



**CONSUMER INVESTMENT AND SERVICES TO THE
CUSTOMER
OF ISLAMI BANK BANGLADESH LTD**

AN INTERNSHIP REPORT
SUBMITTED TO THE SCHOOL OF BUSINESS
BRAC UNIVERSITY
DHAKA

BY

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IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR
THE DEGREE OF BACHELOR OF BUSINESS ADMINISTRATION
IN
FINANCE

SUMMER, 2013

**Consumer Investment and Services to the Customer
Of
Islami Bank Bangladesh Ltd.**

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**Internship report submitted in partial fulfillment of the requirement for the degree
Of
BACHELOR OF BUSINESS ADMINISTRATION**



BRAC Business School

BRAC University

Dhaka

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Consumer Investment and Services to the Customer Of Islami Bank Bangladesh Ltd.

Submitted To:

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Date of Submission: 10 October, 2013

Letter of Transmittal:

10 October, 2013

Samina Haque

Senior Lecturer

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Subject: **Submission of Internship report on Consumer Investment Services of IBBL.**

Dear Ma'am,

I would like to thank you for giving me chance to prepare the Internship report on this topic, **“Consumer Investment Services of Islami Bank Bangladesh Limited”**. I have prepared the report highlighting the different schemes under Consumer Investment & analyze it from business, financial & prospective point of view. I have tried my best to make the report excellent and gather relevant information for preparing a complete report. Without the proper guidance of you, it is not possible for me to prepare the report.

I hope you will assess my report considering the limitations and mistakes of the study, and sincerely believe you will find the study very interesting and informative.

Thank you.

Sincerely yours,

Akramina Zaman

ID: 09104111

BRAC Business School

BRAC University

Acknowledgement:

First of all, I want to express my special gratitude to Almighty Allah for giving me the strength to complete the report within the stipulated time.

I am deeply indebted to a large number of people for that kind suggestion and cooperation. I like to give special thanks to my Academic supervisor Samina Haque, who has supervised, instructed and directed me to complete my Internship report.

I would like to thank the coordinator Md. Hedayet Ullah, Deputy Director (Training) & FM, IBTRA; and Mohammad Zahidul Islam (Supervisor); for giving me the opportunity to know about IBBL, support & direction to make this report. I profoundly grateful to Mohammad Rakan Uddin SVP, IBBL Dhanmondi Br. the former branch manager, Mohammad Saiful Islam AVP, IBBL Dhanmondi Br. Second Officer, Mahmuda Sultana AVP IBBL Dhanmondi Br. Foreign Exchange in charge, S.M. Habibullah SPO IBBL Dhanmondi Br GB in charge, Md. Ismail Hossain PO investment Dhanmondi Br. of Islami Bank Bangladesh Ltd. for their supervision, guidance and cooperation.

This report, with all the interpretation on practical orientation in bank with the function and mechanism in the field of banking activity, would not be possible without help and cooperation of the officers engaged in the Dhanmondi branch of IBBL. They have willingly supplied all the practical knowledge and interpretation for making this report so convenient with the purpose of our BBA program. The acknowledgement is made especially to Mohammad Elias Miah, Mir Md. Mustafizur Rahman, Md. Motaleb Mia, and Kamrunnahar Airin and the authors, researchers and articles writer whose books, reports, thesis papers and journals that have helped me to prepare my internship report.

Executive Summary:

This report is prepared as requirement of the BBA program of BRAC University. This focus on two month working experiences in DHANMONDI Branch, Dhaka. It will give a clear idea about activities operational strategies of IBBL. Apart from this is emphasis on the “CONSUMER INVESTMENT and SERVICES to the CUSTOMER” on IBBL comparing with Pubali Bank Ltd. Islami Bank Bangladesh Ltd was established in March 1983 with a clear manifesto of demonstrating the operational meaning of participatory economy, banking and financial activities as an integral part of an Islami code of life. The philosophy of Islami Banks is to establish as egalitarian society based on principle of Social justice and equity through CSR (Corporate Social Responsibility) and to fulfill this motive IBBL launch RDS, UPDS. They try to continuously promote these sections and discourage luxurious consumer investment products. As because of IBBL is an Islamic Bank based on ISLAMIC SHARIAH.

In this Report I highlighted on EIGHT Chapters. First Chapter is introductory part of my study; the second part is focus on IBBL’s corporate profile that is organizational overview as the study required. Third Chapter describes my job part at IBBL; forth chapter is the short summary about the project. Fifth chapter, Business Analysis helps me to show the similarities and differences of IBBL with Pubali Bank Ltd to identify the strength and weaknesses, competitive strategies, bargaining power and services to the customer of Islami Bank theoretically and it’s shown numerically on Sixth Chapter ‘Financial Analysis’. In this section I have shown 5 years (2009 to 2013) graphical presentation on number of investment, amount of investment, total recovery, total outstanding and profit. It can properly express the actual situation of IBBL’s consumer investment. Finally in Seventh Chapter ‘Prospective Analysis’ shows the future development planning and welfare program of IBBL on RDS and UPDS analysis. At the end of the report in Chapter Eight- Findings and Recommendation, I provide my findings and conclusion on overall consumer investment of Islami Bank Bangladesh Ltd. and evaluating performance of my study.

Acronyms:

BB	:	Bangladesh Bank
IBBL	:	Islami Bank Bangladesh Ltd.
IBTRA:		Islami Bank Training and Research Academy
HDS	:	Household Durable Scheme
CIS	:	Consumer credit/Investment Services Car Investment Scheme
RDS	:	Rural Development Scheme
UPDS:		Urban Poor Development Scheme
RR	:	Rate of Return
MI	:	Micro-investment
ME	:	Micro-enterprise

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Chapter - 1

Introduction

1.1: Origin of the study:

Consumer investment is the amount of credit used by consumers to purchase non-investment goods or services that are consumed and whose value depreciates quickly. As an obligatory requirement of BBA Internship program, I have prepared this report for the partial fulfillment of our BBA internship program. In my report entitled “***Consumers credit/ Investment Services to Customers of Islami Bank Bangladesh Limited,***”, here I am supposed to analyze consumer investment banking as a whole scenario of Islami Bank Bangladesh Limited (IBBL) particularly in terms of its precise definition, problems, factors, contributions, and inventions.

In this report I will try to present different aspects of consumer investment and services to the customers of Islami Bank Bangladesh Ltd. Dhanmondi branch from the perspective of a financial analyst using consumer financing policy and financial statements.

1.2: Objective of the Study:

- To know the process and steps of giving consumer investment of IBBL
- To identify differences between IBBL & Conventional Banks Consumer Investment.
- To explore the effective impact of CIS on developing life style and total economic growth.
- To determine the profitability of CIS.
- To evaluate CIS services and benefits to the clients.
- To identify reasons for choosing IBBL’s CIS then that of other banks.
- To identify the future plans of IBBL regarding CIS

1.3: Methodology of the Study:

Different data and information are collected from various sources, such as primary and secondary which is given below-

Primary sources of data:

- Personal inspection
- Face to face interview to Officers and clients
- Work experience at different desk of the Bank
- Questionnaire for Officials.

Secondary sources of data:

- Financial report of Islami Bank Bangladesh Ltd.
- Different circulars issued by the head office and Bangladesh Bank
- Journals and Articles
- Internet
- CIS brochure
- Bank Document

1.4: Limitations:

1. Confidential information:

Some desired information could not be collected due to confidentiality of the bank.

2. Password:

Due to secret and safety purpose all the computer has passwords. At the time of working, I faced problems for it as the passwords had not given to me. It was very time consuming as I had to wait until any officer come and give the password.

3. No specific policy on consumer investment:

There is no specific written policy on consumer investment. So it was difficult to collect some of our desired information.

4. Financial Report:

Financial Report (2013) of IBBL is one of the vital resources of information which reached to me approximately at the end of internship program and it made the total working procedure of making report very slow.

5. Lack of time:

Through the whole internship program I have to work in different desks. Therefore, I did not get sufficient time for information collection.

1.5: Scope:

The report is done on Dhanmondi branch of IBBL for the completion of the three months internship program from April to June, 2013 and the information and data, collected and presented according to it. In this report, I tried my best to cover all the product/schemes of consumer investment offered by IBBL. Therefore, the data is limited and hard to find. Still I tried my best to make the report informative and present it effectively.

Chapter – 2

Organization Overview

2.1: IBBL at a Glance:

Islami Bank Bangladesh Limited is a Joint Venture Public Limited Company engaged in commercial banking business based on Islamic Shari'ah with 63.09% foreign shareholding having largest branch network (246 Branches & 30 SME/Krishi Branches i.e. total 276 Branches) among the private sector Banks in Bangladesh. It was established on the 13th March 1983 as the first Islamic Bank in the South East Asia.

It is listed with Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. Authorized Capital of the Bank is Tk. 20,000.00 Million (\$ 250.47 Million) and Paid-up Capital is Tk. 12,509.64 Million (\$ 156.66 Million) having 60,302 shareholders as on 31st December 2012.

2.2: Mission:

To establish Islamic Banking through the introduction of a welfare oriented banking system and also ensure equity and justice in the field of all economic activities, achieve balanced growth and equitable development in through diversified investment operations particularly in the priority sectors and less developed areas of the country. To encourage socio-economic upliftment and financial services to the loss-income community particularly in the rural areas.

2.3: Vision:

Our vision is to always strive to achieve superior financial performance, be considered a leading Islamic Bank by reputation and performance.

- ✓ Our goal is to establish and maintain the modern banking techniques, to ensure soundness and development of the financial system based on Islamic principles and to become the strong and efficient organization with highly motivated professional, working for the benefit of people, based upon accountability, transparency and integrity in order to ensure stability of financial systems.
- ✓ We will try to encourage savings in the form of direct investment.
- ✓ We will also try to encourage investment particularly in projects which are more likely to lead to higher employment.

2.4: Strategic Objectives:

- To ensure customers' satisfaction.
- To ensure welfare oriented banking.
- To establish a set of managerial succession and adopting technological changes to ensure successful development of an Islamic Bank as a stable financial institution.
- To prioritize the clients welfare.
- To emerge as a healthier & stronger bank at the top of the banking sector and continue stable positions in ratings, based on the volume of quality assets.
- To ensure diversification by Sector, Size, Economic purpose & geographical location wise Investment and expansion need based Retail and SME/Women entrepreneur financing.
- To invest in the thrust and priority sectors of the economy.
- To strive hard to become an employer of choice and nurturing & developing talent in a performance-driven culture.
- To pay more importance in human resources as well as financial capital.
- To ensure lucrative career path, attractive facilities and excellent working environment.
- To ensure zero tolerance on negligence in compliance issues both Shari'ah and regulatory issues.
- To train & develop human resources continuously & provide adequate logistics to satisfy customers' need.
- To be excellent in serving the cause of least developed community and area.
- To motivate team members to take the ownership of every job.
- To ensure development of devoted and satisfied human resources.
- To encourage sound and pro-active future generation.
- To achieve global standard.
- To strengthen corporate culture.
- To ensure Corporate Social Responsibilities (CSR) through all activities.
- To promote using solar energy and green banking culture and ecological balancing.

2.5: Core Values:

- Trust in Almighty Allah
- Strict observance of Islamic Shari'ah
- Highest standard of Honesty, Integrity & Morale
- Welfare Banking
- Equity and Justice
- Environmental Consciousness
- Personalized Service
- Adoption of Changed Technology
- Proper Delegation, Transparency & Accountability

2.6: Products and Services:

Under products and services Islami Bank Bangladesh Ltd. has below categories:

1. DEPOSIT SCHEMES:

- Al-Wadeah Current Account (AWCA)
- Mudaraba Savings Account (MSA)
- Mudaraba Term Deposit Account (MTDR)
- Mudaraba Special Notice Account (MSNA)
- Mudaraba Hajj Savings Account (MHSA)
- Mudaraba Special Savings (Pension) Account (MSSA)
- Mudaraba Savings Bond (MSB)
- Mudaraba Monthly Profit Deposit Account (MMPDA)
- Mudaraba Muhor Savings Account (MMSA)
- Mudaraba Waqf Cash Deposit Account (MWCDCA)
- Mudaraba NRB Savings Bond (MNSB) Account
- Mudaraba Foreign Currency Deposit Account (MFCD)
- Students Mudaraba Savings Account (SMSA)
- Mudaraba Farmers Savings Account (MFSA)

2. INVESTMENT MODES:

BAI- Modes

- Bai-Murabaha
- Bai-Istijrar
- Bai-Muajjal
- Bai Salam
- Istisna'a
- Bai-As-Sarf

SHARE- Modes

- Mudaraba
- Musharaka

IJARA-Modes

- Hire Purchase under Shirkatul Melk (**HPSM**)

Under this mode Bank may supply implements/ equipment/goods on rental basis. The ownership of the implements/equipment/goods will be with the Bank and the client jointly and the portion of the client will remain to the Bank as mortgage until the closure of the investment account, but the client will be authorized to possess the equipment for certain period. The client, after completion of the installments, will be the owner of the implements/ equipment/goods.

3. INVESTMENT SCHEME

- Household Durables Scheme (HDS)
- Investment Scheme for Doctors (ISD)
- Transport Investment Scheme (TIS)
- Car Investment Scheme (CIS)
- Small Business Investment Scheme (SBIS)
- Micro Industries Investment Scheme (MIIS)
- Agricultural Implement Investment Scheme (AIIS)
- Real Estate Investment Program (REIP)
- Real Estate Investment (Commercial & Working Capital)
- Agricultural Investment of IBBL
- NRB (Non Resident Bangladeshi) Entrepreneurs Investment Scheme (NEIS)
- Women Entrepreneurs Investment Scheme (WEIS)

4. RURAL DEVELOPMENT SCHEME

5. FOREIGN EXCHANGE BUSINESS SERVICES

6. SPECIAL SERVICES:

- Locker Services
- ATM services

2.7: Corporate Information:

Financial Information

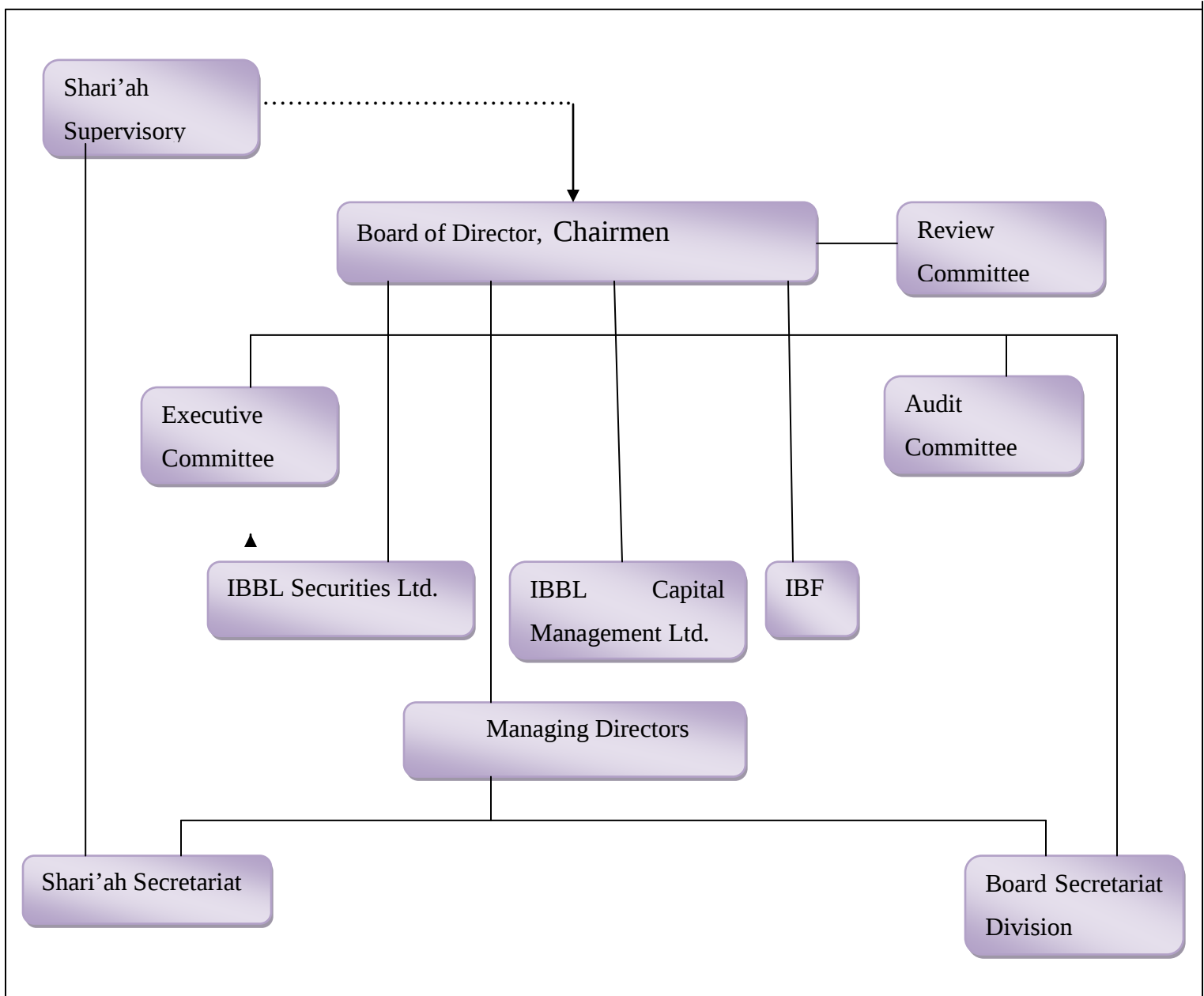
Authorized Capital	Tk. 20,000.00 Million (\$ 250.47 Million)
Paid Up Capital	Tk. 12,509.64 Million (\$ 156.66 Million)
Deposits	Tk. 417,844.14 Million (\$ 5,232.87 Million)
Investment	Tk. 399,930.80 Million (\$ 5,008.53 Million)

Branches	
Total number of branches	246
Total number of SME Krishi Branches	30
TOTAL BRANCHES	276
Total number of AD Branches	23
Total number of ATM Booth	289
Number of Shareholders	60302
Manpower	12,188

Organization:		
Name of Chairman		Prof. Abu Nasser Muhammad Abduz Zaher
Name of Managing Director		Mohammad Abdul Mannan
Company Secretary		Abu Reza Md. Yeahia (C. P.)
Name of CFO		Mohammad Nesar Uddin, FCA, ACMA

2.8: Organization Structure:

ORGANOGRAM OF IBBL



2.9: Special landmarks of IBBL:

✓ Established on	:	13th March 1983
Certificate for Commencement of Business	:	27th March 1983
✓ Inauguration of 1st Branch	:	30th March 1983
✓ Formal Inauguration	:	12th August 1983
✓ Shari'ah Supervisory Committee	:	1983
✓ CSR/Foundation activities	:	1983
✓ IPO	:	1985
✓ Listing in Dhaka Stock Exchange Ltd.	:	2nd July 1985
✓ Listing in Chittagong Stock Exchange Ltd.	:	7th March 1996
✓ Accommodation of IBBL Head Office in its own Tower	:	10th March 2000
✓ 1st Rights Share issue	:	1989
✓ 2nd Rights Share issue	:	1996
✓ 3rd Rights Share issue	:	2000
✓ 4th Rights Share issue	:	2003

✓ Opening of 100th Branch	:		12th June 1997
✓ Opening of 200th Branch	:		21st June 2009
✓ Opening of 250th Branch	:		15th December 2010
✓ Joining/Agreement with CDBL	:		29th December 2004
✓ In-house Core Banking Software	:		2005
✓ IBBL Mudaraba Perpetual Bond (MPB) Issue	:		25th November 2007
✓ Inauguration of Broker House	:		1st January 2008
✓ Formation of Subsidiary Companies of IBBL			
	A. Islami Bank Securities Limited (IBSL)	:	22nd March 2010
	B. Islami Bank Capital Management Limited (IBCML)	:	1st April 2010
✓ 1st Position of IBBL in Inward Remittance	:		2007, 2008, 2009 & 2010
✓ 100% Branch Online Banking	:		7th January 2011
✓ Launching of i-Banking	:		16th December 2011
✓ Launching of Islami Bank m-Cash	:		27th December 2012

2.10: Particulars in Attainment of IBBL:

As recognition of good performance IBBL won the following awards:

- ✓ IBBL has been selected as the only Bank from Bangladesh in top 1000 banks in the world by a UK based century old financial magazine, 'The Banker' published the list in its July 2012 issue.
- ✓ The institute of Chartered Accountants of Bangladesh (ICAB) awarded IBBL the first prize of SARRC Anniversary Award for Corporate Governance.
- ✓ South Asian Federation of Accountants (SAFA) awarded IBBL as joint Winner in the Corporate Governance Disclosure Award-2010.
- ✓ South Asian Federation of Accountants (SAFA) also awarded IBBL with Certificate of Merit in Banking Sector in the Annual Report for the year 2010.
- ✓ The Institute of Cost and Management Accountants of Bangladesh (ICMAB), awarded IBBL as the ICMAB National Best Corporate Award-2007 (First Position, Local Bank) and ICMAB Best Corporate Performance Award – 2008 (Second Position, Private Commercial Bank).
- ✓ The Institute of Chartered Accountants of Bangladesh (ICAB) awarded IBBL with 3rd position under the category-1, Banking in the best published accounts and reports for the year 2010, the Certificate of Appreciation for the year 2001 & 2010 and Certificate of Merit

for the year 2008.

- ✓ The Global Finance, a reputed U.S.A. based quarterly Financial Magazine, awarded IBBL as the best Islamic Financial Institution of the country for the years 2008, 2009, 2010 & 2011. The Global Finance also awarded IBBL as the best bank of the country for the year 1999, 2000, 2004 and 2005.
- ✓ ICICI Bank, Hong Kong, awarded IBBL as “The Quality Recognition Award-2009” for U.S. Dollar Clearing (2009).
- ✓ Bankers’ Forum awarded IBBL as the Best Bank for Corporate Social Responsibility for 2008 and 2009.
- ✓ The Bank-Bima Patrika, a Fortnightly Magazine, awarded IBBL as the Best Islami Banking Award 2007.
- ✓ Exclusive economic weekly “The Industry” awarded IBBL as the Best Rated Bank Award-2010.
- ✓ The Citi Bank NA awarded IBBL as the “Largest Contributor” in Foreign Trade Operations in Europe- Bangladesh corridor in 2009.

- ✓ The UAE Exchange awarded IBBL for mobilizing around 30% of total foreign remittance of the country.

IBBL is committed to provide banking service that is purely based on Islamic Shari'ah, transparent and efficient. We would like to express our heartfelt thanks and gratitude to Almighty Allah, our customers, patrons, shareholders, print & electronic media, regulatory authorities and employees whose support and confidence has made us worthy of these great recognitions by the experts like the Global Finance, the Institute of Cost and Management Accountants of Bangladesh (ICMAB), the Institute of Chartered Accountants of Bangladesh (ICAB), the Bank-Bima Patrika, the weekly Industry, The Citi Bank NA and The UAE Exchange.

Chapter-3

JOB AT IBBL

Job at IBBL:

3.1: Nature of Job:

In Islami Bank Bangladesh Ltd. I have to perform a variety of jobs as it has 3 departments. Though I declare my major in Finance and accounting, more or less, I have to work in all of them.

3.2: Specific Responsibilities of the Job:

The duties and responsibilities I had to perform in the bank are given below:

Before joining in the branch:

- Before joining in the branch, had an eight days training in the Islami Bank Training and Research Academy. There I have learned different terms and introduced with different products of IBBL.

After joining in the branch:

- After joining in the branch, had to perform any kind of duties assigned by the manager and the senior principal officer.
- Account Opening- Here I had taken part in the completion of some account opening forms. After finishing the procedure of the forms I had to process and store client information into the bank's software named Electra debt which IBBL use to do their online banking. Also done the transaction profile of the client and risk rating.
- Investment & Foreign Exchange department-Have to study different client's files and discuss different investment related issues with the supervisor.
- Have to explain different issues to the supervisor.
- Help the clients to open locker account in investment department.
- Putting seals in different papers.
- ATM Desk-Taking requisition for ATM card from the clients, sending request to the head office and hand it over to the client after receiving it.
- Giving account statement to the clients, issuing cheque and helping people to do i-banking.

3.3: Different Aspects of Job Performance:

- I had to take an eight days training and give examination before joining in the branch. After joining in the branch I have to perform different works according to the orders of the manager and the senior principal officer. I have to study different client's files and discuss different investment related issues like the process of taking and giving investments, choosing the targeted customers, calculating the portion of profit and installment amount, documents needed to execute the investment etc. with the supervisor. I have to help the clients to open account in account opening desk. I have to work with Electra debt and IBBL's software for data entry and other computer related work. I have to take requisition for ATM card from the clients, sending request to the head office and hand it over to the client after receiving it. I also have to give account statement to the clients and issue cheque books.

3.4: Critical Observations and Recommendation:

From my observations in the bank while working there, I notice that the customers are satisfied with this bank. They are also getting new products and services like student account, Internet-banking. But I have some recommendation for the bank according to my observation. Those are given below:

- The bank need to open more ATM booths in different places as it has a huge number of customers.
- The bank can be more flexible to grant investment to the customers.
- It can provide training on internet to its employees.
- It needs to build up a stronger backup system. As it is a financial institution, missing of data caused by backup failure may turn out a huge loss.
- It can employ more female employee in the branch.
- The bank can make clear picture of the difference of interest and profit.
- They can use an understandable of different Islamic terms, they are using in their bank.
- They can upgrade their services more.

Chapter-4

PROJECT

4.1: Summary:

As my report is based on Consumer Investment of IBBL so here I tried to show investment analysis on that particular investment practice of IBBL through comparing with a conventional banks' (Pubali Bank Ltd) consumer financing policy. I tried to find out the reasons of preferring this bank, how it is helpful to our economy and our country. Here I also tried to find out the current situation through trend analysis of last 5 years of this bank and the future prospected area under consumer investment. For collecting this information I took interview of a few officers of the bank and also took the help of different related documents of both banks. This report shows the comparison between Islami bank and conventional bank, the picture of current situation in consumer investment of IBBL, and the future prospect in this area.

4.2: Description of the Project:

OBJECTIVE OF THE PROJECT:

- To know the consumer investment process of IBBL.
- To know the comparison of Islami bank and conventional bank
- To know the current situation of IBBL through trend analysis
- To identify the position of consumer investment among other investments in IBBL.
- To identify the future prospect of IBBL in consumer investment.

METHODOLOGY OF THE STUDY:

Data collection:

Different data and information are collected from various sources, such as primary and secondary which is given below-

Primary sources of data:

- Personal inspection
- Face to face interview to Officers and clients
- Work experience at different desk of the Bank
- Questionnaire for Officials.

Secondary sources of data:

- Financial report of IBBL
- Different circulars issued by the head office and Bangladesh Bank
- Journals and Articles
- Internet
- CIS brochure
- Bank Documents

Data analysis:

I have analyzed and shown the collected data into tables and charts. Compared and commented based on it.

LIMITATIONS:

Every report or article written about certain topic has some limitations, because there is always a scope for improvement. This report also has some precincts which were unavoidable.

1. Confidential information:

Some desired information could not be collected due to confidentiality of the bank.

2. Password:

Due to secret and safety purpose all the computer has passwords. At the time of working, I faced problems for it as the passwords had not given to me. It was very time consuming as I had to wait until any officer come and give the password.

3. No specific policy on consumer investment:

There is no specific written policy on consumer investment. So it was difficult to collect some of our desired information.

4. Financial Report:

Financial Report (2013) of IBBL is one of the vital resources of information which reached to me approximately at the end of internship program and it made the total working procedure of making report very slow.

5. Lack of time:

Through the whole internship program I have to work in different desks. Therefore, I did not get sufficient time for information collection.

SCOPE:

The report is done on Dhanmondi branch of IBBL for the completion of the three months internship program from April to June, 2013 and the information and data, collected and presented according to it. In this report, I tried my best to cover all the product/schemes of Consumer investment offered by IBBL. Therefore, the data is limited and hard to find. Still I tried my best to make the report informative and present it effectively.

Chapter – 5

Business Analysis

5.1: OVER ALL CONSUMER INVESTMENT ANALYSIS:

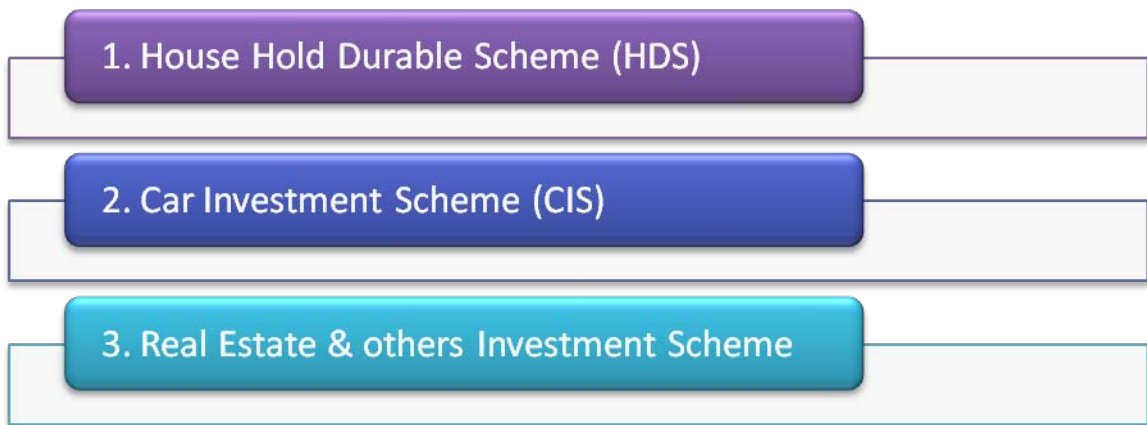
Investment analysis is the key to any sound portfolio-management strategy. It is a look back at previous investment data and the thought process of making the investment decision. Key factors should include investment ceiling, expected time horizon, and reasons for making the decision at the time.

As my report is based on Consumer Investment of IBBL so here I like to show investment analysis on that particular investment practice of IBBL through comparing with a conventional bank's (Pubali Bank Ltd) consumer financing policy.

Consumer Investment/Financing policy:

Bangladesh is a developing country. Maximum persons are of limited income. In the era of globalization scope of consuming has been increased in a greater extend and that is varieties form. To meet the need of the consumer, IBBL and Pubali Bank Ltd both start consumer investment or financing. In today's banking products are not only just part of consumer banking proposition, but a part of one's daily life. Life is full of surprises. Any persons often tumble into unforeseen cost that leaves them specially fixed income people unprotected. Health, education, housing, transport, audiovisual amusement, social obligations even like marriage is part of basic necessities of life. To face these unpredictability in life both bank have introduced consumer investment scheme with wide vision to cover all the necessities of live through easy terms ensuring promote services.

There are some CIS, which are shown in the box-



According to the schemes comparative discussion with Pubali Bank Ltd. are mentioning below -

5.2: Household Durables Scheme (HDS):

Household Durables Scheme is a personal invest scheme for the consumers which supports the purchase of various consumer products like Television, Refrigerator, computer and other household products. Bank helps the consumers to buy these products by providing money through investments.

The detail of this scheme and as it is a common investment scheme of IBBL and Pubali Bank Ltd. I will try my best to show the comparison between these two banks, profitability, risk factors/ risk level, process of giving investments, debt burden ratio and facilities.

Target Group:

Islami Bank Bangladesh Ltd.	Pubali Bank Ltd.
Both resident and non-resident (who stay in Bangladesh during the time period of taking and repayment of the investment) Bangladeshi who has the capability to repay the bank investment and has limited income is eligible for taking the investment.	Any Bangladeshi individual who has the means and capacity to repay bank loan. To be specific, the target group can be salaried executives of multinational and middle to large size local corporate, government officials, officials working in reputed NGOs.

Products/items:

This scheme contains consumer products for personal or family use, like TV, VCR, Computer, Furniture, Telephone and many other house hold durables.

Modes of investment:

Islami Bank Bangladesh Ltd.	Pubali Bank Ltd.
Bai-Muajjal/ HPSM	Regular conventional banking method(Loan)
<u>Comment:</u> In HPSM mode the registration of the product is done in the name of the bank and bank hold the ownership of the product according to the invested amount. This minimizes the default risk. But Pubali bank does not hold any ownership on the product, which indicates toward a high default risk.	

Age Limit:

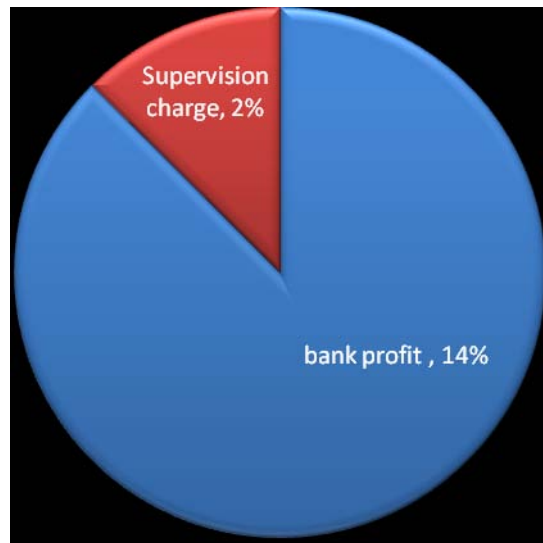
Islami Bank Bangladesh Ltd.	Pubali Bank Ltd.
For student, the age range is 18-25 years and other than service holder the age range is 27-65 years.	Minimum 21 years to maximum 53 years.
<u>Comment:</u> For the welfare of students IBBL starts its age limit from 18 years so that students can take this investment and buy their necessary things related to their education. Through this process, deposits and no. of client of IBBL increases which make its position stronger and help the overall economy of the country grow faster.	

Period of Investment:

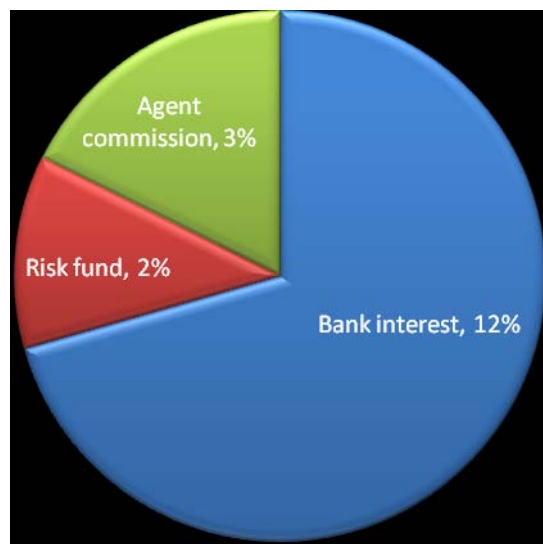
Islami Bank Bangladesh Ltd.	Pubali Bank Ltd.
Generally practiced investment period is maximum 2 years.	Loan period is 2-3 years.

Rate of Return:

For IBBL the rate of return is 16% which includes bank profit 14%+supervision charge (2% per annum).



For Pubali bank the rate of return is 17% for 2-3 years of investment period which includes bank interest 12%+risk fund 2%+agent commission 3%.



Comment:

Though the rate of return of IBBL varies according to the investment period (as supervision charge is 2% per annum and 4% for 2 years of investment), we are taking the standard form which is 18% for 2 years of investment. Though higher rate of return increases the income of a Bank but it also increases the rate of default.

Investment Size:

Islami Bank Bangladesh Ltd.	Pubali Bank Ltd.
The investment size of IBBL defers according to the area/place. For all metropolitan cities the ceiling is upto 3 lac, for districts and municipalities its upto tk. 2 lac and for other areas its upto 1 lac.	The ceiling of the loan is 1-3 lac including down payment.
<u>Comment:</u> As IBBL divided and specified each sectors for giving investment, there is a no/low chance of mismanagement or default.	

Minimum Income Level:

Islami Bank Bangladesh Ltd.	Pubali Bank Ltd.
There is no specific income level. Officers collect all the details about the income of the applicant, analyze those and decide whether to give investment or not.	Minimum income level is 3000 per month.
<u>Comment:</u> process followed by IBBL is much more convenient and reasonable.	

Bank's Participation:

According to the Bangladesh Bank circular, IBBL give 30% of the product's total price and the customer gives the rest 70% of the amount.



Pubali bank finance 75% (in case of 3 years term) or 80% (in case of 2 years term) of the cost of the item is allowed.

Comment: Here, both the government and IBBL discourage the consumers to take this investment as luxurious lifestyle is discouraged in Islam. This is because of whereas majority of the people in our country stand below the poverty line. So IBBL make sure that only the customers who really need this investment can get it. Though Pubali bank has high risk but it has the opportunity to attract more customers than IBBL.

Security:

Islami Bank Bangladesh Ltd.	Pubali Bank Ltd.
Hypothecation on HDS goods, personal guarantee, spouse's guarantee or guardian's guarantee, employer's certificate or marking lien on MSS or MTDR (if applicable).	Hypothecation over purchase asset, post dated cheques for each monthly installment, one updated for full loan value including full interest to be taken in advance, personal guarantee of spouse or parents and an individual having minimum solvency/income not less than that of the borrower supported by income proof.

Comment: The investment given by IBBL against the lien on MSS or MTDR is more secure because if the consumer defaults the bank can easily recover its invested amount from the clients MSS/ MTDR. So it holds less risky position than Pubali bank.

Supervision:

Islami Bank Bangladesh Ltd.	Pubali Bank Ltd.
Supervising Agent/Mainstream employees keep supervising from start to end of the investment period.	Supervising Agent supervise during the loan time.

Penal Interest:

Islami Bank Bangladesh Ltd.	Pubali Bank Ltd.
IBBL charges 14% penal charge (term basis) if the customer defaults. But after repayment of all dues the consumer can apply for forgiving the penal charge to the bank and if the person is not a guilty one then normally the bank forgive the penal charge.	This Bank charge Penal Interest at 2% over the normal rate on the defaulted installments.
Comment: though IBBL charges a lot more than Pubali bank but it also forgives the penal charges after the proper repayment of all dues, as forgiveness is also one of the practices of Islam. Pubali bank's low penal interest attracts more customers but has high default risk.	

Repayment Method:

Both the Bank follows “equal monthly installment” repayment method.

Disbursement Mode:

Islami Bank Bangladesh Ltd.	Pubali Bank Ltd.
Disbursement is made through payment order directly to the seller and at the time of buying one of the officer/ agent of the bank has to be present with the buyer.	Disbursement is made through demand draft/payment order directly to the seller.
Comment: the risk level of IBBL is lower than Pubali bank as one of the officer of IBBL keeps supervising the customer all the time.	

Verification of Personal Details and Quotations:

Islami Bank Bangladesh Ltd.	Pubali Bank Ltd.
Agent/officer of the bank verifies all the details. They collect details of an applicant verified by a third party, letter from the employer with detail of employment and salary certificate, Borrower and Guarantors details (addresses – both present and permanent, all telephone numbers of residence, office and mobile no.), Quotation of the item to be purchased, Bank statement.	For verification purpose Pubali bank collect details of an applicant to be verified by a third party before an approval is accorded. Letter from employer with details of employment and salary, Borrower and Guarantors (if any) details (addresses – both present and permanent, all telephone numbers of residence, office and mobile no.), Quotation of the item to be purchased, Bank statement.
Comment: Agents of IBBL strictly verify each and every detail to minimize the risk level and default rate.	

Substantiation of Income:

Islami Bank Bangladesh Ltd.	Pubali Bank Ltd.
Salary certificate, account statement, other income declaration, details of different deposit accounts of the client(if any), TIN and VAT certificates(if needed) and any other document that may stand as a proof of income customer have to submit these to the bank.	Proper substantiation of income will be mandatory. All or any of the following original/true copy of original documents are accepted for the purpose: Last Tax Return (in case of 3 years term applicant must be tax payer), Bank Statements for minimum last 6 months, Any other document that may stand as a proof of income.
Comment: After verifying each and every document and determining the actual income of the applicant IBBL decide whether to give investment or not. It lowers the risk level.	

Debt Burden Ratio:

Islami Bank Bangladesh Ltd.	Pubali Bank Ltd.
For IBBL the debt burden ratio is minimum 33%.	For Pubali bank, it varies from 25% to below 50%.
Comment: IBBL keep a higher debt burden ratio than Pubali bank as precaution which minimizes the default rate.	

5.3: Car investment Scheme (CIS):

CIS is one of consumer investment scheme of IBBL as well as Pubali Bank Ltd. In this section we try our best to show the comparison on CIS between IBBL and Pubali Bank Ltd to identify IBBL's processes, position, condition, profitability, advantages and risk factors. It also determines overall performance of bank.

Both IBBL and Pubali Bank Ltd agree to sanction investment for any Bangladeshi individuals who has the means of capacity to repay the investment. In specific terms, these could be salaried executives of multinational and middle to large size local corporate, Govt. officials, officials working in reputed NGOs, international aid agencies & UN bodies, any tax paying businessmen of repute, any employed/self employed taxpaying individual having a reliable source of income for reconditioned/brand new Private car/Micro/Jeep/Auto Rickshaw etc against vehicle + personal Guarantee/ corporate Guarantee maintaining 33% Debt Burden Ratio.

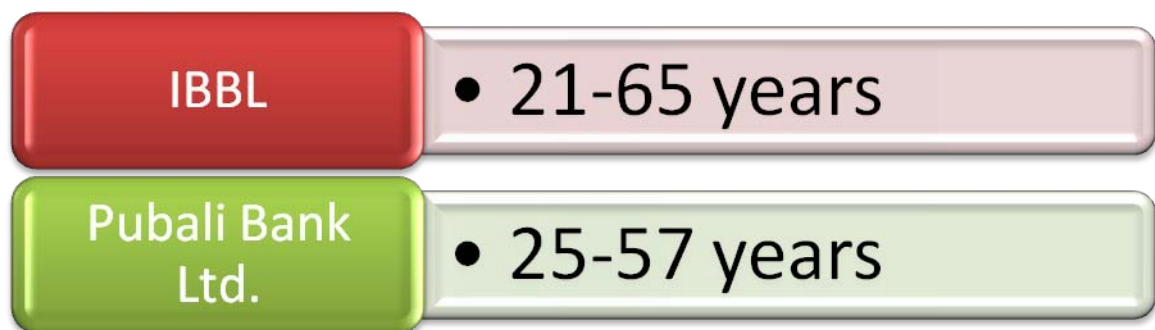
Period of investment:

Payback period in [capital budgeting](#) refers to the period of time required for the return on an investment to "repay" the sum of the original investment. Payback period intuitively measures how long something takes to "pay for itself." All else being equal, shorter payback periods are preferable to longer payback periods.

Islami Bank Bangladesh Ltd.	Pubali Bank Ltd.
Max 4 years for Recondition car Max 5 years for Brand new car	Maximum 5 years
Comment: As payback period is good to be shorter, IBBL followed it and also categorize payback period for Recondition and Brand new cars separately which reduce investment default rate than that of other conventional banks.	

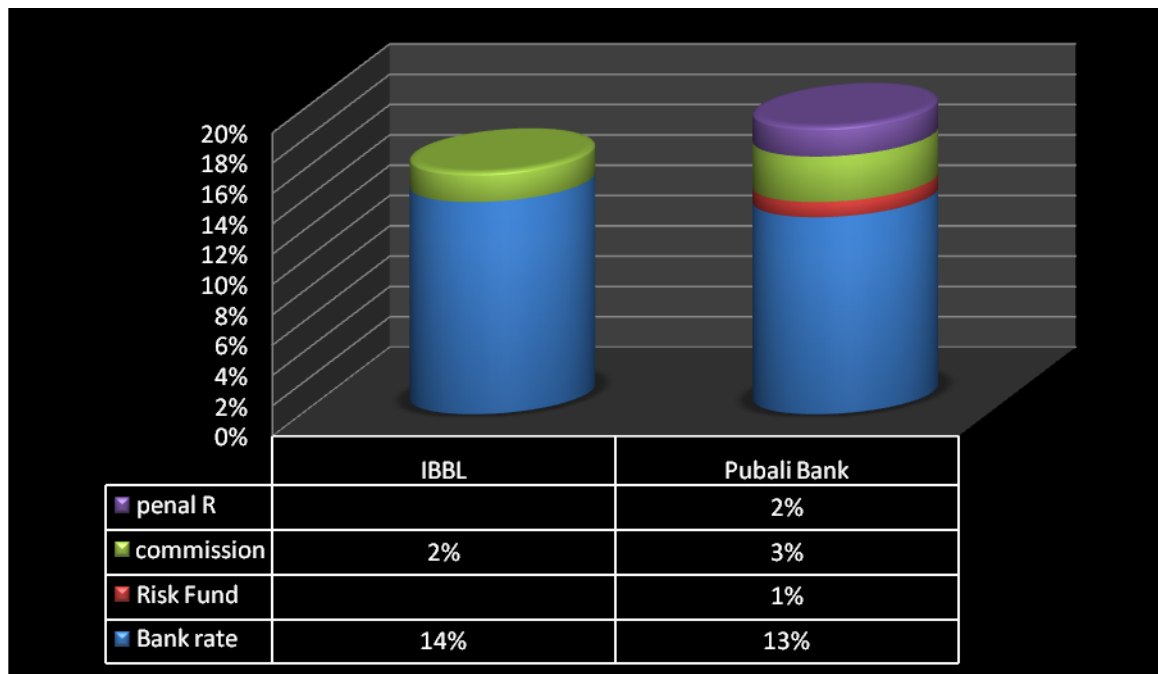
Age limit:

Although Car is a luxuries product and IBBL never promote luxurious life style where most of the people stand below the poverty line in our country nevertheless IBBL render investment to large group of target people starts from 21 years to 65 years age limit who are eagerly needed by the car and fulfill the requirements of IBBL. This attempt increases the scope and trade in terms of money circulation and push up overall economic growth than that of other banks.



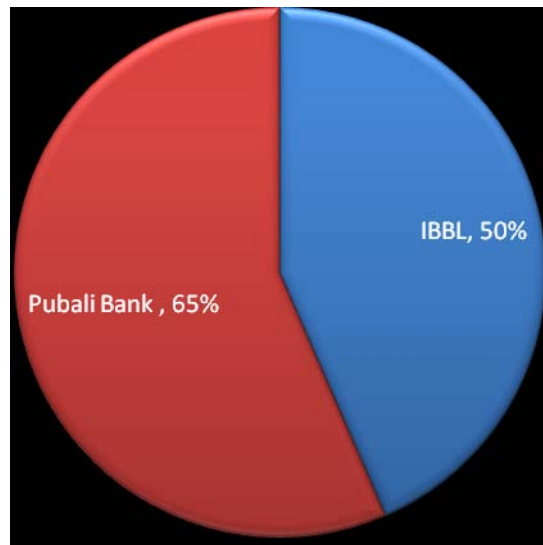
Rate of Return (RR):

According to study we can reach the decision that IBBL use Average Rate of Return Method than Pubali Bank Ltd. This may involve comparing very different types of investments, from stocks and bonds to real estate, commodities and foreign currencies. The average rate of return method is one way for IBBL to learn about their options before deciding to commit money to a particular investment. Although the average rate of return method doesn't account for an investment's risk. Instead it focuses on actual returns, or earnings, from the same investment in the past but only for average RR method many clients like to take investment from IBBL thus IBBL ultimately gain more profit than that of other banks by using Average Rate of Return Method.



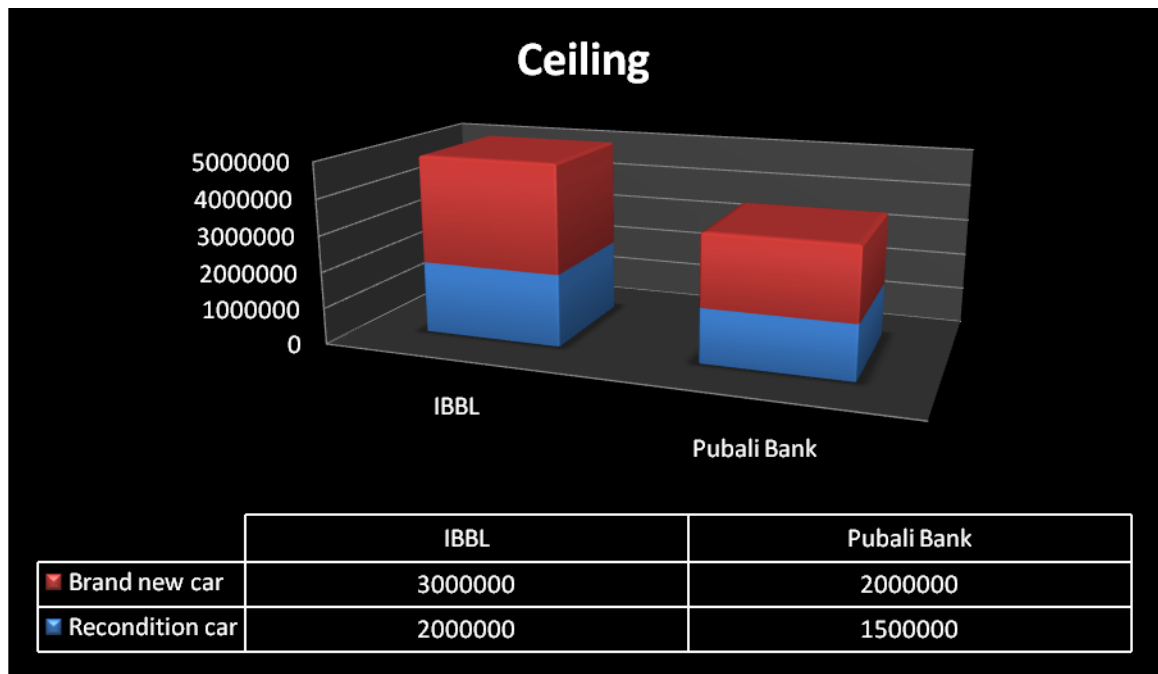
Banks participation on investment:

As because of IBBL is fully Shari'ah based bank and Islamic Shari'ah never allow investment for luxuries. So IBBL would like to make investment only for who are eagerly needed by the car. That is why IBBL invest comparatively low for CIS than that of Pubali Bank Ltd. This is shown as below-



Ceiling:

The maximum level permissible in a financial transaction. Ceiling refers to the highest price, the maximum interest rate, or the largest of some other factor involved in a transaction. So according to the study, high ceiling refers most investment power of IBBL than Pubali Bank Ltd.



Modes of Investment:

IBBL render CIS to the clients HPSM, under this mode Bank may supply implements/ equipment/goods on rental basis. The ownership of the implements/equipment/goods will be with the Bank and the client jointly and the portion of the client will remain to the Bank as mortgage until the closure of the investment account, but the client will be authorized to possess the equipment for certain period. The client, after completion of the installments, will be the owner of the implements/ equipment/goods. Where in case of conventional banking (Pubali Bank Ltd), vehicle is hypothecated to the bank only. So,

IBBL	Pubali bank Ltd.
HPSM (Hire purchase Shirkatul Milk)	Conventional method
Comment: It can be said that, As HPSM is based on Islamic Shari'ah where client has most (70%) interest on vehicle they have interest to made payment remaining 30% investment to gain the full ownership of the vehicle. So this mode is much better and relatively lower risk to be defaulter.	

5.4: HOUSING INVESTMENT SCHEME:

The bank has introduced this scheme to ease the serious housing problem in the urban areas and to make arrangement for comfortable accommodation of the fixed income group such as: officials of the defense services, permanent officials of government, semi government and autonomous organizations, faculty members of the established universities, university college & medical colleges, graduate engineers, doctors and established professionals ,international financial organizations, donor agencies, foreign embassies etc, officials of reputed local public limited companies. At present the most demandable product is housing investment scheme of IBBL.

Calculation of profit rate:

It is calculated by reducing balance method.

Profit rate:

Profit rate of Housing Investment Scheme is 16%.

Procedures for granting investment to the consumers:

- Application form for HPSM.
- Valuation certificate (certificate issued by the bank by investigating the validity of documents/papers providing by the client).
- Inspection report (report about the enquiry of client's property i.e. total cost, floor area, TIN).
- TIN certificate by the National Revenue Board (NRB).
- Statement of monthly Income & Expenditure.
- Written agreement.
- Family bio-data.

Step against defaulter:

1. Call the defaulter
2. Give the final notice after letter issue
3. Cancellation of the agreement
4. Legal notice through lawyer
5. On 31 days the bank files case against the defaulter
6. Under the economic court law, bank has been permitted to sell the mortgage property of defaulter

Difference between Islami bank and conventional bank on the basis of housing investment scheme:

To show the difference between Islami bank and conventional bank on the basis of house investment scheme we have chosen Pubali bank as the conventional bank. The differences are shown below.

	Islami Bank	Pubali Bank
1.Purpose	Social welfare	To purchase a flat for residential purpose.
2.Nationality	In case of NRB local guardian and income information of the person/client is needed.	In case of NRB legal opinion to be obtained as regard eligibility of the loan.
3.Minimum Income	Credit worthiness of the client is needed	Monthly net income must be two times of installment.
4.Security	a) Registered mortgage of the flat. b)personal guarantee Of spouse/father.	a)Registered mortgage of the flat b) Personal guarantee of a respectable man acceptable to the bank. c) Postdated cheque for full loan value including full interest to be in advance. d) One undated cheque for full loan value including full interest to be taken in advance.
6. profit Rate/interest rate	16%	Bank interest-14% Agent commission-1%
7.Panal profit rate/Interest rate	No panel rate	Penal interest shall be charged @ 2% over the normal rate the defaulted installments.
8.Disbursement Mode	Hire Purchase under Shirkatul Melk.	Disbursement will be made through demand draft order directly to the seller/developer.

5.5: Competitive Strategy:

IBBL does not follow any specific strategy to beat their competitors because they believe by applying the rules & conduct of Islamic Shari'ah completely they will hold their no.1 position in Banking Industry. So what they do is just trying to implement the rules of Shari'ah with their utmost sincerity.

5.6: Bargaining power:

The consumers cannot bargain about the rules of Shari'ah and the rate of return. It will be fixed by the bank and they have to accept it. But they have bargaining power on the disbursement amount, time of repayment, and penal interest rate. After sanctioning the investment, the consumer can take the sanctioned investment amount in installments in different time. The consumers can increase their time of payment through bargaining with the bank officers. After the repayment of total overdue investment amount the consumer can apply for the withdrawal of the penal interest amount to the head office of the bank.

Chapter – 6

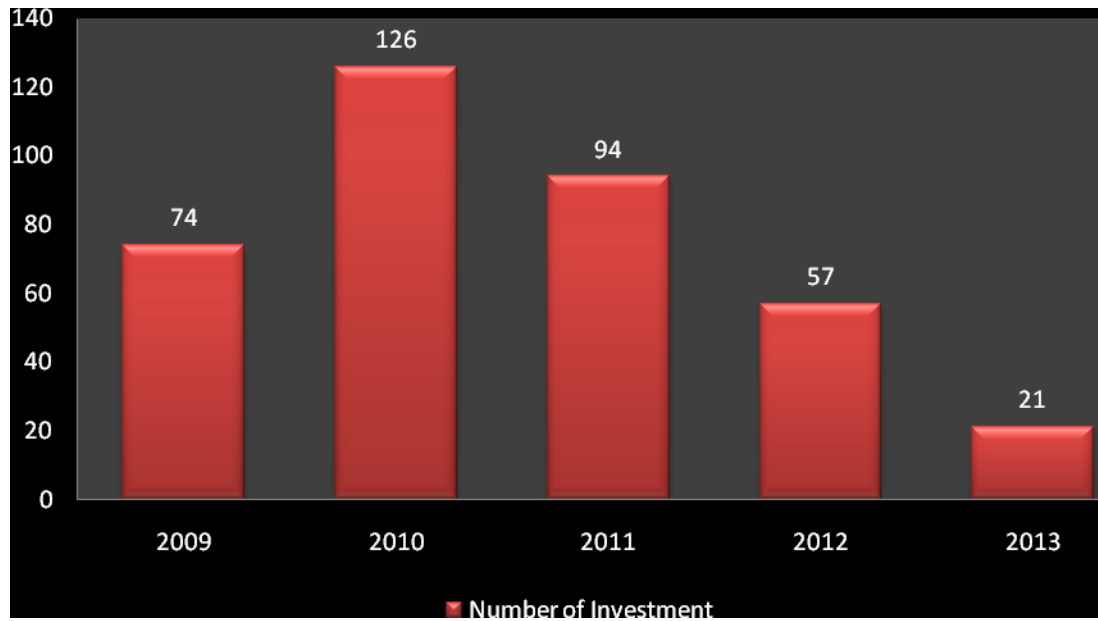
Financial Analysis

6.1: Household Durable Scheme (HDS):

Items	2009	2010	2011	2012	2013
No. of investments	74	126	94	57	21
*Amount of investment	1.67	1.54	3.31	1.91	0.88
*Total amount of recovery	4.17	2.86	3.38	4.05	2.74
*Total amount Outstanding	1.60	1.53	3.30	1.90	1.05
*Profit	0.34	0.25	0.54	0.30	0.30

*Fig. in million

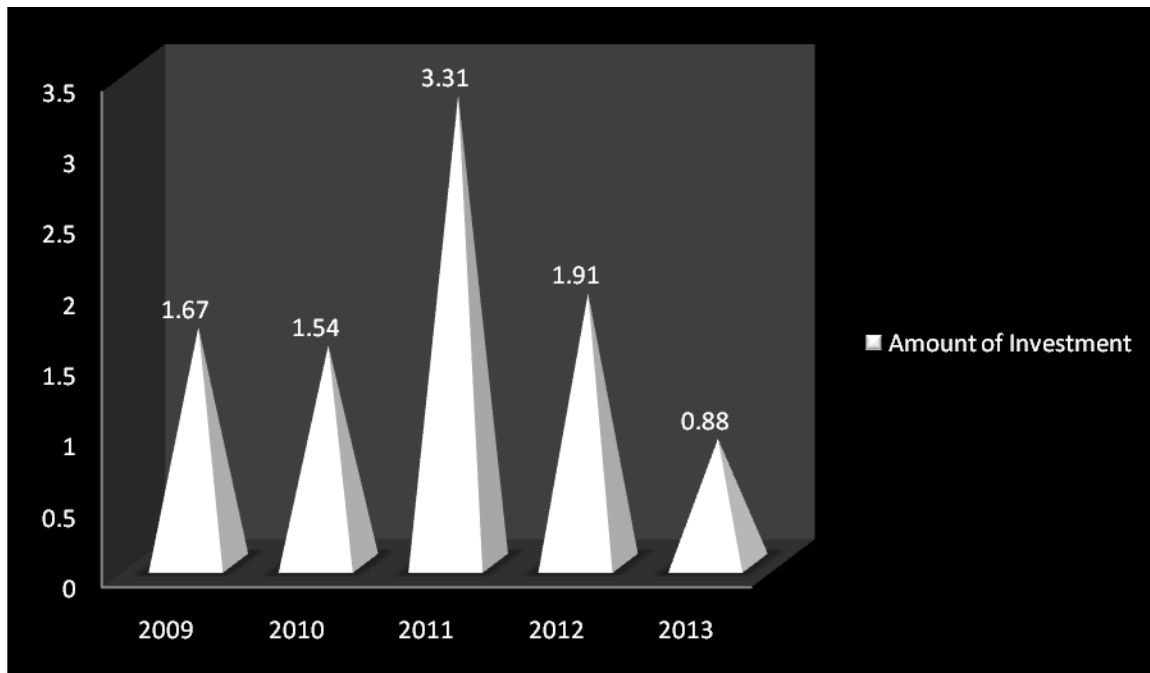
Number of investment:



Comment:

To identify the trend of the number of HDS investment we show a graphical presentation in which we can see that after 2010 the number of HDS investment has a decreasing trend and in 2013 it is very low. It is because of the circular of the Bangladesh bank where it made the investment ratio in to 30:70.

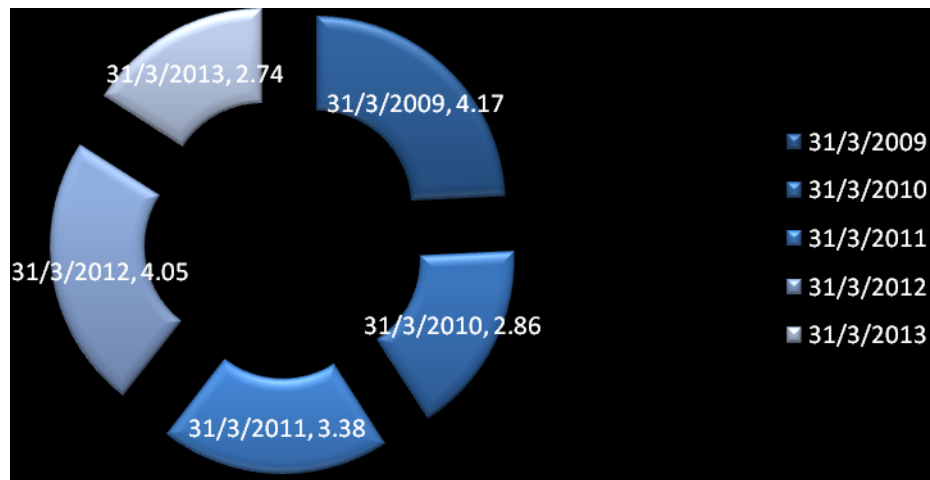
Amount of Investment:



Comment:

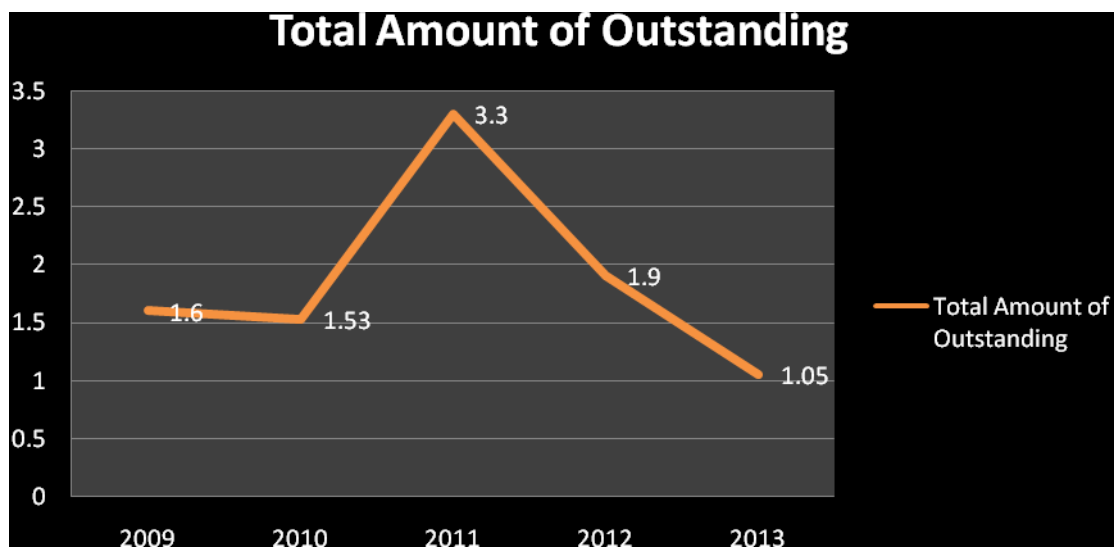
To identify the HDS investment position of IBBL we show the graphical representation from 2009 to 2013. Here we can see HDS investment is gradually decreasing after 2011. It is because of the circular from Bangladesh bank in which it is mentioned that the bank will provide only 30% of the total price of the product and the consumer has to pay the rest 70%. Another reason of the decreasing trend of investment is bank follows the rules of Islam and Shari'ah where the luxurious lifestyle is strongly discouraged.

Total amount of Recovery:



Comment: In this graphical presentation we can see that the recovery of the HDS investment amount is highest in 2009 (4.17 million) but it decreased in 2013 (2.74 million).

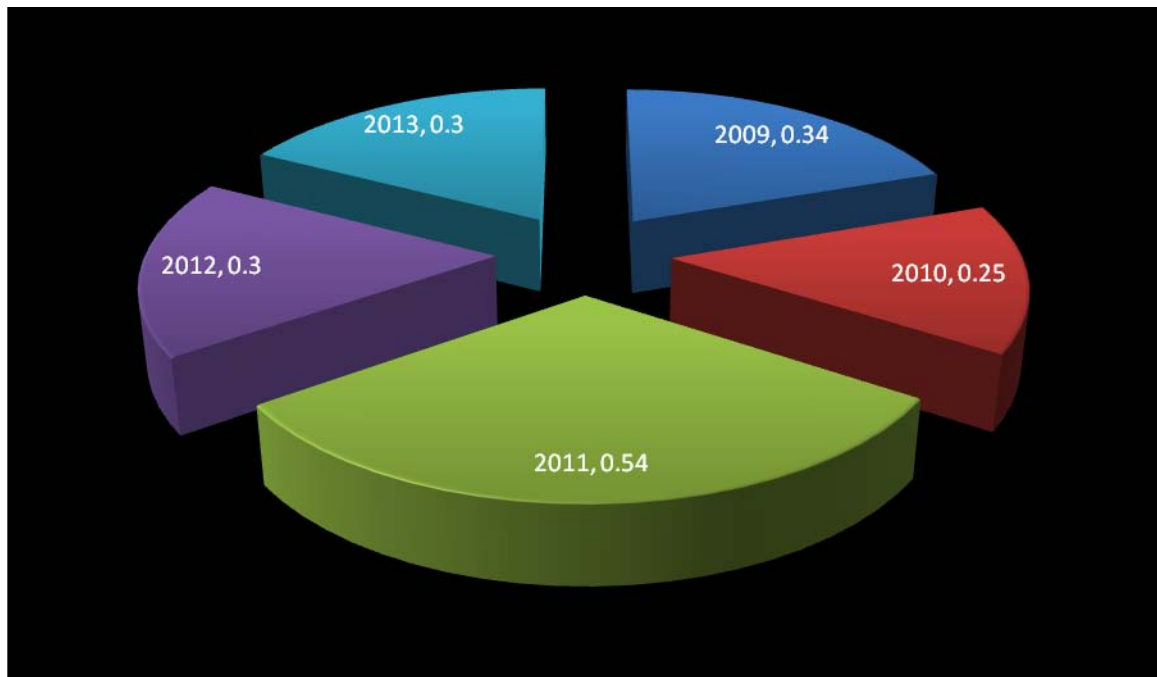
Total amount Outstanding:



Comment:

In the above graphical presentation we can see that in 2011 the total amount of outstanding of the HDS investment is the highest which is 3.30 million. It gradually decreased to 1.05 million in 2013.

Total Profit:



Comment:

From the above graphical presentation we can see that the collection of profit is highest in 2011 (0.54 million) which decreased and stayed in a steady level in 2012-2013 (0.30 million).

OVER ALL INTERPRETATION ABOUT HOUSEHOLD DURABLE SCHEME:

From the above analysis we can see that, though because of the government circular about the bank's participation ratio (30% bank & 70% client) the number of client, amount of investment decreased but the profit is in a steady position in last two years. It is a good sign, and by proper promotional activities investment in this sector can be increased.

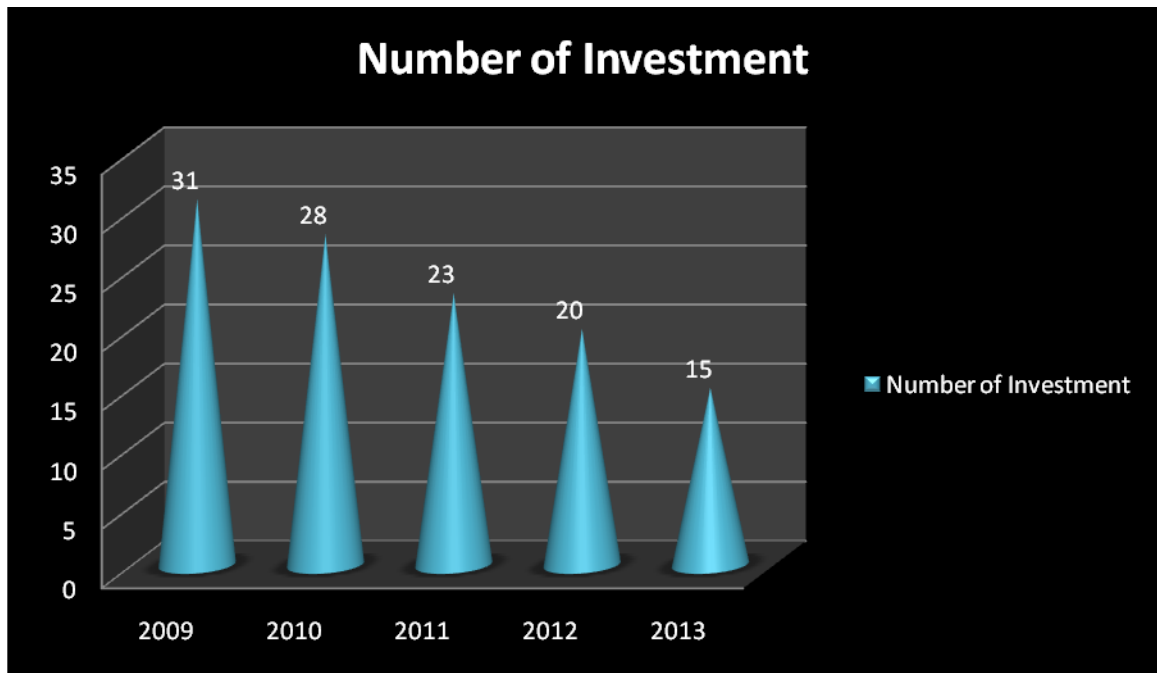
6.2: 5 years comparative Financial Analysis of Car Investment Scheme (CIS):

Figure in Million

Presentation of CIS(Car Investment Scheme) Yearly (2009-2013)

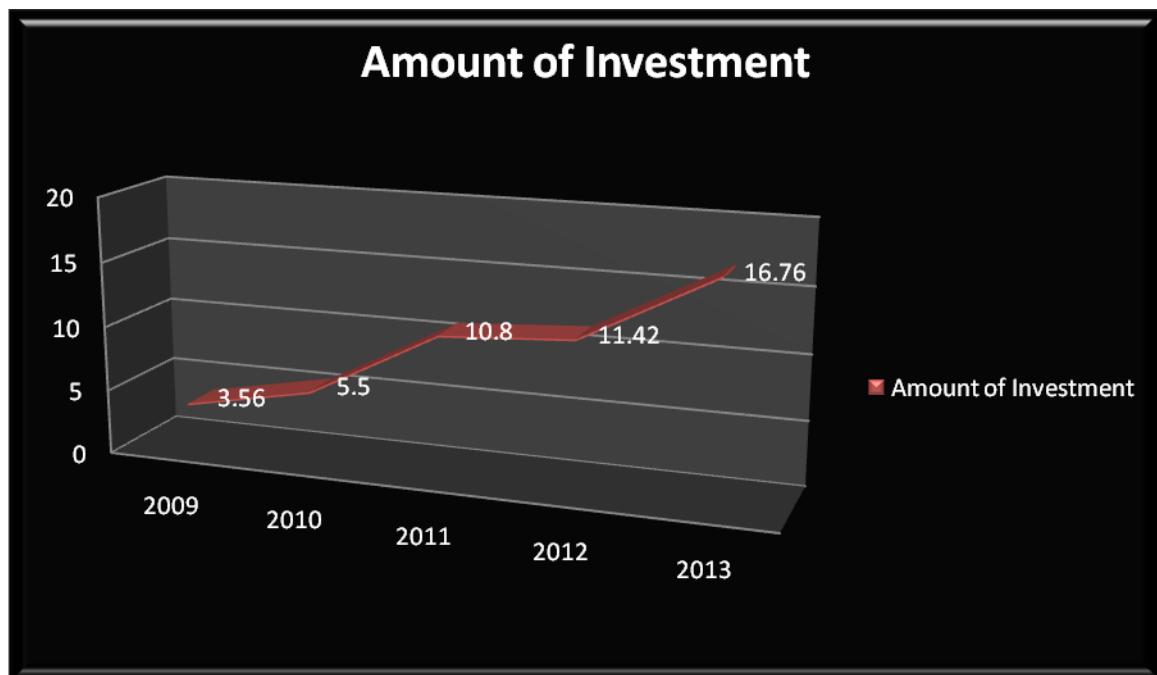
ITEMS	2009	2010	2011	2012	2013
Number of Investment	31	28	23	20	15
Amount of Investment	3.56	5.50	10.80	11.42	16.76
Recovery	2.75	4.50	8.38	7.07	7.90
Outstanding	3.56	5.50	10.80	11.42	6.76
Profit	0.28	0.40	0.63	1.00	1.00

Number of Investment



Comment: To identify number of investment of CIS from 2009 to 2013, it is found that investment is declining year by year as because of BB's command of 70:30 (Client : Bank) investment policy. So it can be said that the clients who are able to provide 70% investment to purchase a car, can also provide rest 30%. That why investment is decreasing gradually.

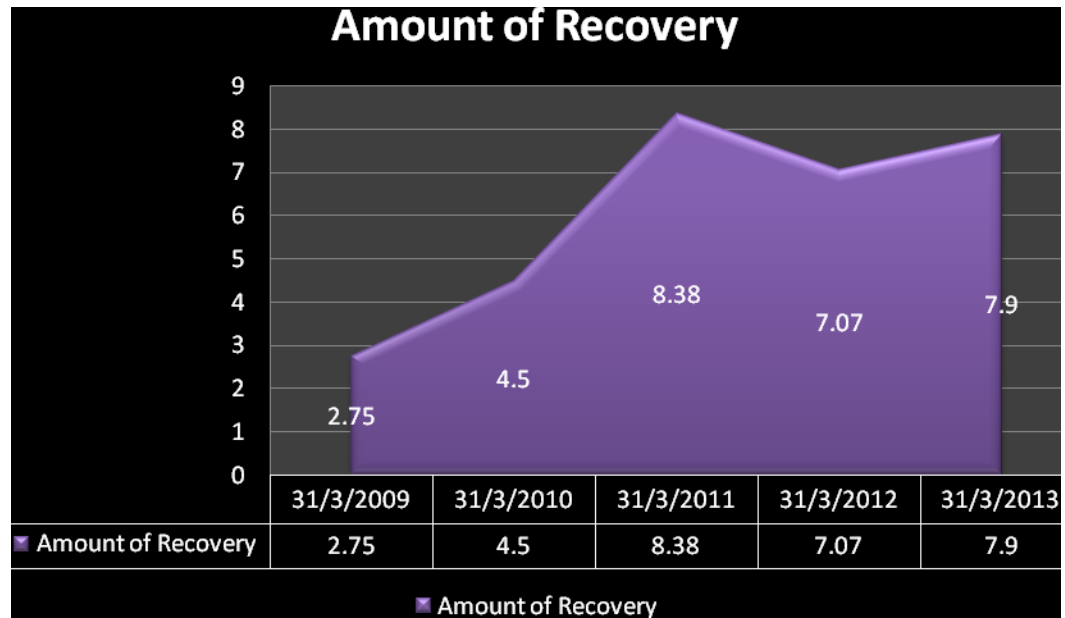
Amount of Investment:



Comment:

According to the graph of amounts of investment, represents , its growing from 2009 to 2013 very rapidly whether number of investment is decreasing due to changing and advanced life style , escalating demand of luxurious products as well as increasing amount of per head income.

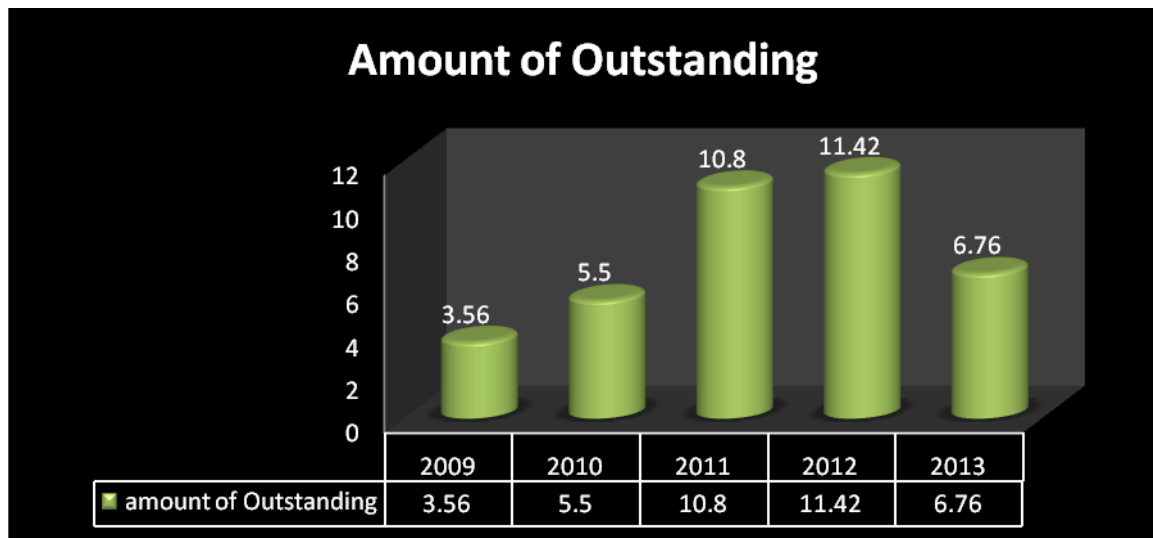
Amount of recovery:



Comment:

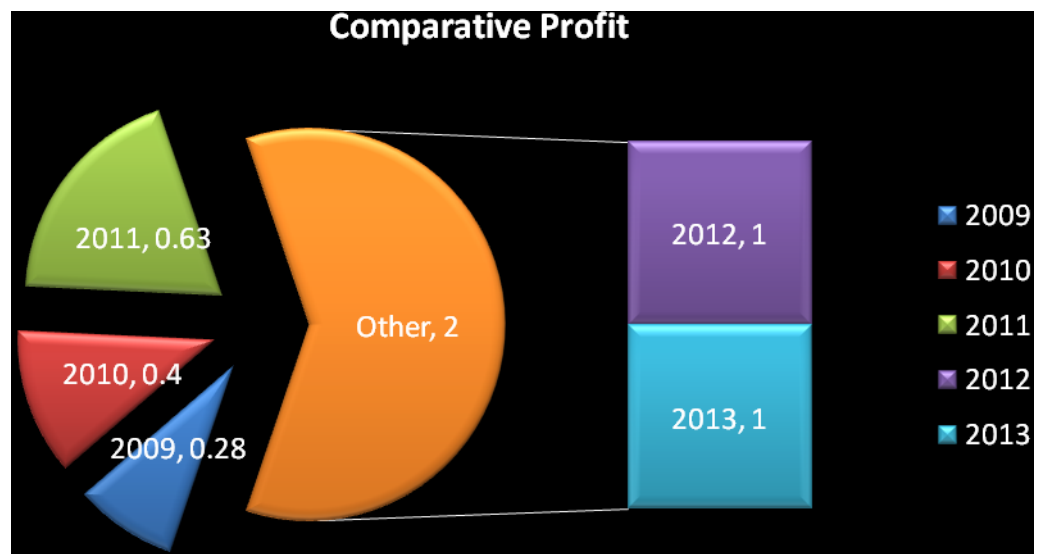
To discover the of IBBL's CIS recovery position, from above graphical presentation, it can be mention that IBBL's CIS recovery has increased from 2009 to 2011 but it has decreased in 2012 and again increased at 2013. It is because of economic ups and downs including share market fall, global issues etc.

Amount of Outstanding:



Comment: Above graphical outstanding presentation shows that IBBL can more recover outstanding at 2013 than that of 2011 & 2012. It means overall growth of IBBL.

Comparative Profit:



Comment: Profit is rapidly increasing from 2009 to 2013 approximately 0.72 million taka.

OVER ALL INTERPRETATION ABOUT CAR INVESTMENT SCHEME:

From the above analysis we can see that, though because of the government circular about the bank's participation ratio (30% bank & 70% client) the number of client decreased but amount of investment, profit and recovery increased. So we can say that IBBL has a good opportunity in Car Investment Scheme and they should invest more in this area.

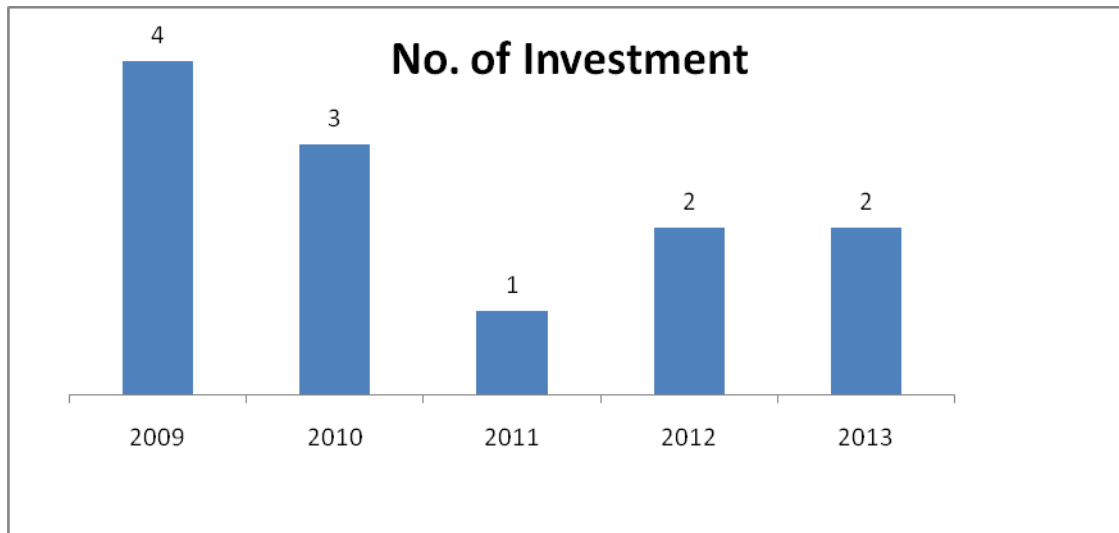
6.3: 5 years performance of other schemes under consumer investment:

Year Items	2009	2010	2011	2012	2013
No. of Investment	4	3	1	2	2
Amount of Investment	0.45	0.60	0.30	0.12	0.15
Profit	0.06	0.09	0.04	0.10	0.02
Recovery	1.22	0.81	0.82	1.31	0.75
Outstanding	0.41	3.28	0.18	0.81	0.05

Figure in Million

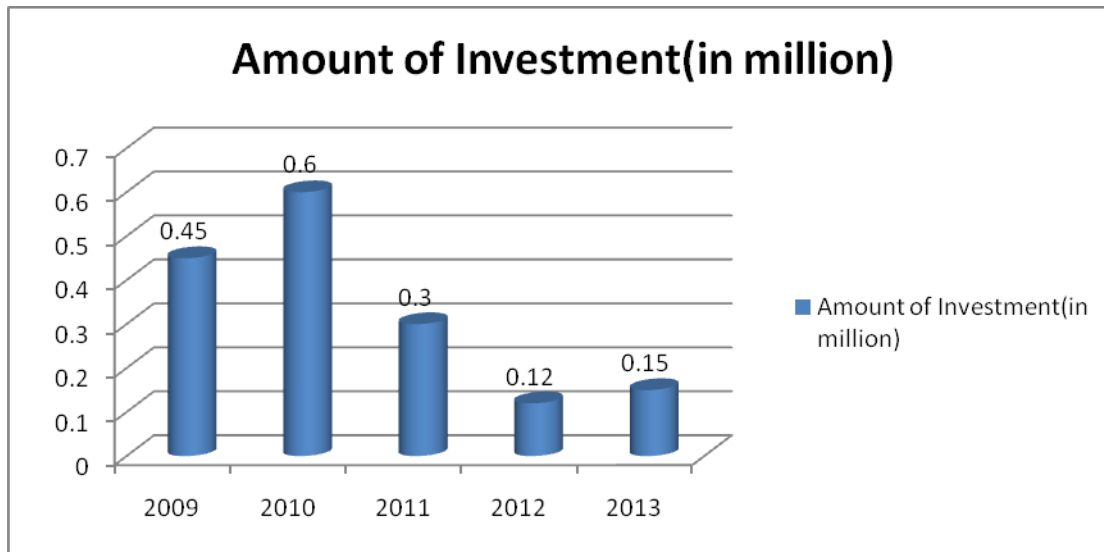
Graphical presentation of 5 years performance of consumer investment:

No. Investment:



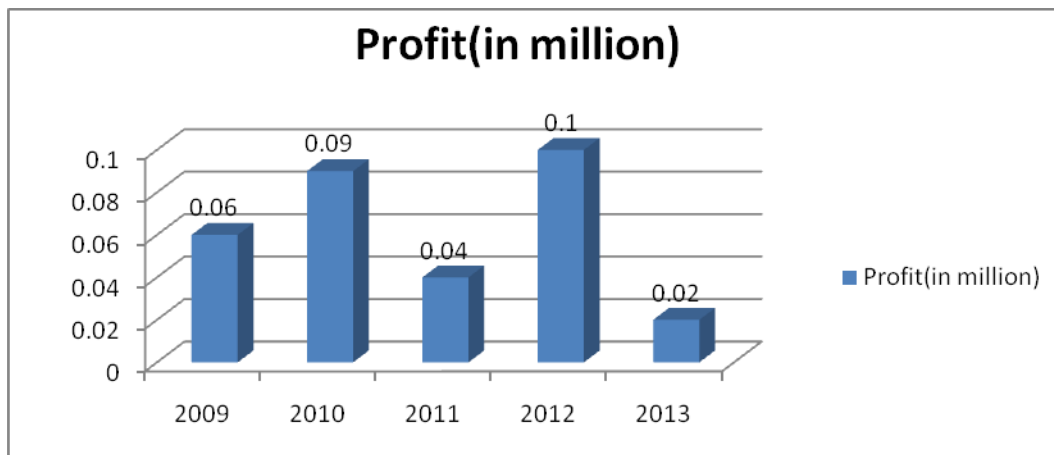
Comments: Number of Investment is higher in 2013 than 2011 but lower than 2010 & 2009

Amount of Investment:



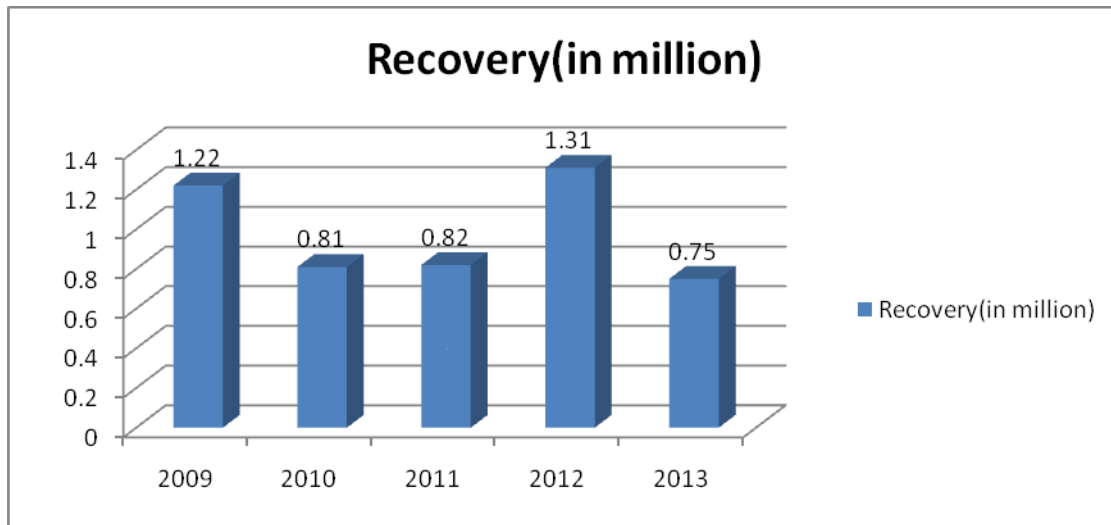
Comments: Investment amount in 2013 is little bit higher than 2012 but lower than 2011, 2010, and 2009.

Profit:



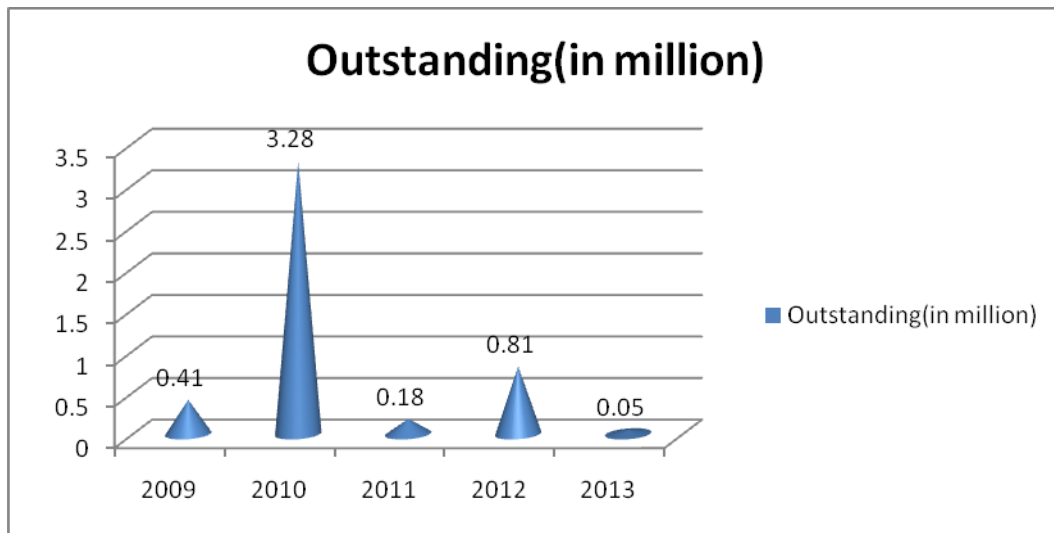
Comments: Profit in 2013 is lower than previous years. So we may say that profit is decreased.

Recovery:



Comments: The amount of recovery in 2013 is very low than previous years.

Outstanding:



Comments: The outstanding amount is low than previous years. So this implies a positive sign for the bank's financial performance.

OVER ALL INTERPRETATION ABOUT OTTHER SCHEMES:

From above analysis we can see that for last two years the no. of investment is stable but amount of investment increased which is a positive sign. Due to some ineffective schemes the trend of profit decreasing. Therefore they should eradicate those unproductive sectors and promote the profitable ones.

Chapter – 7

Prospective Analysis

7.1: Concept of Future Analysis:

Islami Bank Bangladesh Limited is a Joint Venture Public Limited Company engaged in commercial banking business based on Islamic Shari'ah having largest branch network among the private sector Banks in Bangladesh for pursuing a welfare oriented banking system and also ensure equity and justice in the field of all economic activities, achieve balanced growth and equitable development in through diversified investment operations particularly in the priority sectors and less developed areas of the country. They always try to keep themselves at highest position among the competitors whether it is established or new comer in the banking industry. Nevertheless, as IBBL based on Islamic Shari'ah, they cannot promote/practice those policies which are forbidden by Islamic Shari'ah. According to our report topic, most of the consumer investment schemes are kind of luxurious items which are discouraged in Islam. So IBBL try to discourage CIS, but at the same time, they promote & appreciate RDS & URDS to encourage socio-economic upliftment and financial services to the less-income community particularly in the rural areas.

All of the information regarding RDS & URDS is presented below through theoretical and graphical representation.

7.2: RDS

Rural Development Scheme (RDS) was introduced in 1995 to meet investment need of agriculture and rural sector and create opportunity for employment graduation and raise income of rural poor to alleviate poverty. So far out of 276 branches, 197 carry out RDS activities in 61 districts of the country.

7.3: UPDS:

The Bank launched another micro-investment scheme for urban poor in 2012 in the name of “Urban Poor Development Scheme (UPDS)” on pilot basis under its 10 branches.

These two schemes enable IBBL to achieve financial inclusion of poor women of rural & urban areas.

The investment position of RDS & UPDS from 2008 to 2012 is presented below-

SL.	Particulars	2008	2009	2010	2011	2012
01	MI Investment	2522.79	2671.29	3186.8	4234.18	6035.62
02	ME Investment	488.93	1080.91	1923.77	2837.85	4357.54
03	Total	3011.72	3752.20	5110.05	7072.03	10393.16
04	% of MEIS Investment	16	29	38	40	42

Under both RDS & UPDS, three types of investment facilities are provided to the beneficiaries namely a) Micro-investment (Collateral-free investment maximum tk. 50,000/- provided to the poor in different income generating activities); (b) Micro-enterprise Investment (collateralized investment maximum tk. 300,000/- provided to the graduated and other micro-clients and (c) Quard Program (cost-free loan maximum tk. 10,000/- provided to the distressed & hardcore poor for rehabilitation and water & sanitation.

Social Safety –net (welfare Activities) Program under RDS:

As poverty alleviation needs a combination of financial and non-financial programs, different welfare services are conducted under RDS in the area of

- 1) Education
- 2) Training
- 3) Health
- 4) Relief & Rehabilitation
- 5) Environment.

In this respect a welfare Fund has been developed by segregating 1% profit against RDS investment. An amount of Tk. 82.98 million has so far been spent for social safety-net programs under RDS during the year 2012.

In view of the above, Branches of the Bank have been encouraged to invest their deposits in their respective areas and in particular for the economic uplift of the rural people.

Chapter – 8

FINDINGS AND RECOMENDATIONS

8.1: Findings:

Here we applied the SWOT Analysis of Consumer Investment & Services.

Strength:

- Process of giving investment is good.
- Amount of investment in Car Investment Scheme is increased by 13.2 million.
- Recovery power of Car investment is increasing with satisfactory level.
- In case of HBIS the rate of return is comparatively low than its competitors & installment system is easier.
- Amount of outstanding in HDS & HBIS is decreased than previous years which are a good sign.
- Profit is increased to 1million in Car Investment in 2013.

Weakness:

- Amount of outstanding in Car investment is increasing gradually as amount of investment is increasing.
- The number of HDS & car investment is decreased in 2013 because of the circular of the Bangladesh Bank where it made the investment ratio into 30:70.
- Amount of profit is decreased in HDS & HBIS than previous years.
- No specific competitive or promotional strategy.

Opportunity:

- Since they give less return on deposit they may take less return on investment. It will help them to increase the number of investment.
- Rules & procedures are very restricted. So they may make them a little bit flexible to encourage their customers in taking consumer investment from them.
- They should do the further inspection before & after giving the investment more sincerely to avoid outstanding investment which would lead them to the profit.

Threat:

- Bangladesh Bank may introduce new policy or give new circular on Consumer Investment any time which can negatively affect IBBL's Consumer Investment.
- Conventional banks may apply flexible rules & give more return on Consumer Investment to attract more customers which may affect the business policy of IBBL's Consumer Investment.

- Other Islami Banks may defame Islamic Banking if they violate any sort of Shari'ah rules in their practical application of banking activities whether it is about Consumer Investment or others.

8.2: Recommendation:

- Strict Rules & procedures can be made a little bit flexible to encourage the customers for taking consumer investment from them.
- The bank does not follow any marketing strategy, but in this competitive and new era this bank need to follow marketing strategy to attract more customers.
- This bank should introduce more promotional and motivational program for the clients on Islami banking.
- As the amount of car investment outstanding increasing IBBL should give proper training to its employees to make them efficient in recovery of the investment.
- As the amount of profit of HDS is in a steady position so they can promote this sector by introducing a special rate for student.
- The bank should open more ATM booths.
- The bank should make aware the clients about its internet banking and also update their I-banking system.

8.3: Conclusion:

Islam is a complete code of life where the detailed regulation for maintaining a proper economic life is given. Therefore Islami Bank Bangladesh Ltd. (IBBL) is trying to establish the maximum welfare of the society by maintaining the principles of Islamic Shari'ah which is based on Quran and Sunnah. Both Islam and Bangladesh bank discouraged luxurious lifestyle. Therefore, in terms of consumer investment IBBL also discourages luxurious lifestyle, and always tries to give investment only to those consumers who really need it. As a result, at a time it reduces the extensive usage of luxurious products and also upgrades the lifestyle of society by serving the deserved people.

Islami Bank Bangladesh Ltd. is the pioneer of the welfare activities in Bangladesh. It is emphasize equally in developing the rural areas of the country. The special feature of the Investment Policy of the Bank is to invest on the basis of profit-loss sharing system in accordance with the tenets and principles of Islamic Shari'ah. Earning of profit is not the only

motive and objective of the Bank's Investment Policy rather emphasis is given in attaining social goal and objective in creating employment opportunities.

Having been considered the pro-efficiency character of Islamic banking and its beneficial impacts on the economy, government policy in Muslim countries should be in favor of transforming conventional banking system into Islamic banking.

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APENDIX:

1.

❖ Questionnaires:

1. What is the profit rate of IBBL for consumer investment?
2. How it is calculated?
3. Is it calculated on total amount invested?
4. Is the rate differs according to the scheme? If yes, how the banks calculate/decide the rate for house hold scheme?
5. How much profit rate increase or decrease through bargaining power of both IBBL and clients in case of house hold scheme?
6. What is the highest range of house hold scheme?
7. Total procedures of rendering house hold scheme? What kinds of documents are needed?
8. Contribution rate of IBBL on total economic growth through house hold scheme?
9. Which product is most demandable in house hold scheme?
10. What is the default rate of this scheme?
11. What kinds of initiatives are taken by IBBL in case of default?
12. Does IBBL hold any mortgage for rendering house hold scheme?
13. Profitability of IBBL regarding consumer investment.
14. What percent of profitability covered by house hold scheme of total consumer investment?
15. Is there any planning of future development to increase profitability? If so, what's the process?
16. Why the consumers prefer IBBL instead of other banks?
17. Which strategy that IBBL follow against the current competitors?
18. What are the threats that arise from new entrance in the banking sector for IBBL?

2.

❖ Questionnaire for consumers

1. Sir for which product / property you would like to take?
2. Why you take this Investment?
3. Why you choose IBBL than that of other banks?
4. What are the exclusive or prime benefits enjoyed by you for choosing IBBL than that of other's?
5. What are your suggestions for IBBL's consumer investment :
 - a. Rate of Return

- b. Time period
 - c. Opportunities
 - d. Others
6. What are the limitations of Consumer investment?
7. Sir, why you are interested to take consumer investment yet where Bangladesh Bank place order to provide only 30% investment in case of consumer credit?

3. **Bai-Muajjal**

In this Bank, Bai-Muajjal is treated as a contract between the Bank and the Client under which the Bank sells the goods, purchased as per order and specification of the Client, to the client at an agreed price payable at any fixed future date in lump sum or within a fixed period by fixed installments. Thus it is a Credit sale of goods by which ownership of the goods is transferred by the Bank to the Client but the payment of sale price by the Client is deferred for a fixed period.

Therefore, purchase of goods by the Bank should be for and on behalf of the Bank and the payment of price of goods by the Bank must be made for and on behalf of the Bank. If in any way the payment of price of goods is turned into a payment for and on behalf of the Client or it is paid to the Client, any excess on it will be Riba.

4. **Hire Purchase under Shirkatul Meelk(HPSM)**

Under this mode Bank may supply implements/ equipment/goods on rental basis. The ownership of the implements/equipment/goods will be with the Bank and the client jointly and the portion of the client will remain to the Bank as mortgage until the closure of the investment account, but the client will be authorized to possess the equipment for certain period. The client, after completion of the installments, will be the owner of the implements/ equipment/goods.