

Report On  
**Investment Management & Recovery Process of Social Islami  
Bank Limited. A report on the corporate branch of  
Brahmanbaria**

Submitted By

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

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## **Declaration**

It is hereby declared that

1. The internship report submitted is my own original work while completing degree at BRAC University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I have acknowledged all main sources of help.

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

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

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**Mr. Mahmudul Haq**

Associate Professor, BRAC Business School

BRAC University

## Letter of Transmittal

Mr. Mahmudul Haq  
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BRAC University  
66 Mohakhali, Dhaka-1212

**Subject:** Internship report submission on the topic, “Investment Management & Recovery Process of Social Islami Bank Limited. A report on the corporate branch of Brahmanbaria.”

Sir,

With all due respect, I am pleased and honored to inform you about the submission of my internship report on “Investment Management & Recovery Process of Social Islami Bank Limited. A report on the corporate branch of Brahmanbaria.”, as per the requirements of the course BUS 400.

This report reflects on all the general and practical knowledge that I have gained during the 3 months period of my appointment as an intern in Social Islami Bank Limited, Brahmanbaria. These 12 weeks of my internship has helped me to understand the work process in a corporate bank branch through personal involvement in various duties that I was assigned. I would also like to state that maximum effort has been given from my end upon completing and organizing this report within the given time frame of submission.

I therefore hope and pray that, this report meets the expectations according to yours and the academic’s guidelines and I pray that you find this report satisfactory for your acceptance.

Sincerely yours,

---

MD.AL-RAZI

Student ID: 18304130

BRAC Business School

BRAC University

Date: 23<sup>rd</sup> October, 2022

**Non-Disclosure Agreement**

This agreement is made and entered into by and between Social Islami Bank Limited Brahmanbaria and between the undersigned student at BRAC University, MD.AL-RAZI of avoiding and not including any kind of confidential data of the organization.

## **Acknowledgement**

This report “Investment Management & Recovery Process of Social Islami Bank Limited. A report on the corporate branch of Brahmanbaria.” was only possible to create because of all the help and support I received during my internship period.

To begin with, I would like to express my gratitude to the almighty god who blessed me with health and strength to continue with my work. I would also like to convey my gratitude to my honorable internship supervisor Mr. Mahmudul Haque. Without his proper guidance and direction this report would not have been possible to complete. His humble presence helped me to shape this report according to BRAC University standard.

I would also like to take this moment and express my hearty gratitude to the branch manager Abdul Mokles Bhuiyan (AVP & Manager) who helped me and guided me with care during the 3 months of my internship. I would also like to thank the officers and other employees for their support and necessary co-operation for creating this report.

Lastly, I would like to thank the Office of Career Services and Alumni Relations (OCSAR) for all the constant guidance and updates about the internship program as well as responding to any queries regarding the internship program.

## **Executive Summary**

This report reflects on the 3 months that I spent working as an intern in Social Islami Bank Limited as a requirement of the completion of the course BUS 400. I had my posting in the corporate branch of Brahmanbaria where I tried to perform the various duties assigned to me.

The report is divided and structured into chapters where each chapter will cover a specific topic of discussion. The first chapter will highlight the internship report it's self where I will talk about the background of the report, methodology of research, limitations of the report etc. The second chapter will provide an overview of the banking sector in Bangladesh as well as provide detailed information about the assigned organization Social Islami Bank Limited. Moreover, the report will also highlight the financial state and the performance of Social Islami Bank Limited through analyzing the financial records of the branch. The third chapter will focus on the project. As the topic suggests, the report will have significant emphasis on the investment management and recovery System of social Islami Bank Limited. This report will provide a detailed information about the operations of the investment and investment department of the branch as well as highlight the investment recovery process in time of credit defaults. The report will highlight the effectiveness of the branch in investment disbursement and recovery through financial record analysis and graphical comparisons. Moreover, this chapter will also highlight investment pricings and credit worthiness of customers. The fourth chapter will focus on the duties I performed as an intern in the organization. This chapter will reflect on the on-field experiences. The last chapter will contain recommendations and conclusion.

For a branch to be profitable it is important for the bank officials to make sure that the investment disbursement and recovery process is working effectively to avoid credit defaults. Having that in mind, the goal of this report is to find out whether the investment management operations are effective enough to ensure proper investment disbursement and recovery of the credit in the corporate branch of Brahmanabria.

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## Chapter 1 - Overview of the report



## **1.1 - Background of the report**

In recent years, the economy of Bangladesh has seen a rapid growth. Bangladesh had the fastest growing GDP compared to other countries country in South Asia prior to the Covid-19 pandemic. According to the World Bank, before the Covid-19 pandemic in 2019 Bangladesh saw a GDP growth rate of 8.2% which was more than twice the number compared to our neighbor country India had. Not only that, during the pandemic Bangladesh saw a steady economic growth of 2.4% where India had negative figures (World Bank, 2020). The figures highlight the expanding economic expansion of Bangladesh.

One of the key aspects of this economic growth is the contribution of entrepreneurs working in different sectors in Bangladesh. These individual entrepreneurs accumulate up to 25% of the total GDP in Bangladesh. Moreover, about 80% of total industrial jobs in Bangladesh is provided through the small and medium entrepreneurs. However, for the expansion of any business availability of funds is required. This presents a ripe opportunity for commercial banks to provide investments in this area aligned with the government rules and regulations as well as the bank policies.

This report is conducted as a requirement for the fulfillment of BBA program as well as gain experience about the investment management and recovery process of the assigned branch, I will try to highlight the operations of SIBL Brahmanbaria Corporate Branch with special focus on the investment disbursement and recovery operations of the bank. This report was possible to create under the supervision of my BUS 400 course supervisor MR. Mahmudul Haque, professor in BRAC Business School, BRAC University and the supervision of the branch manager, Abdul Mokles Bhuiyan (AVP).

## **1.2 - Origin of the report**

The existence of this report is to meet the requirements for the fulfillment of the internship program as well as the completion of my Bachelor of Business Administration degree. I was assigned in an internship program of 3month in Social Islami Bank Brahmanbaria Branch where I gained first-hand experience working in an organization. As instructed by the supervisor it was required of me to make a report based on a topic that reflects my learnings and understandings of various banking activities of the branch. This report will be evaluated by both the supervisor of my university and the organization.

## **1.3 - Report Objective**

As John Baldoni once said, work without a proper purpose is meaningless and a waste of time. Without a proper objective no study is complete. Likewise, this internship report also serves some important purpose.

### **1.3.1 - Main Objective**

The first and main objective of this report is to reflect how I have effectively related my academic knowledge with practical implementations in different activities of the organization. Another equally important objective of this report is to be presented and submitted to the university supervisor where I will be graded based on the quality of this report. Furthermore, this report will visualize the working experience I gained during these 3 months of the internship program in SIBL.

### **1.3.2 - Project Objective**

This report also serves the objective of visualizing my project on Investment Management & Recovery process of Social Islami Bank Limited where I will discuss about,

- The different types of investment services offered in the bank.
- The requirements or criteria of an investment eligible business.
- The terms and conditions of investment disbursement.
- The process of investment approval and disbursement.
- The procedures to recover disbursed investments.
- Find out the success rate of SIBL by analyzing the financial reports.
- Provide recommendations to improve the Investment Management of SIBL.

## **1.4 - Data Collection**

The data used to complete this report has been generated from primary sources as well the secondary sources.

### **1.4.1 - Primary Sources**

I acquired primary knowledge about the different aspects of this report through direct discussion with the officers of the branch. Moreover, the working experience as an intern also provided some valuable insights to the report where I learned about the credit policies and recovery system of SIBL under the credit department. This also allowed me to observe different materials under the supervision of the officer.

### **1.4.2 - Secondary Sources**

The secondary sources have been generated by collecting the annual reports as well as the financial statements of SIBL. Moreover, academic literatures also provided valuable insights to the report completion. Lastly, I took help from different websites to collect required data.

## **1.5 - Scope of Study**

As SIBL is a rapidly growing bank with many departments of operation. As an internee and with limited time it is impossible for me to gain data and make a report on the sectors. This report is made focusing only on the investment of SIBL in SME sector. So, there is room for more improvements on the report that can benefit the organization.

- As the report is based on the whole organization data. The bank can make report on specific branches. It will help the bank to understand which branch is more effective in SME sector and then specialize on that branch.
- The bank can study on the individual departments at a greater extent to find out the strength of each branch.
- This report is only focused on the SME sector. So, there is scope for further study on fields that the report has not covered such as deposit schemes performance, effects of introducing special schemes etc.

## **1.6 - Limitations of the Report**

One of the simplest rules of this endless universe is that nothing is perfect. This statement from the well acclaimed physicist, Stephen Hawking tells us that there is always room for perfecting the imperfect. And like every other work this report also suffers due to some limitations. Some of the limitations have been mentioned below.

- ✘ - The first limitation I faced is working in a tight submission window. Because of this, the scale of the report had to be limited to juts on the SME sector.

⊗ - Limited access to confidential data was a major limitation. I could not use company internal data such as the financial state of the branch, employee performance report, branch performance report in investment etc. All the data used in this report is generated from the financial statement released for shareholders use.

⊗ -The information regarding investment department was not gathered in a structured way because of the limited time.

⊗ - Company internal data such as branch specific data was restricted to be used to avoid leakage of sensitive information to competitors.

**Chapter 2 – Overview of Banking Sector in Bangladesh**



## **2.1 Origin of Modern Banking in Bangladesh**

Banks are one of the oldest financial institutions in the history of civilization. The terms banking can be applied to any financial institute small with large that deals with deposits of any kind and investments. Any organizations that facilitate the circulation of funds as an intermediary fall under the umbrella term of banking (Heffernan, 2005). Most economist believe that the origin of banking came from ancient Rome in 1200 AD. However, it traces way back to the early Jew and Muslim civilizations and the romans learnt about this concept through trade relations with these civilizations (Chachi, 2005). The origin of modern banking came from the British. Particularly, the goldsmiths in England during the 17<sup>th</sup> century. The goldsmiths issued the loan of deposited funds trusted to be kept safe in the form of transferable paper. This form of disbursement of deposits paved the way to the modern era of banking that we are familiar with (Clark, 1941). In 1770 modern banking found its way into the Indian subcontinent through the establishment of Bank of Hindustan (Kim J, 2011).

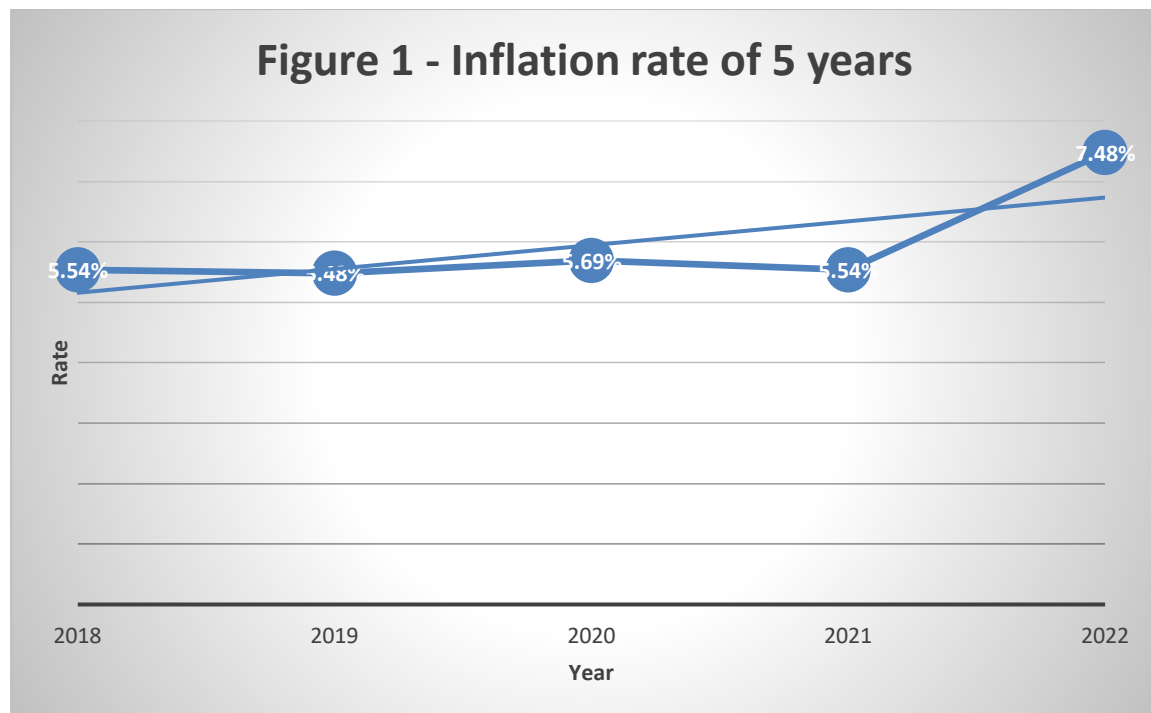
The people of Bangladesh had to wait until 1846 to see banks emerge in this land as in that year DACCA Bank established headquarter in now renamed Dhaka city making it the first bank in the history of Bangladesh. However, the extent of their business was very limited due to lack of branches and services such as bank notes etc. However, in 1862 it was purchased by Bank of Bengal and saw branch expansions in cities like Chittagong, Sirajganj and Chandpur.

The history of banking in Bangladesh can be separated into two sections. Pre-independence and post-independence. Before independence the banking sector in Bangladesh was at a terrible situation. As most of the commercial banks had their head offices in West Pakistan, a huge shortage of credit was seen. Moreover, all the profits gained were transferred to West Pakistan and as a result, advancement of economy was crippled. However, with the emergence of Mercantile Bank and Eastern Bank in 1959 and 1965 the banking sector in Bangladesh was somewhat stabilized. In 1971 both the banks had 106 and 60 branches operating in the country.

## **2.2 Current State of Banking Sector in Bangladesh**

As the economy of Bangladesh is expanding, the banking sector in Bangladesh is also evolving with pace. To facilitate the required fundings and other services this is necessary. According to CEIC, in 2022 the investment sector in Bangladesh accounted for 31.7% of the entire GDP. However, the banking activities are not limited only in investments. Banks provide fast and efficient services to facilitate economic growth. Keeping the inflation in check is also another important aspect of the banking sector. Bangladesh Bank, which is the central bank of our nation uses many monetary policies to keep the inflation in check.





Inflation rate of Bangladesh from 2018-2020

From the chart we can see that the central bank of Bangladesh has been successful to keep the inflation rate stable. This is important for economic growth as it represents the stability in the market and attracts foreign investment. However, if we look at 2022 then the inflation rate is noticeably high. This is due to the ongoing political conflict in Europe which has also affected our economy. These situations however have not affected the commercial banks. If we look at the NPL of commercial banks, we can see that even though the NPL rating has decreased to 7.93% from previous 8.12% the results are satisfactory considering the current state of global economy (Siddique, 2022). It means the commercial banks are disbursing the funds wisely.

### **2.3 Scheduled Banks in Bangladesh**

There are currently 61 scheduled banks operating in Bangladesh under the rules of Bank Company Act 1991 and the Bangladesh Bank Order 1972. These banks operate in compliance to the policies adapted by Bangladesh Bank. The scheduled banks have been listed below.

#### **2.3.1 State Owned Commercial Banks**

After the independence in 1971 the government of that time started acquiring private owned banks. However, after facing losses the government decided to decentralize most of the state-owned commercial banks. Right now, there are 6 fully state-owned commercial banks operating in Bangladesh. These Banks are, generating profit for the government and which in return the government invests in development projects. In recent years these banks specially Agrani Bank Ltd has been very profitable with interest incomes reaching up to 892 crore TK (Bakht, 2022).

The listed SOCBs are,

- ✘ - Sonali Bank Limited
- ✘ - Janata Bank Limited
- ✘ - Agrani Bank Limited
- ✘ - Rupali Bank Limited
- ✘ - BASIC Bank Limited
- ✘ - Bangladesh Development Bank

### **2.3.2 Private Commercial Banks**

Along with the 6 SOCBs there are 43 PCBs operating in Bangladesh. These banks operate their branches following the rules and guidelines set by the Bangladesh Bank in compliance to their own company policies. These private banks have helped the country to further advance the economy by providing banking services to a larger population with their branches. These PCBs are,

- ✘ - AB Bank Limited
- ✘ - Bangladesh Commerce Bank Limited
- ✘ - Bank Asia Limited
- ✘ - BRAC Bank Limited
- ✘ - Citizens Bank PLC
- ✘ - City Bank Limited
- ✘ - Community Bank Bangladesh Limited
- ✘ - Dhaka Bank Limited
- ✘ - Dutch-Bangla Bank Limited
- ✘ - Eastern Bank Limited
- ✘ - IFIC Bank Limited
- ✘ - Jamuna Bank Limited
- ✘ - Meghna Bank Limited
- ✘ - Mercantile Bank Limited
- ✘ - Midland Bank Limited
- ✘ - Modhumoti Bank Limited

- ⊗ - Mutual Trust Bank Limited
- ⊗ - National Bank Limited
- ⊗ - National Credit & Commerce Bank Limited
- ⊗ - NRB Bank Limited
- ⊗ - NRB Commercial Bank Ltd
- ⊗ - One Bank Limited
- ⊗ - Padma Bank Limited
- ⊗ - Premier Bank Limited
- ⊗ - Prime Bank Limited
- ⊗ - Pubali Bank Limited
- ⊗ - Shimanto Bank Ltd
- ⊗ - Southeast Bank Limited
- ⊗ - South Bangla Agriculture and Commerce Bank Limited
- ⊗ - Trust Bank Limited
- ⊗ - United Commercial Bank Ltd
- ⊗ - Uttara Bank Limited
- ⊗ - Bengal Commercial Bank Ltd

### **2.3.3 Specialized Banks**

There are some banks that specialize in a specific field or sector. These banks work to provide easy credits and services to facilitate developments of specific sectors such as agriculture, small business, easy remittance facilities in rural areas etc. There are 3 specialized banks operating in Bangladesh as of writing the report. These are,

- ⊗ - Bangladesh Krishi Bank
- ⊗ - Rajshahi Krishi Unnayan Bank
- ⊗ - Probashi Kollyan Bank

### **2.3.4 Sariah Based Banks**

Sariah based banks are those banks that follow the Islamic rules and regulations of financing and investments. These banks have become very popular among the people because of religious views. The main principle of Sariah based banking is that depositors do not get interest for the deposits. Instead, the bank provides profit from investment of the

deposits. This is a dual ownership system of banking. The most popular Shariah based bank is the Islami Bank Bangladesh Ltd. According to DSC, the bank generated well over 3000 crore TK in the last year (DSC, 2022).

- ✘ - Al-Arafah Islami Bank Limited
- ✘ - EXIM Bank Limited
- ✘ - First Security Islami Bank Limited
- ✘ - ICB Islamic Bank Limited
- ✘ - Islami Bank Bangladesh Limited
- ✘ - Shahjalal Islami Bank Limited
- ✘ - Social Islami Bank Limited
- ✘ - Union Bank Ltd
- ✘ - Standard Bank Limited
- ✘ - Global Islamic Bank Ltd (former NRB Global Bank)

### **2.3.5 Foreign Commercial Banks**

There are 9 banks that operate in Bangladesh which is owned or largely owned by foreign Banks. These banks open their branches through direct investment or through strategic partnership to enter the local banking sector. In recent years these foreign banks have been performing well and offering competitiveness to the local banks. The Commercial Bank of Ceylon has been awarded as the best foreign bank with over 20% growth in profit last year. The foreign banks have been listed below.

- ✘ - Bank Al-Falah Limited (United Arab Emirates)
- ✘ - Citibank N.A (United States of America)
- ✘ - Commercial Bank of Ceylon PLC (Sri Lanka)
- ✘ - Habib Bank Limited (Pakistan)
- ✘ - HSBC (Hong Kong)
- ✘ - National Bank of Pakistan (Pakistan)
- ✘ - Standard Chartered Bank (United Kingdom)
- ✘ - State Bank of India (India)
- ✘ - Woori Bank (South Korea)

**Chapter 3 – Overview of the Organization & Assigned Branch**



### **3.1 Overview of Social Islami Bank**

Social Islami Bank is one of the fastest growing banks operating in Bangladesh in terms of profitability as well as popularity amongst general people. Their main reason for this amazing growth is the religious mindset of the people in Bangladesh. In Islam any business that deals in interest is considered haram and with a percentage of 89.1% population being muslim this offered SIBL to capture the banking market with a storm. Introducing unique services has allowed SIBL to grow their customer base further. The journey of SIBL started from 22 November 1995 as Social Investment Bank Limited. However, in the following years the bank went under complete rebranding and emerged with the name Social Islami Bank Limited. Right now, SIBL stands proudly in the banking sector of Bangladesh as a prominent name with paid up capital of TK 8,933,413,560. Moreover, SIBL has 172 branches as well as 123 subbranches operating in all corners of the country. SIBL contributes heavily to solve the unemployment crisis of Bangladesh with over 4000 jobs to fill different roles in the branches. SIBL moves forward to serve and eradicate poverty with their welfare dynamic banking system keeping Shariah as the absolute guiding structure for the bank.

### **3.2 Mission & Vision of SIBL**

#### **3.2.1 Vision of SIBL**

To keep any company moving forward a clear path to the vision is essential. Having a clear vision and mission helps the company to utilize all the recourses towards reaching the goal. According to Collin a clear vision is important for any organization to achieve sustainability. When the activities at individual, team or organizational level at whole that reflects the vision statement the company becomes motivated to achieve that (Laszlo, 1995).

SIBL is marching forward with a clear holistic vision of enhancing the Islamic banking system of Bangladesh by introducing one step service with value added offerings that serves the best interest of the people. And to achieve that golden vision SIBL directs its business model primarily based on the sacred Shariah law of banking mixed with modern banking solutions and technical support to gain optimum outcome. Along with that, the organizational structure, management and all the stake holders work hand in hand tirelessly to create a safe and productive organizational environment that promotes innovative thoughts, moral sense of duty towards customers, truthful promises towards service. All these work in a single flow to turn the vision statement of SIBL into reality which is “Working Together for a Caring Society.”

#### **3.2.1 Mission and Goals of SIBL**

Missions are designed to help the company to achieve specific goals at a time that eventually thrives the company towards the ultimate vision. And having goals can help any company achieve the mission effectively and efficiently. Since, establishment SIBL has been continuously putting all their resources and expertise to achieve their missions. The missions of SIBL have been discussed below.

✘ - SIBL is determined to create one stop service providing financial institution that has the capability to fulfill all the needs of the customers. And to achieve that the bank has

introduced three sector banking model which involves innovative banking system allowing SIBL to stand out.

✘ - SIBL aims to provide high quality, accurate and quick services to its customers. And to achieve that the bank relies on strong and capable workforce who are dedicated to their roles in the organization.

✘ - SIBL aims to achieve a balanced and sustainable growth for the bank as well as generate optimum return on the shareholder's equity. To make that a reality SIBL focuses on innovative banking systems that respects the Shariah law in all forms.

✘ - SIBL empowers the lower-class people by ensuring easy and just disbursement of funds that visualizes the dream of a secured, peaceful society.

✘ - SIBL ensures safety not only to the customers deposits. But also, with the organizational culture, environment, and services provided.

### **3.3 Slogan & Logo of SIBL**

A company slogan or logo helps not just helps the company to stand out and brand its product or services. This has a deeper application that connects to the customers at a psychological level through constant exposure and creating a brand resonance. A good logo or a slogan must resonate the company's vision or mission statement to the customers. We have seen companies change their logo in the past.

The previous logo of SIBL was a domed shape exterior with the letter S in it in front of a candle. This logo lacked attractiveness and failed to convey the message or the vision of the bank.



**(OLD Logo)**

However, in 2011 SIBL decided to change its logo which was announced in a celebration of a successful business year held in Cox's Bazar Ocean Sea Shore. The new logo has now a complete redesign that catches the attention of the people instantly with bright red prime color and green base. The bright red color not just attracts attention but also conveys the youth and eagerness for excellence of SIBL in the banking sector of Bangladesh. On the other hand, the green represents the evergreen beauty and the peaceful nature of Bangladesh. It conveys the love and a sense of duty that SIBL has for the motherland. Moreover, the new logo has 9 feathers of a phoenix wing that represents Honesty, Transparency, Efficiency, Accountability, Reliability, Innovation, Flexibility, Security, and innovation flying towards persistent greatness. Furthermore, SIBL introduced their slogan or motto with the logo as well which is **"Utkorsho Obiram"**. These words are derived from the Bangla Language which means **"Excursion towards Excellence"**. This motto reflects the organizational character of SIBL in terms of competitiveness and improving service quality to lead the banking sector of Bangladesh from the front line.



(New Logo with added Slogan)



### **3.4 Corporate Governance & Structure of SIBL**

SIBL has a governance committee that takes important decisions for the bank such as expansion, company policy, management policy etc. The corporate governance body has been listed below.

#### **Corporate Governance**

- ✘• Board of Director
- ✘• Risk Management Committee
- ✘• Executive Committee
- ✘• Audit Committee
- ✘• Management
- ✘• Core Decision Making Committee

## Corporate Structure

Like all the organizations SIBL follows a corporate structure of hierarchy where each personnel in different positions perform their assigned duties to achieve the organizational goals.



Source: SIBL Website

### **3.5 Divisions of SIBL**

SIBL divided its workforce into different divisions depending on the skill sets and expertise of the employees. This allows the bank to utilize the HR effectively and efficiently. Completing the goals of each divisions helps the bank to achieve its mission with excellence.

#### **Divisions of SIBL**

- ✘• Information Technology Division
- ✘• Financial Administration Division
- ✘• Managing Director's Secretariat Audit & Inspection Division
- ✘• International Division
- ✘• Logistic Support Division
- ✘• SME Banking Division Managing Director's Secretariat
- ✘• Chairman's Secretariat
- ✘• Audit & Inspection Division
- ✘• Board Secretariat
- ✘• Human Resources Division
- ✘• Shariah Board Secretariat
- ✘• SIBL Training Institute
- ✘• SME Banking Division
- ✘• Share Division
- ✘• Legal Department
- ✘• Board Audit Cell 7
- ✘• MIS, Planning & Research Division
- ✘• Internal Control & Compliance Division
- ✘• Business Development & Marketing Division
- ✘• Investment Risk Management Division (SIBL , n.d.

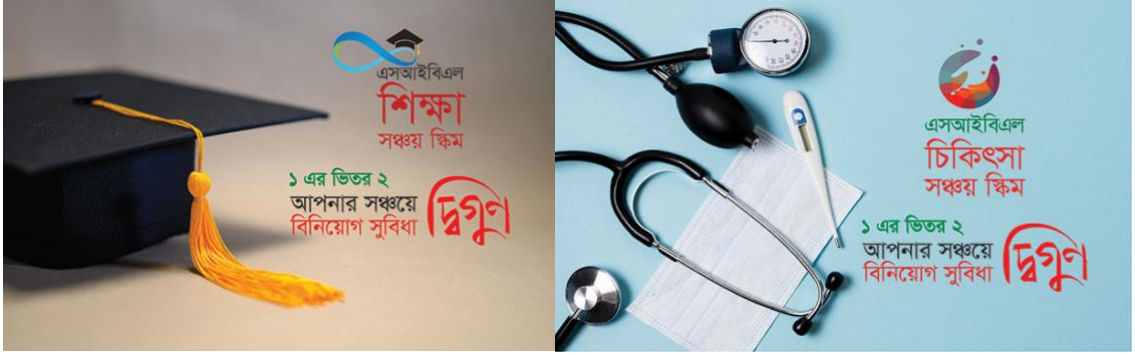
### **3.6 List of products/Services offered by SIBL**

SIBL has a large range of services offered to their customers. Moreover, SIBL has introduced many special schemes for saving and investments that gives the bank a competitive edge in terms of uniqueness.

#### **List of Products**

- ☒• Al-Wadeeah-Current Account.
- ☒• Mudaraba-Savings Account.
- ☒• Mudaraba-Monthly Profit Deposit Scheme.
- ☒• Mudaraba-Millionaire Savings Scheme.
- ☒• Mudaraba-Notice Deposit Account.
- ☒• Mudaraba-Millionaire Savings Scheme.
- ☒• Mudaraba-Education Deposit Scheme.
- ☒• SonaliDin-Special Deposit Scheme.
- ☒• Mudaraba-Special Deposit Pension Scheme.
- ☒• Mudaraba-Bashsthan Savings Scheme.
- ☒• Mudaraba-Hajj Savings Deposit (Kafela).
- ☒• Sabuj-Chaya Special Deposit scheme.
- ☒• Sabuj-Sayannaya Special Deposit Scheme
- ☒• Cash WAQF.
- ☒• Mudaraba-Lakhopati Deposit Scheme.
- ☒• Shukher-Thikana Special Deposit Scheme.
- ☒• Mudaraba-Mohorana Savings A/c (5 Years).
- ☒• Mudaraba-Term Deposit Account: 1/ 3/ 6/ 12 years' period.
- ☒• Shachhanda-Protidin Special Deposit Scheme.
- ☒• Subarna-Rekha Special Deposit Scheme
- ☒• Mudaraba-Double Benefit Deposit Scheme.
- ☒• Shamridhir-Shopan Special Deposit Scheme.

- ❖• Mudaraba-Marriage Savings Scheme.
- ❖• Mudaraba-Mohorana Savings A/c (10 Years).
- ❖• Shanchita-Special Deposit Scheme.
- ❖• Subarnalata-Special Deposit scheme..
- ❖• Shukher-Thikana Special Deposit Scheme.
- ❖• Shachhanda-Protidin Special Deposit Scheme. 8
- ❖• SIBL-Young Star Account.
- ❖• SIBL NOW



### Services provided by SIBL

One of the greatest strengths of SIBL is the caring service it provides to the customers. SIBL has a wide range of services that the customers can enjoy from the bank. These are,

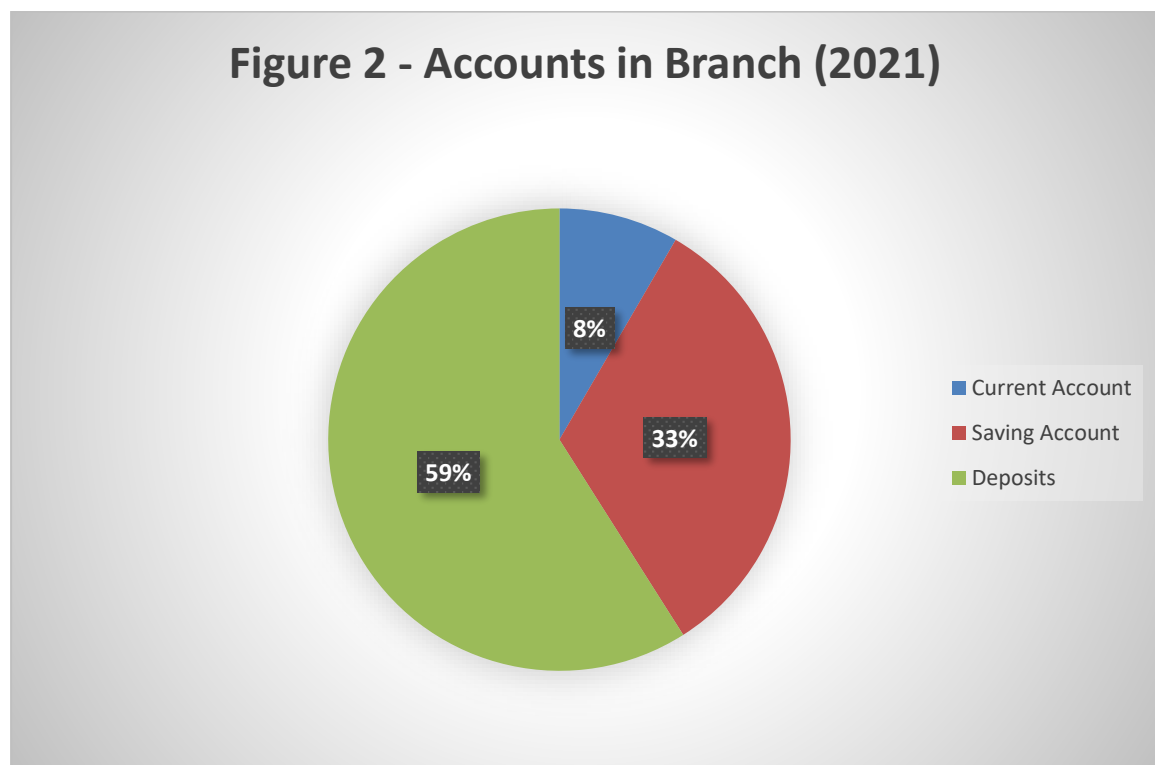
- ❖• Online Banking.
- ❖• Automated Clearing.
- ❖• ATM all day, every day.
- ❖• Electronic Fund Transfer.
- ❖• CARD (Local and Foreign).
- ❖• Mobile Banking.
- ❖• Off Shoring.
- ❖• Centralized Trade.
- ❖• Remittance System.
- ❖• Locker Process.

- ☒● SIBL Now (Online APP)
- ☒● BFTN
- ☒● RTGS
- ☒● NPSB
- ☒● Capital Market Service



### **3.7 Overview Of Brahmanbaria Corporate Branch**

SIBL opened its branch in Brahmanbaria in the year 2018 to serve the promising economically growing city with the branch code 156 that is used to identify all accounts associated with the branch. Since opening, the branch has been performing very well having exceeded the target deposits and investments set by the head office. In the last business year, the Brahmanbaria Corporate Branch reached almost double the target which is impressive. The branch creates around 50 new accounts each day including deposits, current accounts and other SIBL super saving products. In 2021 the branch had 5438 accounts among which 456 are current accounts, 1774 are savings and 3208 are deposits.



Source: Branch Accounts Archive

### **3.8 Information Of Branch**

**Name:** Social Islami Bank Limited Brahmanbaria Branch

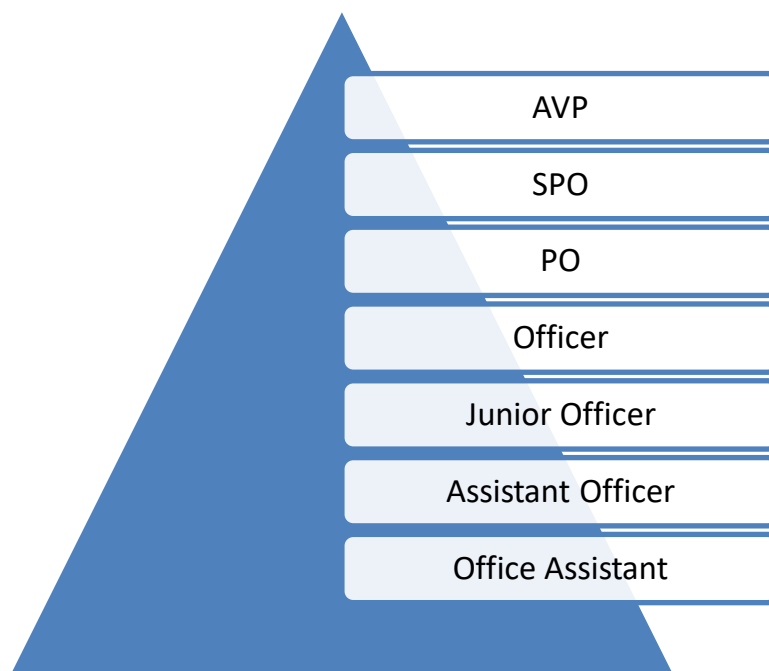
**Division name:** Cumilla

**Area name:** Brahmanbaria

**Location:** Shuveccha Square, 1309 Sarak Bazar Road, Brahmanbaria.

**Branch E-Mail:** [brahmanbaria@sibl-bd.com](mailto:brahmanbaria@sibl-bd.com)

The banking activities of the branch is divided into the GB section, Investment section and Cash section. There are 12 officers of different ranks working in these sections. Along with that there are 1 office assistant 1 armed guard and 3 security guards working in the branch. There is also an office boy who attends to the different needs of the officers on call. The sections are overseen by the section head. There are 3 officers in Cash section, 3 officers are responsible for investment and Investment help. Lastly, the GB section is handled by 3 officers. The operations manager makes sure that everyone is doing their job sincerely. The manager is the head of the branch, and he is responsible to keep the branch profitable.



Employee rank in SIBL Brahmanbaria Corporate Branch



**Chapter 4 – Internship Duties Performed in SIBL**



### **4.1 Internship Experience in SIBL**

As part of the requirements to complete my BBA degree I joined SIBL for the 3 months internship program. During this period my organization supervisor was Abdul Mokles Bhuiyan (AVP & Manager). In this period, I served under two sections of the bank which are the general banking section and the credit/investment section. My time during that period was divided in these two sections where I worked in the GB section for 2 months and the credit section for my remaining last month. This allowed me to understand the banking activities more as an intern.

The duties I performed have been mentioned below and I will explain these in detail.

#### **GB Section**

- ☒• Account Opening & Filling out KYC form
- ☒• Assisting in Check Clearing & Filling out BFTN & RTGS forms
- ☒• Check Requisition & Check Issue
- ☒• Assist in Remittance & Log the data of Remittance in Excel Sheet

#### **Credit Section**

- ☒• Check required Documents & Verify the Documents to Open Current Accounts
- ☒• Assist the Credit Officer

## 4.2 Account Opening & Filling out KYC Form

During my time in the bank, I opened more than 10 accounts a day. These accounts contained saving deposits, deposits, and fixed deposit accounts. The process for opening an account is very simple. The account holder must present a copy of NID as well two passport sized photo. After verifying the ID, I took their signatures in required places. After that I created their account by creating a new account profile with unique customer ID in the Ababil software. After providing transaction limits I posted the application for the approval of the senior officer in GB section.

- Mudaraba Savings deposit (Savings Account)
- Al Wadia Current Account (Current Account)
- Mudaraba Term Deposit (Fixed Deposit)
- Mudaraba Special Deposit Pension Scheme (DPS- Deposit Pension Scheme)

These are the kinds of accounts I opened in the bank.



**SIBL Social Islami Bank Limited**  
হিসাব খোলার আবেদন ফর্ম  
ব্যক্তি হিসাব

তারিখ : ..... হিসাব নম্বর : [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ]

বাবস্থাপক সোসায়াল ইসলামী ব্যাংক লিমিটেড গ্রাহক আই ডি নং : [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ]

..... শাখা

জন্ম, অমি/আমরা আপনার শাখায় নিম্নরূপ একটি হিসাব খোলার জন্য আবেদন করছি। আমার/আমাদের বিজ্ঞপিত তথ্য নিম্নে প্রদান করলাম :

১. হিসাবের নাম (ক) বাংলা : ..... (খ) ইংরেজী : .....

২. হিসাবের প্রকার (টিক দিন) :  এমএসডি  একট্রিউসিডি  এমএলডি  এমটিডি  FC  RFCD  NFCD  অন্যান্য.....

৩. মুদ্রা (টিক দিন) :  টাকা  ডলার  ইউরো  পাউন্ড  অন্যান্য.....

৪. হিসাব পরিচালনা সর্বোচ্চ সীমা (টিক দিন) :  এককভাবে  বৌখতভাবে  যে কোন একজন  অন্যান্য.....

৫. গ্রাহকের অন্যান্য ব্যাংক হিসাব (খসি ধাক্কে) :

ব্যাংকের নাম	শাখা	পরিচালনাকৃত হিসাবের প্রকৃতি (টিক টিক দিন)
ক.....	ক.....	<input type="checkbox"/> জমা হিসাব <input type="checkbox"/> বিনিয়োগ হিসাব <input type="checkbox"/> অন্যান্য.....
খ.....	খ.....	<input type="checkbox"/> জমা হিসাব <input type="checkbox"/> বিনিয়োগ হিসাব <input type="checkbox"/> অন্যান্য.....
গ.....	গ.....	<input type="checkbox"/> জমা হিসাব <input type="checkbox"/> বিনিয়োগ হিসাব <input type="checkbox"/> অন্যান্য.....

৬. পরিচালনকারীর তথ্য :

ক. নাম : ..... পেশা : .....

খ. হিসাব নং : .....

গ. শাখার নাম : .....

ঘ. স্বাক্ষর (তারিখসহ) : .....

৭. প্রাথমিক জমা : পরিমাণ (সংকে) : ..... (কম্বায়ে) : .....

৮. এমটিডি/এমএলডি/এমটিডি/এমটিডি : পরিমাণ (সংকে) : ..... (কম্বায়ে) : .....

..... মুদ্রা : .....

মেয়াদকাল : ..... বছর ..... মাস ..... দিন। মেয়াদপূর্তির তারিখ : .....

নবায়নের ক্ষেত্রে :  আসল এবং মুদ্রাংশ নবায়ন করুন  শুধুমাত্র আসল নবায়ন করুন

শুধুমাত্র আসল নবায়ন করুন, মুদ্রাংশ : ..... নম্বর সঞ্চয়ী হিসাবে জমা করুন  প্রযোজ্য নহে।

৯. বিশেষ নীতি সর্বোচ্চ তথ্য :

স্বীকারের নাম : ..... স্বীকারের মেয়াদ : .....

একসালীন জমা/কিষ্টির পরিমাণ : ..... কিষ্টির সংখ্যা (বার্ষিক) : .....

মেয়াদকালে প্রদেয় মুদ্রাংশ (প্রাকলিত) : ..... মালিক প্রদেয় মুদ্রাংশ (প্রাকলিত) : .....

### **4.3 Assisting in Check Clearing & Filling out BFTN & RTGS forms**

Check clearing is one of the most important parts of the GB activities. When customers receive checks from other banks, they bring it to the bank for clearing. The check is cleared through Bangladesh Bank and the whole transaction process takes about one working day. There are two types of checks. One is high value which has at least 5 Lac TK and the other is regular value which is below 5 Lacs. The duties I did in check clearing are,

- Stamp the check with bank seals and the special clearing seal along with date.
- Write and attach the voucher for each check and hand a copy to the customer.
- Put the check in scanner where the officer in charge runs the check through clearing software.
- Observe the check for mistakes and check for appropriate date and numbers.
- When everything matches the officer approves the check for clearing.

Another work that I did was writing the BFTN and RTGS forms. The customers who were mainly businessmen used RTGS to instantly transfer any amount above 1 Lac to any one in any branch of any Bank. The transaction is instant. However, customers are required to sign a RTGS form. The bank charges 115 TK for the service. Any amount below 1 Lac is transferred through BFTN which takes longer. Usually a working day.

### **4.4 Check Requisition & Check Issue**

Check is the most important part for withdrawal. Without the checkbook customers can not withdraw money. As a result, everyday customers apply for check requisitions. As an intern I took signs from the customers in the form and handed it to the officer for requisition. I logged the issued check in the register book and handed the issued checks to customers. In SIBL the bank offers welcome check. So, whenever customers opened an account, I simultaneously issued the welcome checks with bank seal and signature and handed to the customers.

#### **4.5 Assist in Remittance & Log the data of Remittance in Excel Sheet**

Remittance is a huge source of foreign currency for the government. Every year millions of people working in abroad sends remittance through secret number such as Money Gram, Western Union etc. To collect the remittance the persons are required to bring NID to match the number. After I have verified the NID the officer approves the transaction, and the customers collect the money from cash with incentive. Bangladesh government provides 2.5% incentive to remittance.



Moreover, the remittance given is also needed to be logged accurately in an excel file according to the voucher. I logged the remittance accordingly in the excel sheet.

The web-based payment partners of SIBL are,

- 1- Money gram- 8 digit
- 2- Western union - 10 digit
- 3- NBL quick pay- 11 digit
- 4- Ria - 11 digit
- 5- Placid - 12 digit
- 6- Prabhu group- 12 digit
- 7- Hello poisa - 12 digit
- 8- EZ payment - 12 digit
- 9- Universal exchange - 13 digit
- 10- Trans fast - 13 digit
- 11- Merchant trade- 14 digit
- 12- NEC money transfer - 15 digit
- 13- Express money- 16 digit

## **4.6 Check required Documents & Verify the Documents to Open**

### **Current Accounts**

Opening a current account is much more difficult and needs caution than opening a saving account. In current account more documents are required such as Tax ID, Business ID, Trade License etc. As the first requirement for investment application is to have a current account in the bank the documents need to be checked and validated properly. In my time during internship, I used to check the documents as well as assist the customers to fill out the KYC form for current accounts.

### **4.7 Assist the Credit Officer**

Aside the works mentioned above, I have also assisted the credit officer in many other tasks. For example, I have typed letters addressed to customers inquiring about the investment projects. Moreover, I have assembled required documents as instructed by the officer.

**Chapter 5 – Investment Management & Recovery Process**



### **5.1 Difference Between Conventional & Shariah Banking System:**

Shariah based banking system is quite similar with conventional banking in terms of the general activities. However, there are some key differences in terms of credit disbursement and profit sharing. Moreover, these two systems bear a significant difference in terms of credit conditions and operations. In traditional banking interest is a prime source of revenue for the bank. Banks offer interest to depositors for fund and provides loans to people at a premium rate. On the other hand, interest is strictly forbidden in the shariah law. Banks that follow Islamic system cannot lend money in return of interest. So, banks under the shariah law operates in a dual ownership system. Where the bank invests the depositor's money in profitable business and shares the profit with the depositors. This is a completely halal financing system that has become popular amongst the religious people. However, SIBL follows and maintains some policy for the credit disbursements.

☒ - The bank cannot invest in any business that deals with haram products. Which means that the bank cannot partake in businesses that is prohibited in Islam such as drugs or any other product that may cause harm to people.

☒ - The bank cannot partake in any speculative business. The business must be run accordingly and have documentations of the activities. The bank cannot invest without proper analysis.

In SIBL the investments are disbursed under different modes. The bank follows shariah stated investment mechanism to generate profit under short term continuous investment and term basis investment which is usually long term. Businesses can request for investment under these modes.

#### **Continuous Investment**

The continuous investment conditions are short term renewable investment conditions. These investments are usually small in scale and have a maturity of maximum 1 year. After maturity if both parties agree then the investment is renewed again. During the investment period the bank monitors the business performance.

#### **Term Investment**

On the other hand, in term investment the maturity can be of 3 years up to 5 years and the investment scale is usually large. In term investment the bank keeps mortgages as security. The amount invested is collected in installments with the profit rate agreed upon. The bank continuously follows through such investments to avoid credit risks.



## **5.2. Mechanisms of Islamic Investment in SIBL**

Mechanism simply refers to the pre guided principles or procedures that is used to complete any task or goal in an organized manner. In SIBL there are some mechanisms that the bank uses while disbursing their investment funds. These are

- ⊗ - Share/Equity: participatory Mechanism
- ⊗ - Bai: Sale Based Mechanism
- ⊗ - Ijarah: Rent Based Mechanism
- ⊗ - Service Oriented Mechanism
- ⊗ - Debt Based Mechanism

The different modes of investment offered to customers are disbursed following the above-mentioned mechanisms.



### **5.3 Modes of Investment**

In SIBL the bank offers four types of primary investment modes which are derived from different Islamic rules and literature. These modes follow the principles of the investment mechanisms mentioned above. The four primary modes of investment are.

- ⊗ - Participatory Modes
- ⊗ - Trading Modes
- ⊗ - Debt Based Mode
- ⊗ - Other Modes

#### **5.3.1 Mudaraba Mode of Investment**

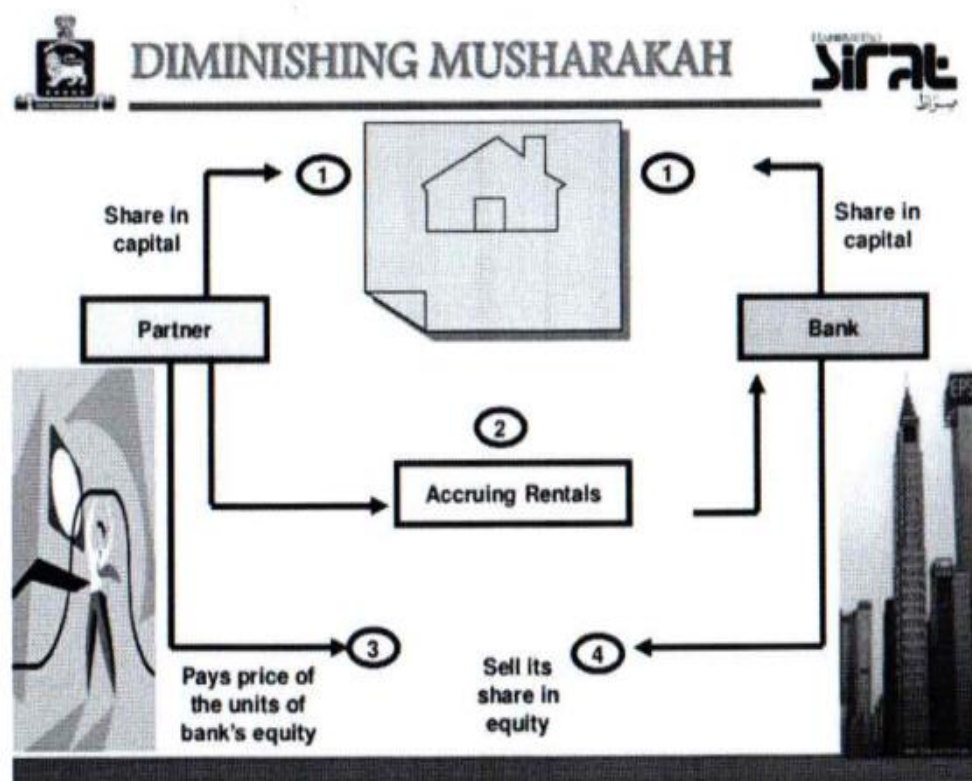
Mudaraba is a part of Participatory mode of investment that follows the equity-based finance mechanism. It is a profit sharing and loss bearing mode. The word Mudaraba has been derived from the Arabic word Darb/Darban which translates movement to earn Rahmat of Allah. Or in simple terms it means directing other's capital to earn profit. In this mode the Bank invests the depositor's money and shares the profit with the customers. If the investment results in a loss, then the bank bears the loss.

- ⊗ - Commission Sharing Mudaraba: M.Cash
- ⊗ - Rent Sharing Mudaraba: preservation of crops in storage facility
- ⊗ - Gross Profit Mudaraba: Mudaraba Deposit
- ⊗ - Income Sharing Mudaraba: Mudaraba Deposit
- ⊗ - Net Profit Mudaraba: Mudaraba Deposit
- ⊗ - Collective Mudaraba: Mudaraba Deposit
- ⊗ - Continuous Mudaraba: Mudaraba Deposit
- ⊗ - Unrestricted Mudaraba
- ⊗ - Restricted Mudaraba

### **5.3.2 Musharakha Mode of Investment**

Musharakha is another part of Participatory mode of investment that also follows the equity-based finance mechanism. It is a mode where the bank shares both the profit and loss with its partner. In this mode the bank invests in profitable investment projects and proposals with capital and acts as business partners. The word Musharakha comes from the Arabic word Shirak or Partner. The profit and loss is shared by the amount of capital invested by each party. There are four types of Musharakha.

- ✘ - Permanent Musharakha
- ✘ - temporary Musharakha
- ✘ - Diminishing Musharakha
- ✘ - Musharakha Documentary Bill: MDB



Source: SIBL Investment Modes

### **5.3.3 Ijarah Mode of Investment**

Ijarah is another Arabic word that means giving something in rent. In SIBL there are two types of Ijarah.

**Based on Contractual Relationship:** In the first type the bank employs or rents service and labor in the business. In return the bank gets rents in exchange. In this term the employer is called Mustajir and the employee is called Ajir.

**Based on Subject Matter:** In the second type the banks finances tangible assets that is used to operate the business in exchange for rent. In this mode the lessor is called Mujir and the lessee Mustajir.

Based on Contractual Relationship	Based on Subject Matter
<ul style="list-style-type: none"> <li>☒ - Operating Ijarah</li> <li>☒ - Financial Ijarah</li> </ul>	<ul style="list-style-type: none"> <li>☒ - Tangible asset</li> <li>☒ - Labor</li> <li>☒ - Description of Asset</li> </ul>

### **5.3.4 Bai Mode of Investment**

In Islamic term Bai means purchase and sale. This is a part of the trading modes of investment. In this mode the bank purchases goods from the first party for investments and supplies it to third party. The bank here works as an intermediary. Bai mode of investment has different classifications and based on the classifications the mechanism can differ. These sub modes are.

- ☒ - Bai Murabaha (Sell products on profit from investment agreement)
- ☒ - Bai Muajjal (Sell products on credit agreement)
- ☒ - Bai Salam (Sell products in advance)
- ☒ - Bai Istisna (Order products from direct manufacturer on contract)
- ☒ - Bai As Sarf (Sale foreign currency)

However, in Bai Modes the bank must make sure that the products involved are completely permitted by shariah. Moreover, the bank eliminates further speculations before agreement.

## **5.4 Investment Disbursement Procedure**

To properly disburse the investment funds SIBL follows a structured disbursement procedure.

**1- Transaction history:** The first requirement for being eligible to acquire an investment approval is that the customer must have a transactional relationship with the bank. Or in simple words, the customer must have an account with the bank and show a bank statement highlighting transactions.

**2- Authentication check:** After that the customer presents all the documents of validation regarding the business such as trade license, tax id, business id, owners' descriptive information, business type and industry, business scale, annual performance etc.

**3- Filling out investment application form:** The customers are then required to fill out necessary forms and applications for the investment.

**4 – Credit Investigation:** The bank must go through a thorough investigation regarding the credit performance of the party of interest. The money that will be invested belongs to the depositors, so it is necessary to ensure the elimination of credit risk before investment.

**Selecting eligible customers:** The bank carefully selects the eligible customer for investment approval by analyzing the owner's character, business capacity and capital, as well as the collateral and condition of the business.

**Investment principles or mechanism:** The investment mechanisms are applied to figure out the best investment policy that will be beneficiary for both the parties. Moreover, the bank checks the security, liquidity, profitability and others figures before investing.

**Spot visiting and interview:** Lastly the bank visits the proposed business spot for investment, Interviews the customer related to business such future expansion plans, business model etc.

**5- Investment appraisal:** The following must be considered for these feasibility testing.

- ⊗ - Location, land & building, product, raw material
- ⊗ - Profitability, cost, demand of sales
- ⊗ - Cash flow, income statement
- ⊗ - Planning, organizing, marketing etc.

**6- Documentation & securities:** The entire investment process is properly documented, and the bank sometimes may take securities as a precaution for possible credit failure. The different security measures are,

**Lien:** In this measure the bank can have possession of the goods traded as securities. If there's a possibility of credit default, then the bank can sell the goods.

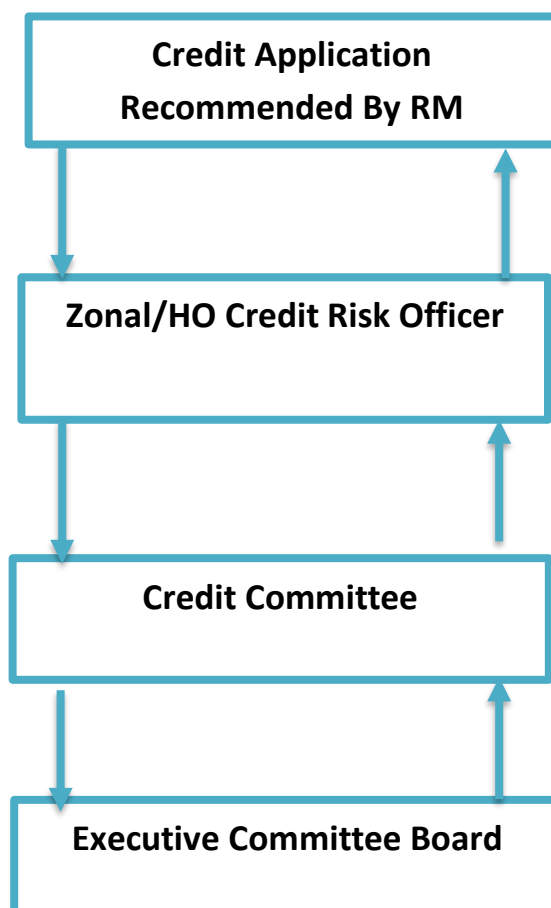
**Ledge:** In this measure, the bank can hold possession of movable assets such as bonds etc. as security. If the customer fails to honor the agreement, then the bank can sell the assets.

**Mortgage:** The bank can also hold possession of tangible fixed assets and in time of default the man has the right to sell the mortgaged property.

**Collateral & Guarantee:** The bank may also take collateral and guarantee from a third party that can back up the financial risks associated with the investment project.

### **5.5 Approval Process**

The approval process for investment projects shows the approval and validation of different hierarchy stages that is required. First the branch relationship manager validates the investment application and forwards it to the credit risk officer. The officer reviews the application, and the credit committee approves the investment application.



- ⊗ - Application forwarded to Zonal Office or Head Office for review by the credit risk officer
- ⊗ - Advise the review to recommending branches.
- ⊗ - Credit risk officer forwards the application to the credit committee
- ⊗ - The credit committee gets the final approval from the executive board
- ⊗ - The credit committee advice the head of credit officer for disbursement
- ⊗ - The investment is disbursed from the applicated branch

The above-mentioned approval process may vary depending on different modes and products offered by the bank.

## **5.6 investment Recovery**

The bank must ensure that the invested funds are recovered properly with profit. Investment is the main source of income for SIBL. Without it the bank can not pay dividends to the shareholders. So, the bank makes sure that the investment does not fall out as default. The bank follows some strategies to avoid investment risk.

### **5.6.1 Monitoring**

The bank constantly monitors the invested project to make sure that the fund has been used properly. Moreover, the bank also makes sure that the business has a smooth operation, and it performs well. Moreover, the credit officer may follow some more steps to monitor the investment.

- ⊗ - Check the balance and account statement of the customer.
- ⊗ - Communicate and interview the customer about the business operations.
- ⊗ - Visit the investment project or site regularly and monitor operations.
- ⊗ - Issue formal letter or in worst case issue legal notice if the customer violates bank policy.
- ⊗ - Take legal actions if necessary.

### **5.6.2 Recovery process**

Unlike loan recovery investment recovery depends on how well the invested fund has been used. The bank follows some strategies to do that.

- ⊗ - The bank can go for persuasive methods such as interview the customer, visit the site regularly, hold the customer accountable for business error etc. This creates a mental pressure and as a result the customer gives full effort in the business.
- ⊗ - The bank can also volunteer in the business to ensure profitability. In this regard the bank often provides advice about the business. The bank may offer additional investment

to ensure business growth. Moreover, the bank sometimes provides skilled work force to the business.

✘ - Lastly, if all the measures fail to avoid default and the business violets the policy then the bank can legally use the collateral or sell the mortgages to avoid losses. This process may take time depending on the mode of investment.

## **5.7 Risk Evaluation for Investment**

As the bank invests the depositor's money into the proposed businesses the bank must evaluate the risk associated with the investment. The risk factors are divided into areas that helps the bank to specifically analyze each factor.

### **Risk Evaluation Process**

- ✘ - Communicate and Consult
- ✘ - Establish the context
- ✘ - Identify the risks
- ✘ - Analyze the risks
- ✘ - Evaluate the risks
- ✘ - Act for the risks
- ✘ - Monitor the risks

### **5.7.1 Industry and Business Analysis**

The bank evaluates the industry growth, the concentration of buyers in the industry. SWOT analysis of the business etc. Moreover, the bank also evaluates the applicant's position in the industry, the scale of the business etc. This helps the bank to understand if the industry is stable and suitable to invest in.

### **5.7.2 Market Risk**

The bank also evaluates the market risk and how much it can affect the business. The strength of buyers and suppliers as well as the gap in demand and suppliers is also a defining factor for investment. Moreover, how the market reacts to the economy such as inflation, low income, high income etc. is also focused here.

### **5.7.3 Security Risk**

The bank must also evaluate the value of the securities presented by the customers as collateral or mortgages. The documents for securities such as bond, shares etc. must be checked for validation. The bank analyzes these securities value by observing the maturity date, profit rate and cross matches it with the investment amount. Moreover, the bank also makes sure that there is no legal obligations related to the mortgages.

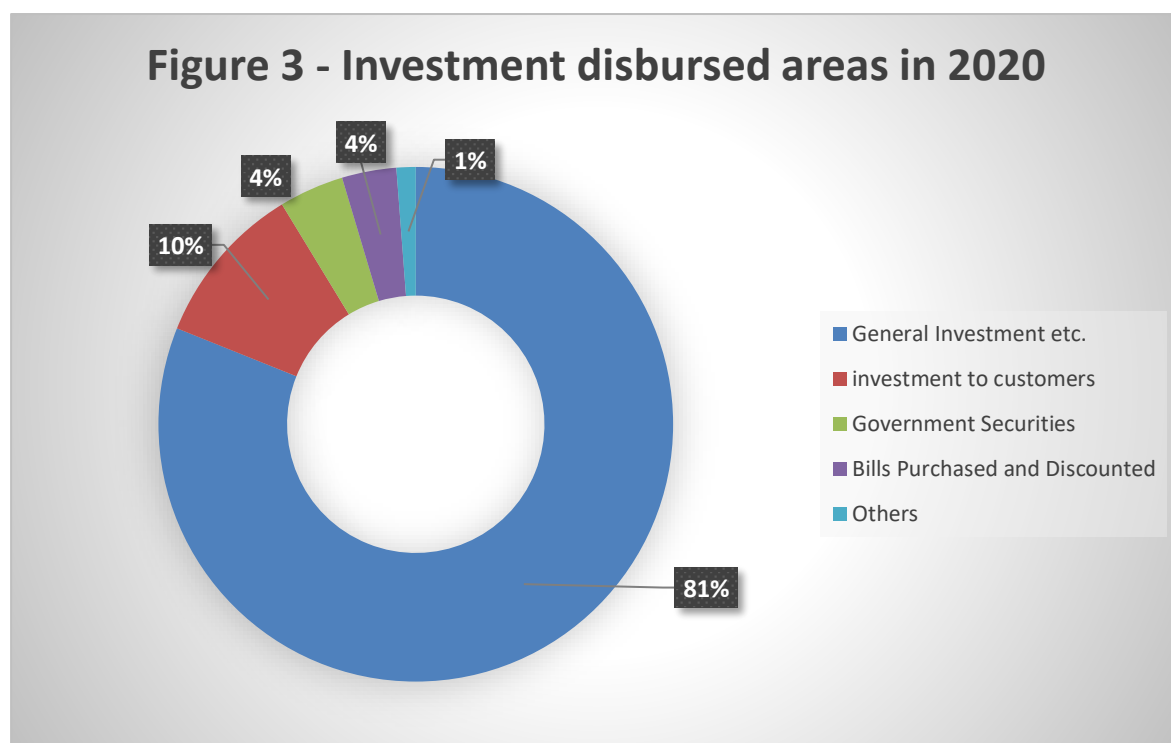


### **5.7.5 Disbursed investment Areas of SIBL**

<b>Investments in 2021</b>	<b>Percentage</b>
investment to customers	10%
General Investment	81%
Bills Purchased and Discounted	4%
Government Securities	4%
Others	1%

SIBL has investments in different areas such as government securities, general investments, purchase of bills and customer investment. In customer investment the customers who are owners of small or medium businesses applies for approval.

**Source: Annual Report 2022 SIBL**



**Source: Annual Report 2021 SIBL**

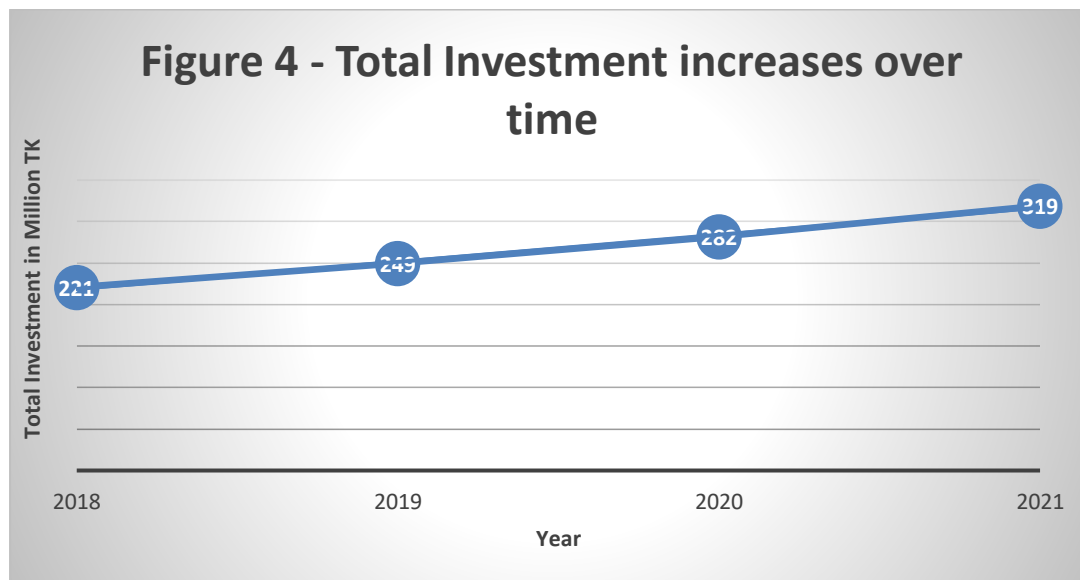
As we can see from the chart most of the bank's investment is concentrated on the general investments with 81%. And only one percent is dedicated to others section. It shows that there is a lack of diversification in investments which is not ideal.

## **5.8 Investment management Performance of SIBL**

The only way to assess whether the recovery process described above is being effective or not we have to look at the annual report of SIBL and analyze the investment quality of the bank. For this analysis I have taken the data of the last four annual reports.

### **5.8.1 Investment Growth Rate of SIBL**

Here I have also shown the amount of TK SIBL has invested over the last 4 years. This shows the growth rate of SIBL.

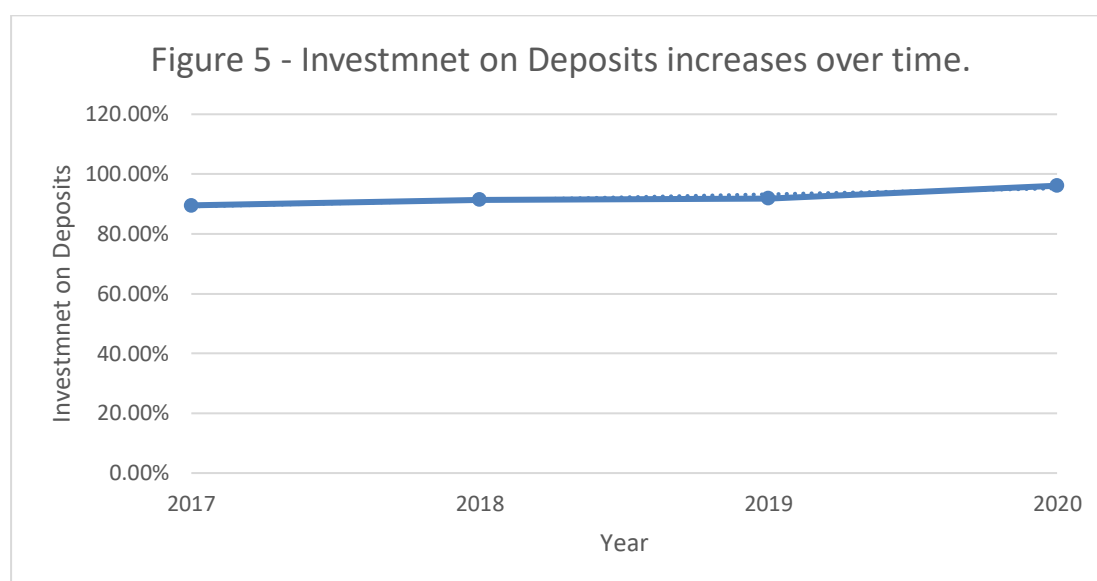


The graph shows us that SIBL has been steadily growing its investments over the years. This indicates that the bank is not keen to expose itself to credit risk by selecting the investment projects wisely. And according to the nature of the graph we can expect another 15%-20% increase in investment for the bank.

### **5.8.2 Investment Disbursed Against Deposits**

A key aspect of generating profit is to properly use the assets. Conventional banks offer loans as their primary product using the deposits. However, in Islamic shariah system loans with interest is prohibited. So, SIBL must make sure that the deposits have been properly used as investments.

Year	Investmnet on Deposits
2017	89.54%
2018	91.41%
2019	91.80%
2020	96.11%



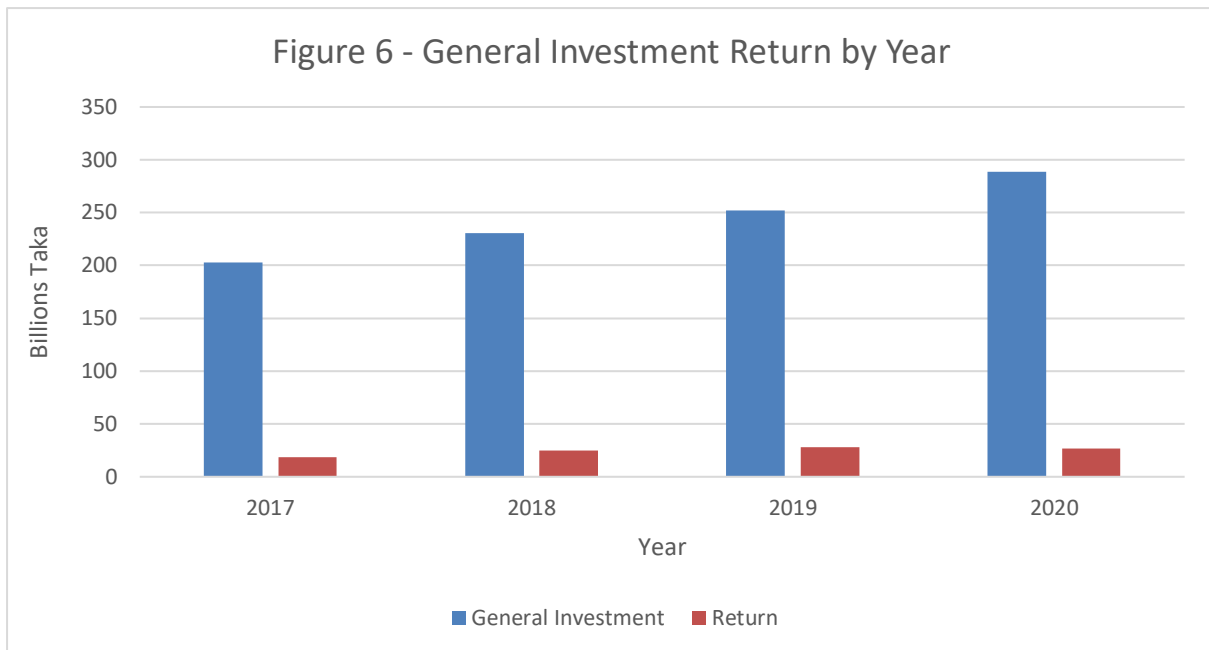
If we look at the chart, we can see that, the bank has not just successfully used the deposits by investing it more than 90 percent a year. The bank has also been able to increase the rate of investment against deposits overtime.

This is impressive as it shows that the assets are being properly used to increase revenue.

### **5.8.3 Cash flow of Investments**

If we look at the cashflow of the bank, we can find out how frequently the investments are generating income that can cover the current liabilities or cash withdrawals from depositors. We will look at the cashflow statement data taken from the annual report of the bank.

Year	General Investment	Return	Ratio
2017	202682884191	18497613423	9%
2018	230434994597	24955867159	11%
2019	252038985230	27797425826	11%
2020	288494854278	27036266956	9%



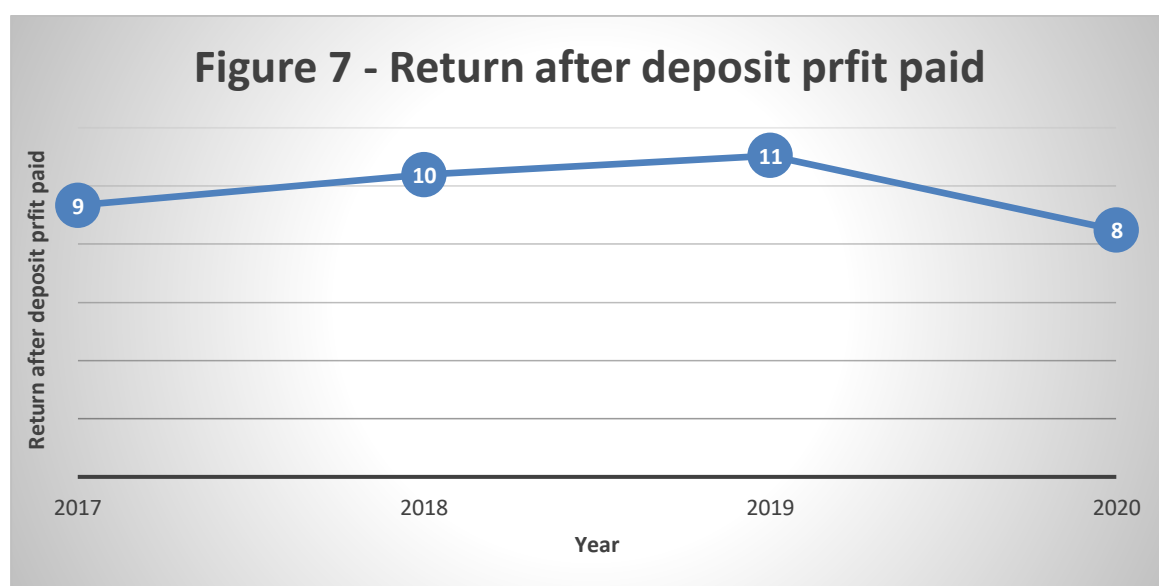
If we look at the chart, we can see that even though SIBL has increased the amount of investment gradually they have managed to keep the rate of return relatively consistent as well. In these years SIBL managed to gain 10% return cashflow on the general investments in average which is impressive.

This indicates that the bank has been effective with not only the way they disburse the investment, but as well with how they recover it.

### **5.8.4 Profit on General Investment for SIBL**

If we look at the ROI of SIBL we can see how much the bank is earning as revenue for the Invested amount each business year. To calculate the ROI, we will look at the general investment figures and subtract the deposit profits paid.

Year	Return after deposit paid	General Investment
2017	9338371252	202682884191
2018	10396181003	230434994597
2019	11040824885	252038985230
2020	8485918267	288494854278



From the chart we can see that the bank generated the most profit in the year 2019 with 11% revenue from investments. However, in 2020 the amount dropped to 8%. As the pandemic was most deadly in that time it affected the profit margin from investment.

So, we can say that the bank has performed very well with the investment projects.

## **Chapter 6 –Conclusion & Recommendation**



## **6.1 Conclusion**

From the analysis done in the report, we can see that SIBL is on the right course of direction and with a stable momentum towards being one of the biggest and most successful banks in Bangladesh. According to the report data the bank's customer base is growing rapidly. And to counter that the bank has also been very effective with how the authority manages and disburses the deposits in performing investments with a conversion rate of more than 90%. This impressive number signifies that the bank's disbursement and recovery process is performing well.

Moreover, the annual report of the bank also signifies the effective use of the funds in profitable investment projects by the bank. We have seen the steady increase of investment as well in the return figures on the graphs. Moreover, the bank has been able to fulfil the target investments by 114%. These findings prove that the bank is on a steady course towards success.

And lastly, the different modes of investment and the mechanisms allowed SIBL to conduct investment facilities without breaking the faith of the customers which is the core of Islamic Banking system.

## **6.2 Recommendations**

Even though SIBL has been performing greatly in the banking sector it is not perfect. Rather it is the constant persuasion towards perfection that makes us perform to our fullest potential. There are some areas that in which SIBL can improve.

### **✘ - Outsource companies to take care of investment recovery**

The recovery process for investment is a tough job and it takes constant surveillance on the invested project from the credit officer. This also means that the credit officer must visit the projects often which is very tiresome and takes a lot of time. The bank can hire or outsource specialized human resource from other companies to speed up the process.

### **✘ - Increase investment volume by offering incentives**

The bank can increase the volume of total investment by a large amount if they provide incentives to customers for investment profit rates based on their credit record and transaction. This will encourage customers to approach the bank for investments even more. In this regard the bank can give credit points to customers with good track record.

### **✘ - Decentralization of the approval process**

As discussed before, the approval of investment comes from the credit risk committee in the head office. This process is usually lengthy. The bank can appoint special credit risk officers in big and profitable district branches such as Brahmanbaria to ease the process of investment. This will eliminate the risk evaluation factor and speed up the process.

**✘ - Focus on digital marketing**

SIBL has amazing product schemes that will attract the Muslim customers. However, aside from bank posters and visits from the officers, there is no visible marketing program. The bank can focus on Facebook, You Tube etc. to promote their special product schemes.

**✘ - Increase Human Resource**

Even though SIBL is a medium bank in comparison to other big banks in Bangladesh. The bank is growing at a fast rate. Because of this, during rush hours it becomes difficult to operate effectively. The bank can appoint new employees to handle the check clearing, providing BFTN and RTGS and other services. Moreover, the bank can appoint assistant officers to handle the credit section. It will help the new employees to learn faster. By doing this the bank can serve even more people in future.



### **6.3 Reference**

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2. <https://www.bangladeshibanker.com/2020/05/banking-history-of-bangladesh.html>
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## **Appendix**

### **1- Annual Reports**



annual 2020.pdf



SIBL Annual Report  
2018.pdf

### **2- Spreadsheet Works**



Book1.xlsx

### **2- SIBL Investment Modes and Shariah Law**



Shariah.pdf