in the day, as early as the late 90s when the first example of digitalization of banking was seen. It was the effort of the banks like the Standard Chartered Bank, and DBBL (Dutch Bangla Bank) that introduced Bangladesh to the ATM (Automated teller machine). After the ’90s, the introduction of the Internet in the early 2000s the country paved the pathway for the horizon of Internet banking at the hands of Standard Chartered Bank. They were the first to introduce over-the-internet transactions such as online fund transfers, bill payments, balance checks, etc. After that till mid-2010, internet banking further developed, as banks like- BRAC Bank, Eastern Bank Limited (EBL), and City Bank expanded their Internet banking platforms. It is to mention that the most revolutionary inclusion of digital banking happened with the introduction of bKash in 2011, which was brought to us by the BRAC Bank. It is significantly important because it paved the way for the MFS of today and helped literate people to bank, as most people used a mobile phone by the time bKash had launched. Moreover, around the same time as MFS, the introduction to fintech and digital payment systems such as Payment Service Providers (PSPs) and gateways such as SSLCommerz gained popularity, facilitating digital transactions for e-commerce and other online platforms. The government lent a hand to the digital banking sector of Bangladesh by introducing- the Bangladesh Electronic Funds Transfer Network (BEFTN) in 2011 and Real Time Gross Settlement (RTGS) in 2015, making it possible for the banks to make real-time bulk transactions. The last major milestone of the progression of digital banking occurred in 2019 when COVID-19 happened. The amount of overall digital banking transactions increased by 123% in 2021-2022 compared to the previous year (PwC, 2023) . This increment in trends persists and continues to this day.

In addition to that, the regulatory environment of Bangladesh must be given credit as it has proven to be one of the key enablers of the transformation of digital banking. Bangladesh Bank has incorporated and established numerous guidelines and regulations to make digital banking as credible as it is today by supporting digital banking initiatives. These guidelines ensure the security and transparency of digital banking transactions.

3.6.2 How Digital Banking Adds Value to Banks

Bangladesh is looking forward to having almost 75% of its local transactions digitally by 2027 (TBS, 2023).

There is a reason for the 52 listed banks in Bangladesh to go for digital banking (The Daily Star, 2023) . It not only helps the client to have easier management of their accounts but also helps the bank itself to manage and monetize its clients more effectively and efficiently. For the aim of achieving digital Bangladesh by 2041.

In a nutshell, there are mainly two reasons banks adopt digital financial system. One is that it is cheaper and two banks can manage its work more efficiently with less staffs, ultimately results in cost savings (Digital Banking: A Scenario of Bangladesh, 2012).

First and foremost, the most important part of a bank is to onboard customers with them. The easiest means for a bank to connect with the mass customer can be with just an internet connection with the blessing of digital banking. Through online banking a customer can verify his identity without any hassle and banks can also verify with the integrated database of NID or any other identification channel. Not only that but also a customer can transfer or spend funds remotely through online or any other CRM service, ATMs, CDMs, or MFS agents. These means of transactions can drastically reduce the infrastructural cost, opportunity cost as well as paper or document cost as it uses little to no paper. It also helps a bank to promote their activities as CSR as they can be more committed to green banking. Furthermore, it can a bank can get data-driven analytics of the customer. This will help the bank to provide its clients with more personalized services, thus ensuring the right products reach the right customers. This will help more with customer satisfaction and customer acquisition, hence gaining competitive advantages. This all indicates that the up scalability of a bank ultimately results in revenue growth. Currently, 90% of the transactions that occur in our country are cash-out or check-out transactions. Digital banking will help this money not to be cashed out but only transferred. Thus, money only goes virtually instead of physically.

3.6.3 Most Used Digital Banking Services in Bangladesh

Mobile Financial Services (MFS)

Mobile Financial Services of MFS are the most commonly used medium of Digital Banking in Bangladesh. Yet the inclusion or introduction of MFS in Bangladesh has been the most important milestone for the digital banking landscape of Bangladesh. MFS enables customers to access their bank accounts and perform financial transactions through a mobile device. As of December 2023, the number of internet users in Bangladesh was almost 132 million and 191 million phone users were listed in the same year (BTRC, 2024) . among them most common MFS providers bKash, Nagad, and Rocket cumulatively have 100 million users (Bangladesh Bank, 2024) . The total amount of transactions through MFS exceeds 280 million USD daily in Bangladesh. No doubt with the growing number of Internet users and relatively financially illiterate people MFS has become the most popular and easy medium of digital banking among those underprivileged communities.

Internet Banking

As of 2022, more than 4 million users in Bangladesh (Bangladesh Bank, 2024)have been using online banking and the number is growing rapidly because of the boom in smartphone usage. Internet banking has grown substantially as more consumers seek online and mobile access to their bank accounts. The majority of banks in Bangladesh have made online baking platforms for users to utilize the benefits of online banking. They have developed platforms offering real-time fund transfers, bill payments, online shopping services, etc.

National Payment Switch Bangladesh (NPSB)

The National Payment Switch Bangladesh (NPSB) was introduced in Bangladesh in 2012. Since then, it has been serving as an inter-bank card-based transaction and online retail payments platform that uses ATMs, internet banking, or POS machines. Since its introduction, it has been playing a vital role in promoting e-commerce in Bangladesh. 53 commercial banks that are controlling the card business in Bangladesh, are all interconnected with each other through NPSB, this number was only 19 in the year 2018. This shows the widespread usage of NPSB across Bangladesh.

Real Time Gross Settlement System (RTGS)

RTGS was introduced in 2015 by Bangladesh Bank to help facilitate high-value bulk transactions in real-time. It introduced a new horizon for banks to do instant transactions that were previously not possible. This especially helps corporate customers businesses or even individuals that require large transactions in an instant. In 2021, according to Bangladesh Bank's financial stability report, 10,810 online branches of the Bangladeshi listed banks, were inter-connected with the BD-RTGS system.

BEFTN

Introduced in 2011, Bangladesh Electronic Funds Transfer Network (BEFTN) is the pioneer of electronic paperless inter-bank funds transfer system. It is an online cheque-clearing system where both credit and debit transactions can be done. Usually, transactions like employees' payroll, remittances, dividends, corporate and govt. Payments, as well as individual payments, can be made through BEFTN. Although mostly, salary, bill payments, benefits, and government payments such as tax, and social safety net payments are done using BEFTN.

3.6.4 Advantages of Digital Banking

Seamless Service: The main feature of digital banking is that it ensures 24/7 services for its clients to access from anywhere via multiple channels beyond conventional banking hours. This ensures the cash flow of banks and real-time transactions from any corner of the world.

Efficiency: The service that traditional banks can provide individually to a single customer, can be provided to multiple customers at the same time through automation by a digital banking system. This without a doubt will take only a fraction of the time that was previously impossible for conventional banks. Thus, reducing both the customers' and the bank's effort and time. As a result, the banks will be able to make profits by focusing on improving their services.

Larger Financial Inclusions: The digital banking system will be able to reach and make a profit from the areas where it was previously thought to be impossible to reach for the banks let alone make a profit. Since establishing branches or sub-branches in remote areas is costly for traditional banks, digital banks can avoid the need to set up physical locations yet they can still generate profit by offering services to people in those areas through digital banking without the expense of maintaining those branches.

Retained Currency: One of the main issues many conventional banks face is the shortage of cash as 90% of the transactions that happen in the banks are cash-out transactions. To mitigate this issue digital banking comes in handy. Digital banking allows customers to transfer, and make payments online or remotely. So, on paper, the transaction is happening in real-time but virtually. So, technically banks retain money for the offline operation thus mitigating the insufficient cash issue.

Different Means Usability: Digital banking uses various array of services for the customers to choose from like- ATMs, NPSB, BEFTEN, MFS, online payment, etc. This not only adds convenience to the customers but also helps conventional banks because this will minimize the pressure for certain services like withdrawal, client management, and other day-to-day activities.

Less paperwork: Customers can open a bank account through a digital banking system without the need for paperwork, which will enable the banks to complete the account opening process much faster than traditional banks. Cashless payment will also enable a bank to reduce paper waste.

Comprehensive Services: Various kinds of services will be linked to digital banking apps allowing customers to get a loan through their mobile phone. There will be no necessity to go physically to banks to pay instalments. Customers may just transfer money from account to account. Customers will have complete administrative control over their accounts and claim services as they would like.

Personalized Services: Digital banking allows banks to give data-driven analytics which enables banks to give more insights about the customers and their needs. Which ultimately ensures personalized services for the customers, improving customer satisfaction.

Added Security: The real-time baking-related update allows both banks and customer to monitor and suspicious or fraudulent activities. Moreover, features such as encryption, multi-factor authentication, and biometric logins enhance the security of customer accounts and transactions.

Larger Scalability: Digital banking allows banks to reach a mass audience on a larger scale because of its easy usability. As digital banking allows banks a more cost-effective operation and promotes their products easily, it's easier for a bank to scale up their business.

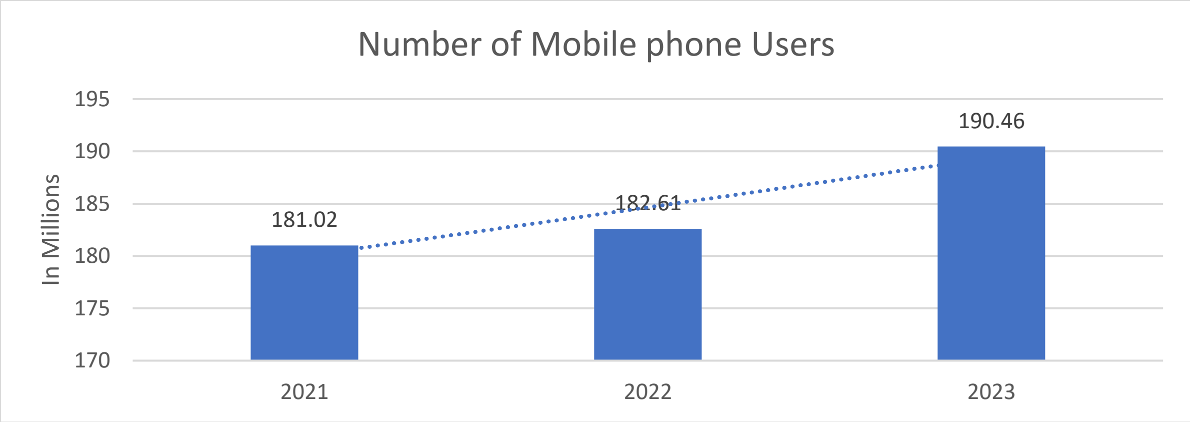
3.6.5 Key Drivers Enabling the Growth of Digital Banking in Bangladesh

Bangladesh has seen tremendous development in the banking sector since introducing digital banking. One of the main reasons is that Bangladesh has been investing noticeably in developing different digital infrastructures including in the banking sector. Because of the rapid increase in the usage of mobile phones, and internet, Bangladesh have begun adopting digital financial services that has never been seen before.

The most important key drivers that shaped the growth of digital banking is in Bangladesh is the accelerating use of smartphones as well as internet access. In 2023, around 90% of all Bangladeshis around 191 million use mobile phones, out of which the majority of the users are smartphone users and almost 132 million uses the internet (BTRC, 2024).

This survey delivers important insights, that is, there is vast potential for the DFS or digital financial services to capture, explore and innovate to make the banks or other financial institution's product to reach out to new customers. Also, Bangladesh, at this moment has a huge surplus in terms younger population that prefers digital products which is a huge potential factor for the future growth of digital banking or digital financial services.

The below depicts the trend of mobile phone and internet users in Bangladesh over the years.



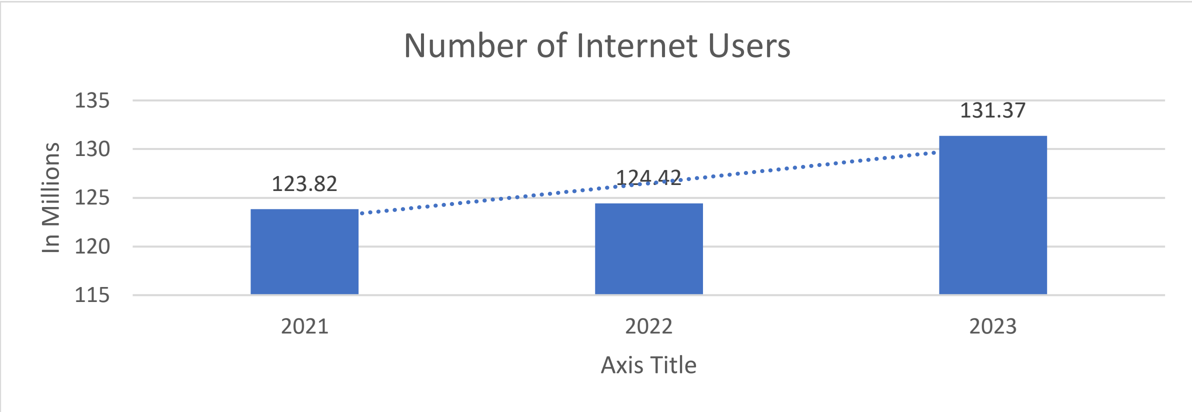


Figure 14: Number of Mobile Phone & Internet Users

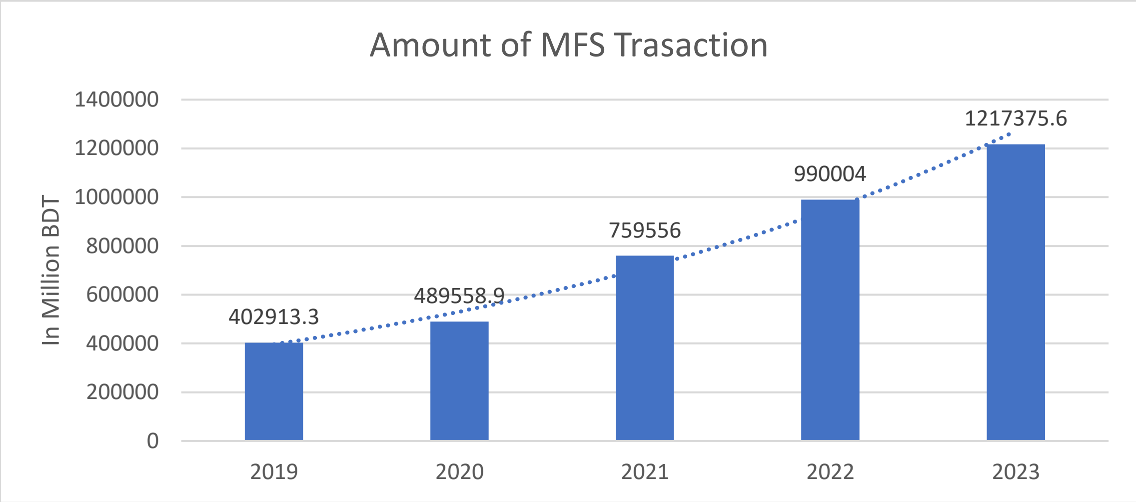
3.6.6 Trends of Digital Banking Adoption in Bangladesh

3.6.6.1 MFS Trend

Bangladesh's digital banking sector is defined by the Mobile Financial Services (MFS). Since its introduction, no other DFS has seen such growth as MFS. As of 2023, according to the Bangladesh Bank's Statistics Department, the combined number of MFS personal accounts with the agent accounts was "220,457,448" which was only "87,431,447" in 2019. MFS has gained so much popularity that MFS providers have made partners with some overseas banks to facilitate and increase cross-border transactions. In addition to that, MFS is now a major remittance provider in Bangladesh. According to Bangladesh Bank, the remittance inflow into Bangladesh was more than 21 million USD in the first six months of 2022. The amount of transaction that occurred in 2023 was 1217375.6 million BDT which is almost 23% higher than the previous year (Monthly Economic Trend, 2023).

Figure 14, 15, 16, 17 & 18 Source: Bangladesh Bank, Monthly Economic Trend 2023 (Own constructed) https://www.bb.org.bd//pub/monthly/econtrds/etfeb23.pdf

This Chart shows the growth of MFS in the last 5 years-



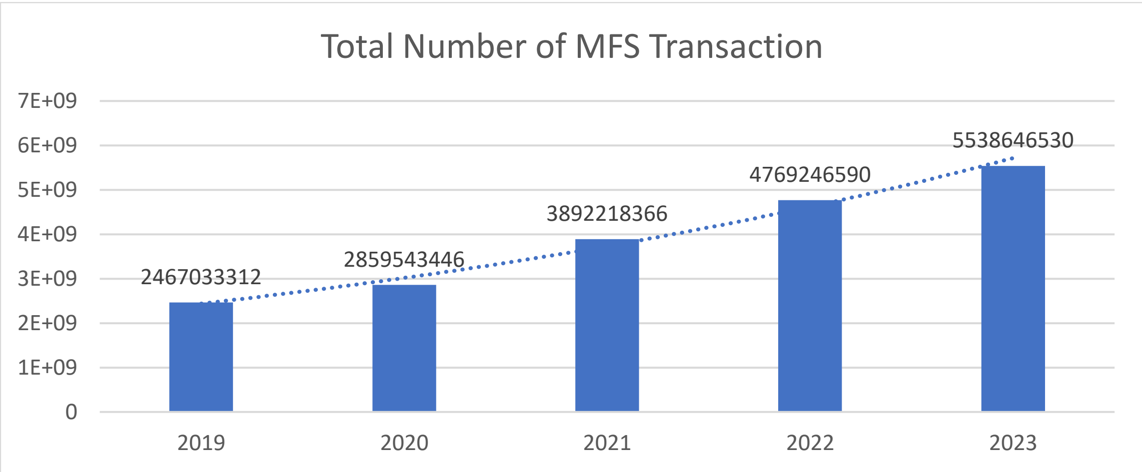


Figure 15: Amount & Number of MFS Transactions

3.6.6.2 Internet Banking and Mobile Banking Growth Trend

According to Bangladesh Bank's monthly economic trends for December 2023, the total value of transactions made through internet banking channels was "397221.1" million BDT, which was "224959.7" in FY 21-22, a whopping 76.58% increase in amount. The total number of internet banking users also increased to "7237380" compared to last fiscal year's "5355586" (Monthly Economic Trend, 2023) .

Below the graph represents the most recent data of internet banking users in Bangladesh according to the monthly economic trend of Bangladesh.

Figure 14, 15, 16, 17 & 18 Source: Bangladesh Bank, Monthly Economic Trend 2023 (Own constructed) https://www.bb.org.bd//pub/monthly/econtrds/etfeb23.pdf

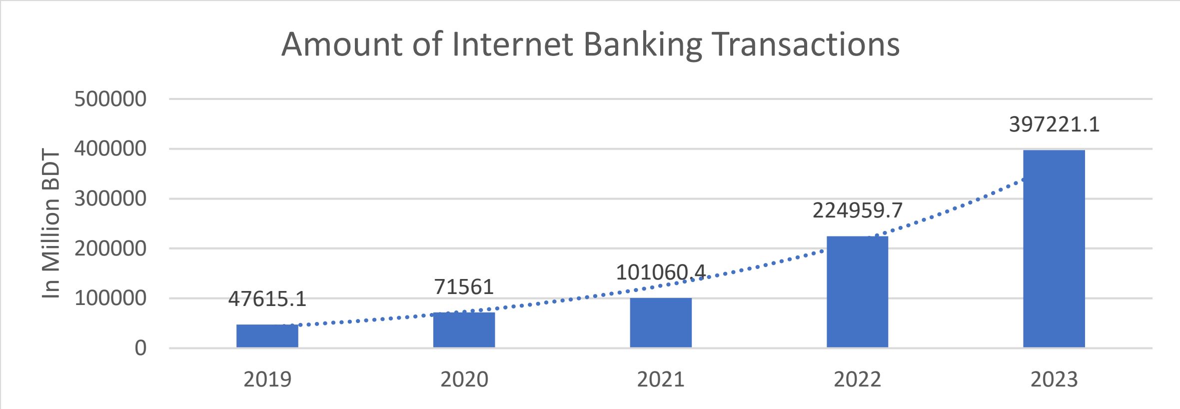
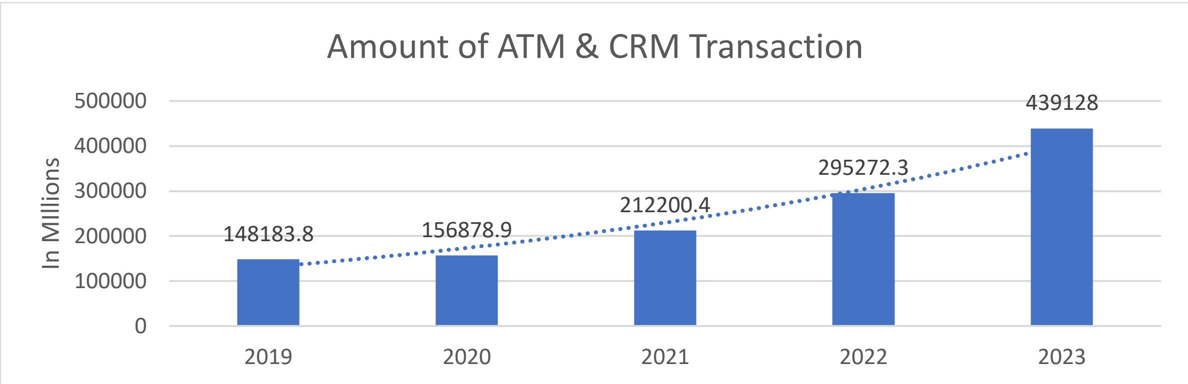


Figure 16: Amount of Internet Banking Transactions

3.6.6.3 ATM and CRM Trends

The total amount of transactions that happened using ATM & CRM amounted to BDT 439128.0 locally and 763.7 crores in abroad transactions in FY 2022-23 compared to 295272.3 crores locally and 91.4 crores in abroad transactions in FY 21-22 (Monthly Economic Trend, 2023).



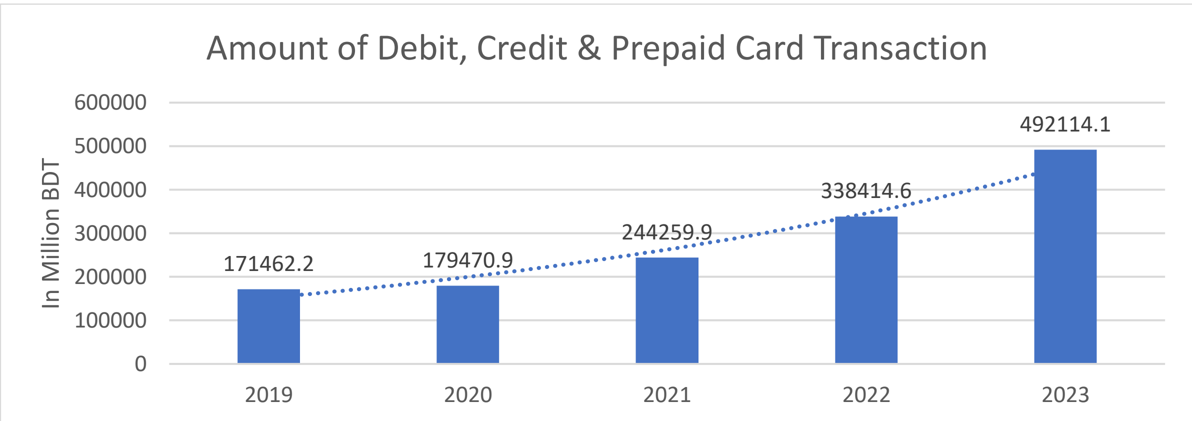


Figure 17: Amount of ATMs & Card Transaction

Figure 14, 15, 16, 17 & 18 Source: Bangladesh Bank, Monthly Economic Trend 2023 (Own constructed)
https://www.bb.org.bd//pub/monthly/econtrds/etfeb23.pdf

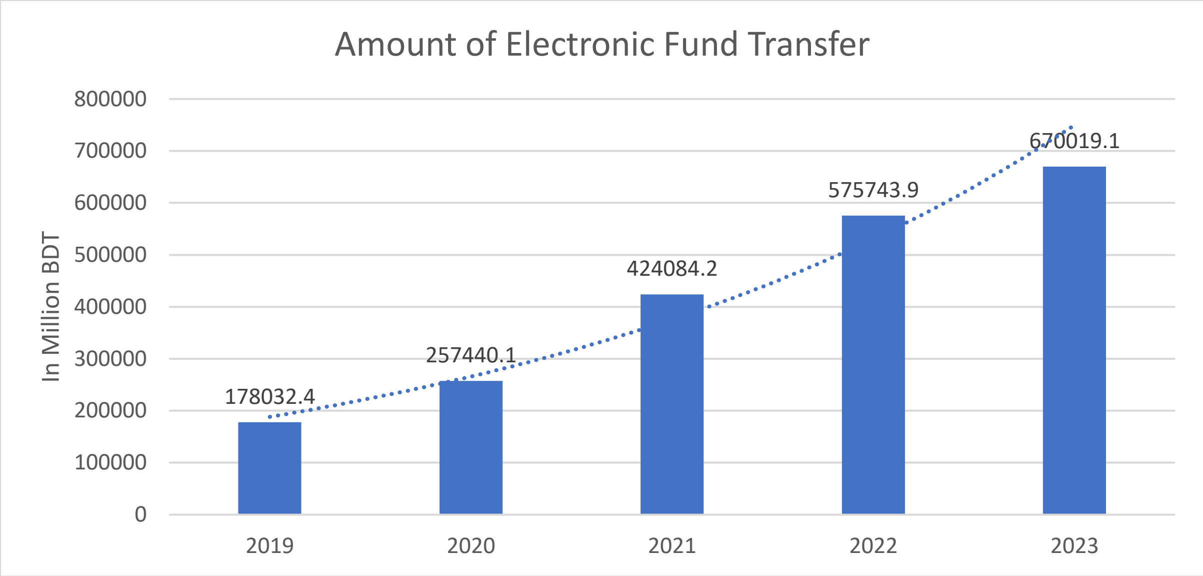


Figure 18: Amount of EFT

3.6.7 Regulatory Frameworks Supporting Digital Banking

Bangladesh Bank's initiative over the recent years marks as an important phase in the adoption of digital banking and overall digital financial services. Bangladesh Bank has realized the vast potential that lies within the digital banking. The central bank has taken a handful of steps to ensure the trend of growth that is happening the industry, the notable among them were

Introduction to the Regulatory Fintech Facilitation Office (RFFO) where there is a proper guideline of how digital banking should run, what regulations DFS must follow, and avoid fraud activities. This also give platform to the new digital banking startups to take initiatives.

Introduction of Bangladesh Bank’s Financial Intelligence Unit (BFIU), it has given strict Electric Know Your Customer (e-KYC) guidelines and framework to make digital banking system more credible and help the new of customers to be verified easily and flawlessly.

Introduction of FC clear settlements in RTGS.

The Central bank of Bangladesh has also collaborated with major fintech and introduced the country with digital payments services like Binimoy, EPay and E-Challan.

Figure 14, 15, 16, 17 & 18 Source: Bangladesh Bank, Monthly Economic Trend 2023 (Own constructed) https://www.bb.org.bd//pub/monthly/econtrds/etfeb23.pdf

Introducing National QR Code Standard to help facilitate retail whether small or big, more efficiently. This will help receive digital payments anywhere in Bangladesh.

3.6.8 Social Islami Bank & Digital Banking

Social Islami Bank has taken numerous measures to promote digital banking to encourage using the digital banking.

Social Islami Bank is among the first to bring NPSB cards, dual currency cars, specialized prepaid cars like Hajj/Travel Card etc. This specialized dual prepaid card also includes a student card symbolizing their commitment to financial inclusion and digital inclusion to all class of people.

Differentiated Digital Product: Services Social Islami Bank also offers numerous digital banking products aimed to promote digital banking and customer convenience. These services include- Online banking, ATM, automated clearing, EFT, SIBL now app which covers all the internet banking services and more, automated trade processing, agent banking, RTGS, etc.

Dedicated Internet Banking: The Internet banking app “SIBL NOW” is very user-friendly, the interface, API, usability, and features are on par with the best available in Bangladesh. The strong feature of this app is its interoperability. It can seamlessly transact with any other bank. Using the same technology, you can do NPSB, RTGS, and BEFTN with any other bank.

Digital Verification and Online Processing: SIBL also now approves processes for opening and settling letters of credit using digital means. For example, for opening an LC now after the clients submit their applications, all branches of SIBPLC process the necessary documents for opening LCs to the head office digitally. The decision is also made online whether to open the account or not. So, this enhances the uses of online platforms thus reducing the necessity of paper use.

Online Account Opening: SIBL also encourages people to open their bank account using the online platform. SIBL follows the e-KYC guideline given by the Bangladesh Bank to promote the digital banking platform and minimize paper uses, promoting green banking.

In addition to that, the bank has also adopted the online process to facilitate foreign trade. SIBL's dual currency prepaid card also facilitates clients of both local and international to purchase across countries. It uses both local and foreign currencies to purchase products from the global market.

Social Islami Bank is determined to bring the unbanked and financially unaware population of Bangladesh into all digital and financial inclusion according to the ICT masterplan of 2041. With SIBLPLC's widespread operation across Bangladesh with 167 mDigital financial; inclusionain branches along with 236 sub-branches, and 375 agent banking outlets, the organization determined to do so. Social Islami Bank has recently introduced three months mandatory training in computer and other banking related components to the probationary officers.

Social Islami Bank addresses that the future of banking in Bangladesh lies in the digitalization of the sector. That's why in this fast-paced changing landscape, SIBL is working on implanting and adopting various digital products that aligns with the Bangladesh Banks ICT project. This includes-

- Edupay Tuition fee collection system for hassle free modernization of transaction system
- Implementing Bangladesh Bank's Niksah EFT system
- Implementing new credit card repayment module
- Dual debit card and foreign transactions through RTGS
- Implementing Bangla QR scanner in every branch
- Implanting more interoperable ecosystem/one-stop service for the digital banking app and internet banking by advance the API integration.
- Implementation of RTGS in agent banking outlets

This indicates that adopting the modern digital products is a top priority and an integral part of the bank's corporate strategy. The digital and technological adoption of Social Islami Bank will gain the bank a competitive advantage, address customer with their needs and help Implement the ICT masterplan of full digital inclusion.

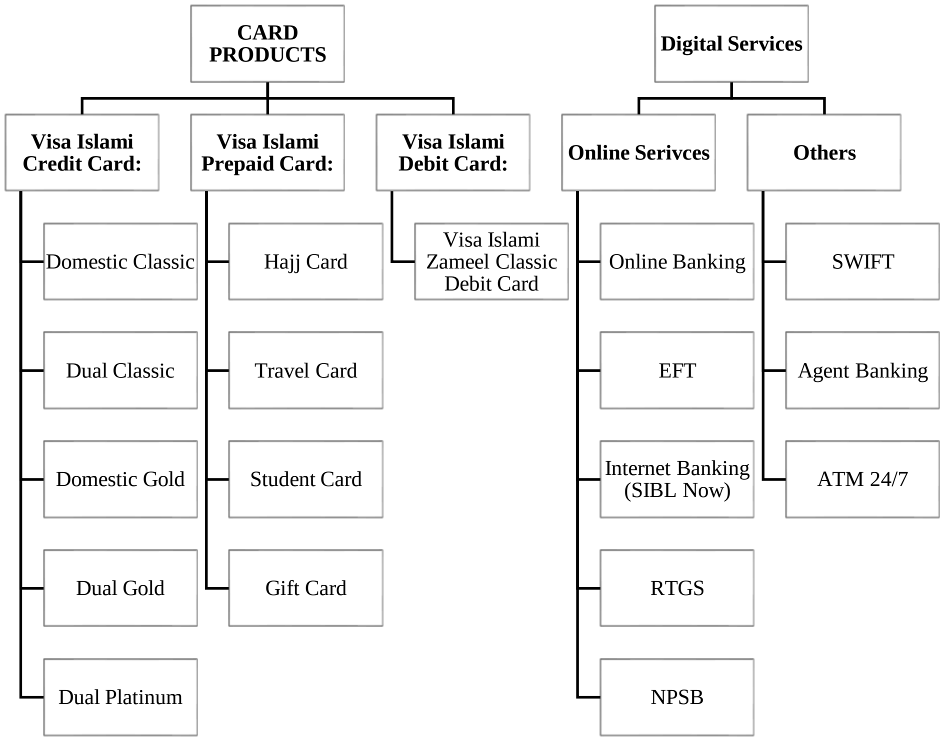
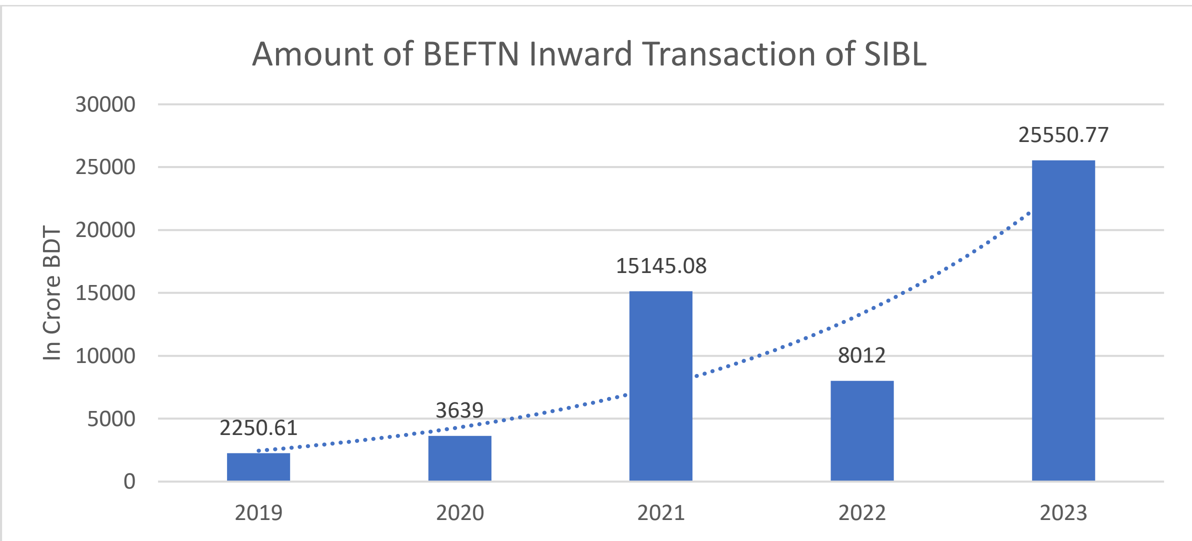


Figure 19: Digital Products of Social Islami Bank PLC

3.6.8.1 BEFTN & RTGS Transaction in Social Islami bank over the years:



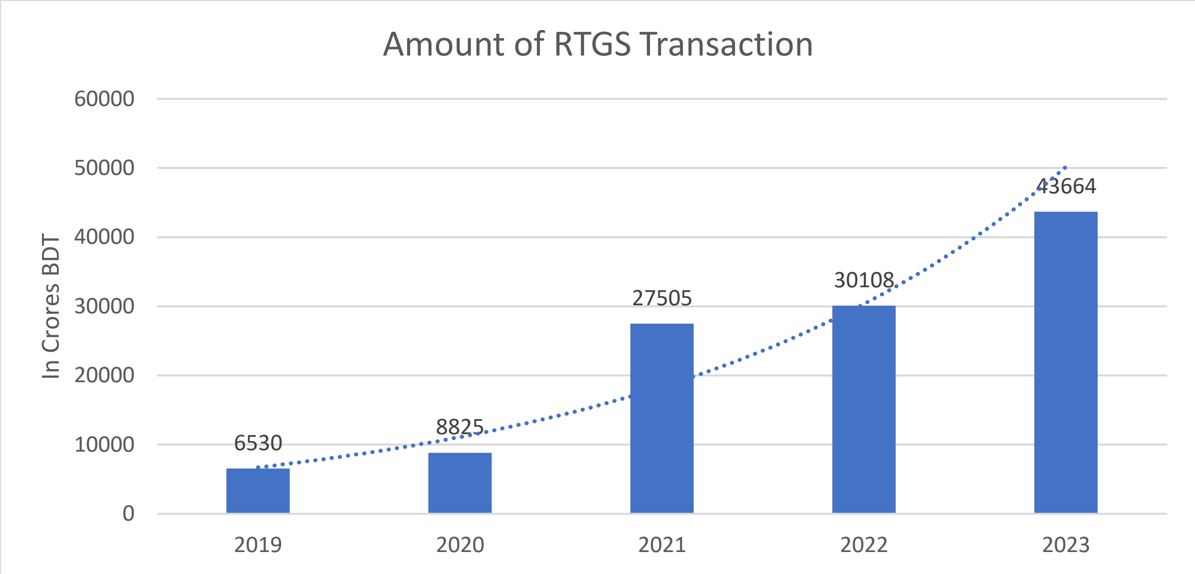


Figure 20: Amount of BEFTN and RTGS through Social Islami Bank

3.6.9 Challenges

This wave of transform digital banking in Bangladesh can be challenged by the current technological infrastructure, changing situation of country, and dynamic customer behaviours.

Cyber Security & Technological Infrastructure: First of all, the challenge that DFS adoption will face is the lack cyber security countermeasures and able digital infrastructure. Yes, without a doubt, DFS usage at this point is all time high and is expanding more than ever before. But the concern that lies is that, Bangladesh's digital infrastructure able enough or is not there yet. Bangladesh is often vulnerable to different cyber security attacks like phishing, DOS, SQL injection attacks etc. Bangladesh is even prone to ATM machines being tampered and stolen. According to Bangladesh Government's e-Government Computer Incident Response Team, most recent major cyberattacks in Bangladesh occurred Payment Gateway in 2023. In the same year, Railway E-Ticketing Service was also attacked by a hacker group who put on a DoS attack, causing the entire system to collapse.

Unskilled IT Professionals: The rapid growth of digital sectors doesn't reflect on the fact that there is a huge pool of skilled IT professionals in Bangladesh. But it is quite the opposite. Because of the lack of technologically literate professional in Bangladesh's banking sectors Bangladesh is lagging behind the and yet to reach its full potential in the DFS. Hence, having not enough cyber-attack countermeasures, not satisfactory services etc.

Figure 19 & 20 Source: SIBL Annual Report 2023 (Own constructed)

Lack of Comprehensive Data Protection Law: Bangladesh has a lack of comprehensive data protection law to ensure data leakage safety. This includes both personal and financial data. The current Digital Security Act 2018, doesn't do justice to the users as it lacks the necessary guidelines to stop data breaches unauthorised access to the user account. In 2023, a hacker group released an attack on a country's state-owned investment company, and over 100,000 investors' personal and financial data was compromised (BGD e-GOV CRIT, 2023).

Adapting to Customer Behaviour: The landscape of digital banking is continuously changing and continues to do so. But the question lies, in whether or not Bangladesh has enough capacity, coordination, and regulation to cope up with it. The customer's needs are consistently changing and digital financial service providers need to recognize those needs for the betterment of their service. According to the Bangladesh's context, the main difficulty the country will face is to maintain regulatory oversight due to the complexity of tracking digital transactions across platforms as Bangladesh lacks the necessary tools or infrastructure to do so.

In addition to these issues, other regulatory compliance, integrating the dynamic legacy system, providing effective customer support and addressing customer needs are the main challenges that digital banking services.

3.6.10 Recommendation

Addressing these challenges will require coordination, more investments in different sectors like building suitable digital infrastructure, adaptable regulations and frameworks, and making the population more skilled and trained in technology, adopting international regulatory bodies, etc.

The main weakness Bangladesh has in digital banking is that of cybersecurity threats, which are hindering the lenient development of DFS in Bangladesh. So, the first and foremost duty of the government as well as the bank is to integrate more robust cybersecurity infrastructures.

Of course, implementing advanced cybersecurity requires a great skilled workforce to operate and maintain, which Bangladesh has yet to be able to produce so far. So, this is one area Bangladesh needs to develop.

This leads to a need for robust easily accessible digital infrastructure. There are significant differences between rural and urban areas in terms of access to digital infrastructure like the Internet and even reliable electricity. This, division in digital access seems clearer when we look at the same survey that was mentioned before. That was done by BBS. 25.6% of urban households have a computer whereas, only 3.1% of households in rural areas do. This shows a big gap between the access to technology in cities compared to the rural side of our country. So digital divide should be reduced as it will be the pillar to create skilled technologically advanced professionals who will contribute to the 1005 digital inclusion policy in Bangladesh, ultimately developing digital financial services too.

Lack of financial literacy is also another cause for digital banking not implementing properly. Only 39% of all Bangladeshis are financially literate. So, most of the people of Bangladesh don't have the basic knowledge about what banking is or how banks work let alone digital banking on a whole. Yes, MFS like brash, and Rocket are very popular but the true progress of digital financial services won't be notable unless other digital financial services come into the limelight. So, the necessary steps needs to be taken to educate about digital banking and banking as a whole by making a campaign, including study material about banking into the curriculum, spreading awareness by pointing out the benefits of banking to the masses people etc.

The lack of seamless transactions is also an issue that needs to be addressed. Bangladesh has a very complex cross-border transaction system. Take handling remittances for example through digital banking. Digital banking services in Bangladesh are often unable to provide seamless global transactions. Cross-border transaction is a critical issue to solve because Bangladesh relies on remittances from the immigrants/diasporas. To solve this, collaboration between the central bank, local banks and international payment gateways is essential.

3.6.11 Summary

This report was conducted to observe the digitalization of Bangladesh's banking sector and its adoption over the years and to find out what were the driving forces or key drivers that enabled this growth. Also, in the report it was also explained the Social Islami Bank Limited's role and effort in adopting this changing digitalized banking landscape of Bangladesh.

The report comprises of the official data of central bank's website, news journals and several study papers on the relevant topic. This report aimed to depict the current and future scenario of the Bangladeshi banking sector and the evolution it faced till this modern period.

For better understanding, verified historical data were collected through online platform and different published articles and graphically presented throughout the report. These graph/charts are own constructed by this report's author and offers the visual representation of the key drivers, the technologies and the mediums that are being adopted.

The report found that the accelerating use of smartphones as well as internet access paved the way to the current digitalized banking system. Furthermore, banks contemporary efforts by adopting the different means of digital banking system like, MFS, internet banking, EFT, RTGS, NPSB etc. and their rapid growth over the years are also shown through graphical representation. The report also highlights the government's role like, contemporary and effective policies, procedures and guidelines and other regulatory frameworks to support the current advancement in the digital revolution of the banking sector. The study found that Social Islami Bank has been a pioneer in the banking industry at adopting the digitalized banking system and leaving a far-reaching effect. The report concludes with the challenges ahead that the means to address them.

3.6.12 Conclusion

In conclusion, it is evident that Bangladesh has entered into a new era of banking and it is growing like we have seen never before. The digital banking landscape in Bangladesh has changed significantly over the years, especially over the last two decades. Transforming from the introduction of ATMs to an almost complete ecosystem consisting of specialized digital banking services like MFS, BEFTN, Internet banking, fintech solutions, etc. has added so much value to traditional banking services. This has made the banking system more efficient, less costly, user-oriented, more reachable, and far more scalable. The key drivers that forced this massive evolution include- the rapid growth of mobile and internet users, agent banking services, mobile banking services, and most importantly the government's direct interference in monitoring, promoting, and securing digital banking in Bangladesh by giving guidelines, subsidies, special benefits, etc. As a result, a huge number of existing conventional banks as well as dedicated digital banks are opting for licensing into Bangladesh's digital financial services. Social Islami Bank PLC is no exception in that regard as it has already added digital inclusion to its name for a considerable amount of time. From promoting paperless banking to including a variety of exclusively digital banking services, Social Islami Bank PLC, has proven its determination to be a role model in the new era of banking that Bangladesh is leaning towards.

But we won’t be able to get the full fruitful gist of digital financial services until we address our shortcomings in technology, producing the skilled tech-advanced workforce, threats of cyber-attacks, etc. Additionally, the government aims to achieve full financial inclusion by 2025 and full digital inclusion by 2041. It is high time we work on the challenges we face in the present and take precautions for the futures.

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Appendix

Period	Card Transactions				Number of Cards (net) (as on)				Internet Banking		
	Internationally Issued Cards Transactions: Total		Total		Credit Cards	Debit Cards	Prepaid Cards	Total	No. of Internet Banking Customers (as on)	Internet Banking Transactions	
	No. of Transactions	Amount	No. of Transactions	Amount	Number	Number	Number	Number	Number	No. of Transactions	Amount
	25=22+23+24		26=11+19+20+21+25		27	28	29	30=27+28+29	31	32	33
2014-15	4663325	3602.8	128717272	98075.7	583209	8547688	113248	9244145	1460092	5863004	18357.9
2015-16	3359422	3431.2	167122535	121795.4	769296	9062049	160225	9991570	1436837	7457338	25524.2
2016-17	2291803	2051.2	172160012	127025.1	936148	10802217	205285	11943650	1621377	7110797	35753.9
2017-18	2686370	2663.3	197921660	144743.4	1000474	12575605	158526	13734605	1856866	8420438	32842.0
2018-19	2762794	2861.8	240003413	171462.2	1394675	16915478	320235	18630388	2251764	11711906	47615.1
2019-20	1974890	1900.3	243882501	179470.9	1560459	19725783	586230	21872472	2742241	19897516	71561.0
2020-21	**2113714**	**1707.9**	**308575692**	**244259.9**	**1734418**	**23363702**	**934250**	**26032370**	**3638433**	**28762491**	**101060.4**
2021-22	**3141064**	**2610.0**	**380989603**	**338414.6**	**1978196**	**27623986**	**1869559**	**31471741**	**5355586**	**54043607**	**224959.7**
July	187906	163.7	25602245	23660.8	1737932	23620886	954673	26313491	3822834	3700893	12768.8
August	219548	169.4	26646895	22958.1	1746763	23865558	981158	26593479	3912195	3611919	15281.3
September[R]	234648	184.7	28498194	24745.6	1762978	24225164	1026580	27014722	4025434	3803453	16864.3
October	263422	209.4	29576049	25501.2	1779794	24675363	1075009	27530166	4158419	4070877	15558.3
November	272863	225.4	30199385	25696.9	1802876	24999319	1130272	27932467	4306170	3983288	17009.4
December	321825	273.7	31321854	27074.6	1833242	25285859	1154901	28274002	4439938	4299401	20558.9
January	329474	269.3	31309634	27341.7	1847534	25574668	1198452	28620654	4554785	4552127	18623.2
February	279731	238.1	29702525	26965.6	1869149	25980681	1346291	29196121	4699459	4496931	17763.3
March	303963	269.6	34957701	31388.6	1892324	26447201	1433849	29773374	4826551	5177824	23140.8
April	311437	271.1	39828576	36613.3	1922273	26790235	1547578	30260086	4924682	5860722	22957.6
May	210172	165.3	33508378	28766.3	1941162	27169150	1639290	30749602	5138554	4819088	20663.0
June	206075	170.6	39838167	37702.0	1978196	27623986	1869559	31471741	5355586	5667084	23770.8
2022-23	**2233784**	**1904.9**	**526441964**	**492114.1**	**2238663**	**32131984**	**4269805**	**38640452**	**7237380**	**78148370**	**397221.1**
July	216949	184.2	40733598	38460.0	2007724	27950359	2528173	32486256	5472264	5703793	23548.5
August	210679	168.9	39889708	36787.8	2022259	28372594	2985576	33380429	5716529	5970748	25544.0
September	147889	116.7	39916798	37082.8	2037598	28784052	3099201	33920851	5889226	6024976	26605.4
October	144677	119.0	41447791	38135.2	2068597	29155758	3198443	34422798	6019687	6117675	25965.3
November	156691	130.4	42054883	39247.9	2087136	29542887	3279020	34909043	6127001	6201828	27426.6
December	181346	152.9	42142127	39665.2	2115861	29849136	3383951	35348948	6252634	5624146	27558.8
January	200032	155.8	43347155	39757.7	2136173	30244096	3487706	35867975	6432921	6901854	33925.6
February	180041	158.3	41875319	39464.3	2158816	30652242	3609114	36420172	6569164	5709234	29385.9
March	189431	174.2	47372359	45412.4	2178046	30997335	3745357	36920738	6710423	6532095	33557.4
April	172685	138.6	51456127	47385.7	2198834	31305571	3870178	37374583	6930832	7695750	44638.4
May	189552	160.5	45956648	42121.3	2216484	31718430	4037398	37972312	7027516	7393749	49966.0
June	243812	245.4	50249451	48594.1	2238663	32131984	4269805	38640452	7237380	8272522	49099.3
2023-24											
July	253451	238.7	43229351	37669.7	2268371	32666507	4409712	39344590	7442964	7807126	46243.4
August	265897	270.2	44558528	41021.2	2294491	33156910	4590842	40042243	7632300	8414924	52099.7
September[R]	264618	262.6	43956766	39943.3	2316132	33598824	4736851	40651807	7788896	8234472	48716.4
October	271935	276.9	47533339	43098.6	2337580	34001815	4904421	41243816	7980859	10337750	78863.1

Bangladesh Bank
Statistics Department
e-Banking and e-Commerce Statistics Unit

Mobile Financial Services (MFS) Statistics (including NAGAD): Agent and Account Information

Period	MFS Agent			MFS Male Account			MFS Female Account			MFS Other Account			MFS Total Account		
	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total
July'24	946329	873045	1819374	60437624	75215609	135653233	42251455	54857025	97108480	276173	89970	366143	102965252	130162604	233127856
June'24	937719	869940	1807659	60082816	75051477	135134293	42110395	54810919	96921314	273071	89528	362599	102466282	129951924	232418206
May'24	929963	864387	1794350	59230474	74443223	133673697	41482077	54403949	95886026	270098	89092	359190	100982649	128936264	229918913
April'24	921870	857871	1779741	58238415	73541413	131779828	40664256	53706298	94370554	266749	88422	355171	99169420	127336133	226505553
March'24	916456	853455	1769911	57392526	72915506	130308032	40073633	53267966	93341599	263841	87940	351781	97730000	126271412	224001412
February'24	907692	847031	1754723	56607447	72178558	128786005	39526728	52820512	92347240	258172	87208	345380	96392347	125086278	221478625
January'24	897542	841779	1739321	55493185	71650562	127143747	38951424	52410094	91361518	417163	196584	613747	94861772	124257240	219119012
December'23	888544	835971	1724515	55501343	72126495	127627838	39264666	52959171	92223837	409346	196427	605773	95175355	125282093	220457448
November'23	874350	827593	1701943	57028894	70230138	127259032	39878979	52352756	92231735	400470	194949	595419	97308343	122777843	220086186
October'23	848550	829657	1678207	56399479	69464655	125864134	39471978	51791501	91263479	390875	192342	583217	96262332	121448498	217710830
September'23	816797	812919	1629716	55722853	68568154	124291007	39015575	51152140	90167715	390817	192207	583024	95129245	119912501	215041746
August'23	807286	811702	1618988	54608645	68180496	122789141	38064176	50997422	89061598	377578	192159	569737	93050399	119370077	212420476
July'23	796760	804685	1601445	54222793	67017279	121240072	37651687	50115108	87766795	370855	192112	562967	92245335	117324499	209569834
June'23	789583	796139	1585722	53626770	66247526	119874296	37249086	49592680	86841766	363483	189101	552584	91239339	116029307	207268646
May'23	781319	789021	1570340	52847869	65093659	117941528	36714774	48782455	85497229	348686	182743	531429	89911329	114058857	203970186
April'23	771212	784579	1555791	52092274	63937651	116029925	36179304	47966998	84146302	335711	177272	512983	88607289	112081921	200689210
March'23	785131	812869	1598000	51455799	63033706	114489505	35755777	47346768	83102545	327136	172597	499733	87538712	110553071	198091783
February'23	776876	804408	1581284	51307660	62409574	113717234	35667699	46905849	82573548	299511	168878	468389	87274870	109484301	196759171
January'23	771681	797431	1569112	50673189	61507920	112181109	35240987	46245896	81486883	290508	166637	457145	86204684	107920453	194125137
December'22	763265	791372	1554637	50023245	60466225	110489470	34729780	45394713	80124493	285248	164362	449610	85038273	106025300	191063573
November'22	751394	780011	1531405	48667875	60368899	109036774	33695799	45393551	79089350	274771	158841	433612	82638445	105921291	188559736
October'22	745913	775890	1521803	49208715	59413109	108621824	33979501	44499815	78479316	267161	155292	422453	83455377	104068216	187523593
September'22	737531	767790	1505321	48620266	58689788	107310054	33572063	43960719	77532782	262047	153049	415096	82454376	102803556	185257932
August'22	731210	762188	1493398	48142985	58077896	106220881	33140199	43456183	76596382	256880	150467	407347	81540064	101684546	183224610
July'22	767560	758679	1526239	47194552	57131464	104326016	32935692	43473798	76409490	253362	148895	402257	80383606	100754157	181137763
June'22	764464	751201	1515665	46728634	56820123	103548757	32215458	42480876	74696334	248485	146066	394551	79192577	99447065	178639642
May'22	754220	741636	1495856	45988861	55964148	101953009	31620156	41810980	73431136	241510	144204	385714	77850527	97919332	175769859
April'22	773130	708886	1482016	47564802	54630133	102194935	30415301	39951203	70366504	234809	141046	375855	78214912	94722382	172937294
March'22	763921	701111	1465032	46758151	53871251	100629402	29852331	39402031	69254362	229719	138245	367964	76840201	93411527	170251728
February'22	753199	692338	1445537	45868201	55148523	101016724	29930857	44968975	74899832	223016	134658	357674	76022074	100252156	176274230
January'22	745319	684531	1429850	44970483	54230537	99201020	29316888	44402688	73719576	216539	130837	347376	74503910	98764062	173267972
December'21	734474	678293	1412767	43723069	53224563	96947632	28637497	43807390	72444887	205856	123656	329512	72566422	97155609	169722031
November'21	718721	670020	1388741	42717241	52474947	95192188	28092167	43394397	71486564	205097	121643	326740	71014505	95990987	167005492

Period	Cards											
	Debit Cards											
	Usage at ATMs & CRM				Usage at POS				E-Commerce			
	Local Transactions (Issuing)		Abroad Transactions (Issuing)		Local Transactions (Issuing)		Abroad Transactions (Issuing)		Local Transactions (Issuing)		Abroad Transactions (Issuing)	
	No. of Transactions	Amount	No. of Transactions	Amount	No. of Transactions	Amount	No. of Transactions	Amount	No. of Transactions	Amount	No. of Transactions	Amount
	13		14		15		16		17		18	
2014-15	109437869	82463.2	32304	72.5	4471176	5484.2	68426	67.2	689996	77.2	15022	17.5
2015-16	144624702	103942.5	18111	61.7	6600050	6668.1	47953	71.1	586851	79.2	17265	22.0
2016-17	146235630	110256.8	17173	41.2	7537435	5396.4	54815	91.1	861696	159.8	20053	22.6
2017-18	163642668	124401.3	17071	44.7	9043546	5563.5	60230	113.0	3002978	307.5	32101	36.0
2018-19	188970118	148183.8	19830	54.4	11477894	5802.2	70659	133.8	11499453	527.1	53845	48.7
2019-20	193762532	156878.9	21928	55.0	10367099	5107.0	89133	92.2	9820620	1112.2	112794	49.7
2020-21	**241633196**	**212200.4**	**13230**	**51.7**	**15692084**	**6093.5**	**84064**	**44.1**	**15493699**	**4069.9**	**234778**	**67.9**
2021-22	**288240242**	**295272.3**	**43588**	**91.4**	**21168832**	**7795.3**	**287315**	**158.4**	**22155076**	**4000.3**	**680047**	**184.4**
July	20138764	20998.8	1014	2.7	1133274	462.2	13333	3.7	1472570	308.5	32645	8.1
August	20150016	20057.5	1487	3.9	1403366	536.8	14451	6.2	1662218	317.4	43558	13.1
September	21480577	21567.7	1705	4.4	1635362	606.6	18459	8.0	1627735	320.4	50840	15.0
October	22281925	22173.4	2245	4.7	1721050	632.3	20411	10.8	1575736	289.7	53655	15.5
November	22693553	22213.8	2884	5.2	1778182	641.1	20491	12.1	1611678	291.4	49607	15.0
December	23517987	23320.5	4305	8.4	1843500	682.1	24630	12.8	1659356	314.2	67243	19.0
January	23522301	23678.1	2951	6.0	1774600	657.1	24821	11.9	1723783	331.0	60566	16.8
February	22247507	23466.8	2820	6.1	1686544	614.1	20590	10.3	1751832	300.9	50104	12.5
March	26191120	27276.3	4567	9.2	1930735	706.9	31593	17.2	2171499	349.4	64594	16.1
April	29966687	31921.7	5063	10.8	2418462	929.5	27978	15.9	2395616	423.7	64979	15.5
May	24998344	24999.2	6919	13.4	1934867	653.9	34338	24.7	2145171	344.0	66779	15.7
June	31051461	33598.6	7628	16.5	1908890	672.7	36220	25.0	2357882	409.7	75477	22.1
2022-23	**409898744**	**439128.0**	**314651**	**763.7**	**27422298**	**9807.2**	**876606**	**662.1**	**31158912**	**5576.4**	**1271210**	**387.2**
July	31707919	34151.3	9520	19.9	2101874	772.1	39955	33.4	2305148	410.0	77442	20.5
August	30727592	32772.3	23847	45.6	2051844	712.7	57902	41.0	2422183	414.6	171033	32.6
September	30738357	33048.7	32870	69.4	2074680	720.0	68822	51.6	2482218	434.8	122407	30.7
October	31912334	33899.0	32398	71.9	2154044	749.0	79211	58.3	2546429	445.6	130974	29.8
November	32672687	35024.4	29846	71.3	2118175	727.1	75297	61.2	2539175	440.6	93709	31.8
December	32463206	35254.5	35734	101.9	2281442	804.7	77509	63.4	2516615	453.3	98404	32.8
January	33380373	35304.6	25762	72.8	2401494	799.1	76612	61.9	2664740	492.3	88534	34.5
February	32847627	35384.5	23770	72.5	2072201	721.6	71204	55.6	2441934	426.3	78011	29.8
March	37357707	40731.4	26673	73.6	2353260	885.1	82700	61.1	2675176	473.6	93329	34.9
April	40382417	42392.2	22198	52.7	2937695	1080.6	73764	54.9	2926674	531.0	87541	32.8
May	35970414	37611.9	25639	56.8	2292050	760.2	88615	62.0	2720257	487.4	111631	36.7
June	39738111	43553.2	26394	55.2	2583539	1074.9	85015	57.9	2918363	566.9	118195	40.3
2023-24												
July	32469129	32740.4	33218	73.7	2547176	953.5	117185	89.4	2870391	553.7	131311	46.0
August	33588910	36028.1	32986	91.7	2623129	994.1	105419	71.3	2834825	564.6	160747	53.8
September	32888976	34983.3	39413	90.0	2660788	998.7	122915	75.9	2838836	549.6	179319	62.0
October	35482731	37616.3	52217	128.2	2810261	1075.1	144565	88.8	3120589	608.3	199976	59.0

SOCIAL ISLAMI BANK PLC
BALANCE SHEET
As at 31 December 2023

Particulars	Note(s)	31.12.2023 Taka	31.12.2022 Taka
PROPERTY AND ASSETS			
Cash in hand			
Cash in hand (Including foreign currencies)	3	4,897,399,344	4,835,583,834
Balance with Bangladesh Bank & its Agent Banks (Including foreign currencies)	3.1	29,260,845,550	22,086,752,023
		34,158,244,894	**26,922,335,857**
Balance with other Banks and Financial Institutions	4		
In Bangladesh		4,347,758,950	3,226,074,618
Outside Bangladesh		1,997,889,368	2,520,897,414
		6,345,648,318	**5,746,972,032**
Placement with Banks & other Financial Institutions	5	**9,961,293,194**	**6,822,973,794**
Investments in shares & securities	6		
Government		14,789,330,000	14,789,330,000
Others		10,554,390,324	8,877,927,163
		25,343,720,324	**23,667,257,163**
Investments	7		
General investments etc		349,353,276,028	326,758,535,809
Bills purchased and discounted		11,463,702,243	16,185,621,694
		360,816,978,271	**342,944,157,503**
Fixed assets including premises	8	4,332,920,158	4,400,288,555
Other assets	9	35,093,057,013	29,464,700,031
Non Banking assets		-	-
Total assets		**476,051,862,172**	**439,968,684,936**
LIABILITIES AND CAPITAL			
Liabilities			
Placement from Banks & other Financial Institutions	10	**43,280,000,000**	**30,000,000,000**
Deposits and other accounts	11		
Mudaraba savings deposits		41,914,376,057	40,084,046,928
Mudaraba term deposits		147,554,326,209	168,510,358,684
Other mudaraba deposits		85,178,611,324	79,636,478,408
Al-wadeeah current & other deposit accounts	11.2	71,365,873,685	45,975,991,996
Bills payable	11.3	10,920,649,729	6,327,507,930
Cash waqf fund		455,010,127	415,930,983
		357,388,847,131	**340,950,314,928**
Bond			
SIBL mudaraba subordinated bond	12	8,000,000,000	4,800,000,000
SIBL mudaraba perpetual bond	13	5,000,000,000	5,000,000,000
		13,000,000,000	**9,800,000,000**
Other liabilities	14	**39,531,465,218**	**37,981,308,615**
Deferred tax liabilities/ (assets)	15	**468,107,529**	**471,979,987**
Total liabilities		**453,668,419,878**	**419,203,603,530**
Capital/Shareholders' equity			
Paid-up capital	16.2	10,858,620,000	10,341,542,860
Statutory reserve	17	9,420,732,990	8,386,157,907
Revaluation reserve on fixed assets	18	529,838,298	543,259,152
Retained earnings	18	1,574,251,006	1,494,121,487
Total shareholders' equity		**22,383,442,294**	**20,765,081,406**
Total liabilities & shareholders' equity		**476,051,862,172**	**439,968,684,936**

SOCIAL ISLAMI BANK PLC

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2023

Particulars	Note(s)	31.12.2023 Taka	31.12.2022 Taka
Investment income	21	25,244,019,245	21,643,793,225
Profit paid on deposits	22	17,677,123,207	15,648,810,651
Net investment income		**7,566,896,038**	**5,994,982,574**
Income from investment in shares and securities	23	1,481,632,839	1,407,929,007
Commission, Exchange and Brokerage	24	2,797,494,183	3,803,725,179
Other operating income	25	826,128,694	888,118,466
		5,105,255,716	**6,099,772,652**
Total operating income		**12,672,151,754**	**12,094,755,226**
Operating expenses			
Salaries and allowances	26	4,717,525,092	4,347,776,677
Rent, taxes, insurances, electricity etc	27	702,426,069	584,985,073
Legal expenses	28	13,401,107	9,203,342
Postage, stamps, telecommunication etc	29	7,167,555	5,996,488
Stationery, printings, advertisements etc	30	161,313,911	120,093,105
Managing Director's salary and allowances	31	18,839,996	17,121,670
Directors' fees & expenses	32	4,149,188	3,780,162
Shariah supervisory committee's fees & expenses	33	867,376	444,666
Auditors' fees		1,150,000	920,000
Depreciation & repair to Bank's assets	34	829,454,178	831,420,596
Zakat expenses		216,362,874	196,215,836
Other expenses	35	1,404,906,901	1,441,774,368
Total operating expenses		**7,877,654,247**	**7,359,731,980**
Profit/(loss) before provision		**4,794,497,507**	**4,735,023,246**
Provision for investments		736,036,727	671,509,077
Other provisions	36	94,571,573	159,049,505
Total provision	37	**830,608,300**	**830,558,582**
Total profit/(loss) before income taxes		**3,963,889,207**	**3,904,464,664**
Provision for taxation	38	**1,399,759,111**	**1,474,681,819**
Current tax		1,395,707,758	1,460,004,839
Deferred tax		4,051,353	14,676,980
Net profit/(loss) after taxation		**2,564,130,096**	**2,429,782,845**
Appropriations:			
Statutory reserve		1,034,575,083	780,892,933
Start up Fund		25,641,301	24,297,828
Coupon/dividend on perpetual bond		410,974,515	393,500,011
		1,471,190,899	**1,198,690,772**
Retained earnings for the year		**1,092,939,197**	**1,231,092,073**
		2,564,130,096	**2,429,782,845**
Earning per share (EPS) (prior year restated)	39	**1.98**	**1.88**

Performance of the Bank

SIBPLC believes that the efforts of the year 2023 will inspire & stimulate the employees of the bank to accept the challenge of the year 2024 and accordingly the bank is in the process to explore every potentiality of each individual employee to deploy their sincere endeavor in the days ahead. In the year 2023, the bank has focused specially on the concepts of:

(i) Service Excellence

(ii) Quality & Secured Investment

(iii) Emphasize Non Funded Business

(iv) Recovery from both regular and non-performing Investment

(v) Exploration of Low Cost & no Cost deposits, Retail & Stable deposits particularly Scheme based deposit &

(vi) Maintenance of an Ideal Deposit Mix with a view to constraining the cost on one side and to establish a safe & stable deposit management system on the other.

During the year 2023, the bank has been able to project positive growth in all the business segments. The performance of the bank in 2023 has been given below;

fig. in million

SL	Particulars	As on		Increase/ Decrease	
		Dec-22	Dec-23	Amount	Growth%
	i Client Deposit	325,795	345,956	20,161	6.19%
	ii Bank Deposit	15,155	11,433	(3,722)	-24.56%
1	**Total Deposit**	**340,950**	**357,389**	**16,439**	**4.82%**
	a *No Cost Deposit*	52,303	82,287	29,983	57.33%
	b *Low Cost Deposit*	59,145	64,735	5,590	9.45%
	c *High Cost Deposit*	229,502	210,367	(19,134)	-8.34%
2	**Investment**	**342,944**	**360,817**	**17,873**	**5.21%**
3	**Operating Profit**	**4,735**	**4,794**	**59.47**	**1.26%**
4	**Foreign Exchange**	**242,894**	**310,635**	**67,741**	**27.89%**
	a Import	118,210	115,241	(2,969)	-2.51%
	b Export	83,213	80,234	(2,980)	-3.58%
	c Remittance	41,471	115,160	73,689	177.69%

Profitability / Dividends/performance and Liquidity Ratios

Particulars	Year 2023	Year 2022
Gross Profit Ratio (%)	56.61	58.25
Price earnings Ratio (%)	5.91	6.25
Current Ratios (%)	1.02	0.81
Return on Capital Employed (%)	11.89	12.15
Debt EquityRatio (%)	15.97	16.42

Table: 01 Volume and value of cheque cleared through BACPS				
Year	No. of Instruments (Outward)	Amount in crore	No. of Instruments (Inward)	Amount in crore
2019	380822	32629.49	436007	32067.16
2020	311454	30357.53	363027	30417.27
2021	356474	37447.23	372574	34088.57
2022	354350	32075.88	353831	33853.43
2023	408862	46823.17	403547	46253.92

NIKASH-BEFTN
Daily Average Transactions

Transaction No. 12,723
Value BDT 118 Crore

NIKASH-BEFTN operates its live operation from November 12, 2023. Initially, the transaction in the local currency will be processed in 03 (three) sessions. It facilitates both credit and debit transactions. NIKASH-BEFTN is popular for small and bulk transactions that is growing rapidly. Individual's accounts are also enjoying NIKASH-BEFTN facility through internet banking & using SIBL Now app.

Table: 02 presented the volume and value of NIKASH-BEFTN transactions settled during 2019-2023. The figures include both the DEBIT and Credit value. In 2023, the number of BEFTN transaction rose tremendously 65.35% in outward and 20.01% in inward compare to 2022. Customers using NIKASH-BEFTN channel more than any other payment method for meet-up their daily financial needs.

Table: 02 Volume and value of BEFTN transaction				
Year	Number of Inward Transactions	Amount in crore	Number of Outward Transactions	Amount in crore
2019	465938	2,250.61	322420	1,181.34
2020	664833	3,639.13	535505	4,247.18
2021	960548	15,154.08	564718	4,475.64
2022	1217138	8,012.29	105924	5,062.10
2023	1521701	25,550.77	3058509	16,801.41
Total	4852408	54,735.10	4591821	31,781.59

RTGS
Daily Average Transactions

Transaction No. 718
Value BDT 121 Crore

All Branches, Sub-Branches & Agent Banking outlets of SIBPLC can receive & originate RTGS which is real time electronic fund transfer mechanism for both local and foreign currency. Settlement in real time means transactions is not subjected to any waiting period.

Table: 03 presented the volume and value of RTGS transactions settled during 2021-2023. The figures includes both Inward and Outward of BD-RTGS transactions.

Table: 03 Volume and value of RTGS transaction		
Year	Transaction Volume	Amount in crore
2019	58277	6,530
2020	67946	8,825
2021	133466	27,505
2022	253994	30,108
2023	258611	43,664

Digital Transformation in banking

Digitalization acts as a bridge to facilitate modern banking operations to fulfil increasing stakeholders' expectations. This makes digitalization a key sustainable business strategy in driving the long-term fulfilment of the Bank's purpose. Social Islami Bank prioritize to provide efficient banking service to the customers with state of art technologies in everyday business operations. The bank become more tech savvy and transformative in terms of digitalization of its offerings through improvement of digital channels, systems and processes in harnessing the digital future. The ICT Division strive towards aligning its technology adoption and digitalization efforts with the Central Bank of Bangladesh Digital Road Map, while complying with all applicable digitalization and technology regulations as relevant to the Islamic banking operations.

Some Important Ratio Analysis

To understand the bank's trend, some important ratio analyses are tabulated below:

Sl. No.	Analysis	1st Quarterly (%) Mar-23	Half-yearly (%) Jun-23	3rd Quarterly (%) Sep-23	Yearly (%) Dec-23
A	**Profitability Ratios:**				
	Return on Average Assets	0.23%	0.32%	0.39%	0.56%
	Return on Average Equity	4.73%	6.56%	8.05%	11.89%
	Earning per share (EPS) (Taka)	0.14	0.47	0.88	1.98
B	**Efficiency/Activity Ratios: (Rate of Return Risk)**				
	Net Investment Income	146.00	318.25	489.17	756.69
	Net Investment Margin (NIM)	1.91%	2.01%	2.08%	2.37%
	Earning Assets/Total Asset	89.91%	89.12%	85.83%	80.52%
	Efficiency Ratio	77.95%	71.75%	68.46%	62.17%
	Overhead Ratio	1.83%	1.91%	1.92%	1.93%
	Effective Average Cost of Deposit	4.53%	4.69%	4.76%	4.82%
	Cost of Fund	6.36%	6.60%	6.68%	6.75%
	Effective Average Earning Yield	6.47%	6.75%	6.88%	7.32%
C	**Liquidity Ratios: (Liquidity Risk)**				
	Investment Deposit(client) Ratio (IDR)	93.92%	94.94%	92.47%	91.14%
	Liquid Assets Ratio	7.92%	8.36%	8.19%	13.71%
	Net Stable Funding Ratio	119.77%	118.73%	123.00%	121.71%
	Stable Fund Ratio	12.65%	12.47%	13.00%	12.12%
	Dependency Ratio	8.12%	7.38%	7.06%	13.66%
	Snap Liquidity Ratio	8.34%	8.79%	8.61%	14.38%
	Liquid Assets/ Short term liabilities	23.58%	25.40%	25.03%	43.82%
	Liquid Assets/ Total Deposit	9.93%	10.39%	10.20%	18.26%
	Volatile Deposits/ Total Assets	5.74%	6.22%	6.00%	6.66%
	Wholesale Borrowing Ratio	40.10%	35.21%	31.99%	33.66%
D	**Capital Adequacy Ratios:**				
	CET 1	6.96%	6.93%	6.88%	7.08%
	Tire I Ratio	8.46%	8.43%	8.38%	8.60%
	Tire II Ratio	3.32%	3.19%	3.50%	4.07%
	Risk Weighted Capital Adequacy Ratio (RWCAR)	11.78%	11.62%	11.86%	12.66%
	Shareholders Equity to Total Deposit & Borrowings	5.96%	5.85%	5.81%	5.59%
	Internal Capital Genaration Ratio	4.72%	6.48%	7.97%	11.46%
	Leverage Ratio	5.69%	5.65%	5.62%	5.49%
E	**Asset Quality Ratio:**				
	Ratio of Classified Investment	4.83%	4.85%	4.77%	4.79%
	Ratio of SMA Investment	3.73%	3.52%	3.49%	3.26%
	Gross NPI Ratio	3.78%	3.83%	3.76%	3.76%
	Net NPI Ratio	1.51%	1.56%	1.55%	1.50%
	Gross NPI Coverage Ratio	60.60%	59.72%	59.22%	60.55%
F	**Investment (Shares & Securities) Risk:**				
	Market Value Vs Cost Price of quoted investment	98.69%	103.83%	102.50%	95.64%
	Investment Portfolio/Total Equity Capital	113.24%	110.87%	110.69%	113.23%