

Report On

“Small Enterprise Investment Scheme Analysis: A study on Al Arafah Islami Bank Limited”

By

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

BRAC Business School
BRAC University
June, 2021

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Declaration

It is hereby declared that,

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

Student's Full Name & Signature:

Abdullah Naser Nabil

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16204020

Supervisor's Full Name & Signature:

Md. Jasim Uddin

Officer

Al Arafah Islami Bank Limited, Azampur Branch

Letter of Transmittal

Mohammad Mujibul Haque
Professor and Associate Dean
BRAC Business School
BRAC University
66 Mohakhali, Dhaka-1212

Subject: Internship report on “Small Enterprise Investment Scheme Analysis: A study on Al Arafah Islami Bank Limited”

Dear Sir,

I would like to notify you with due respect that I am a student of BBA program and I am assigned to prepare a report on Small Enterprise Investment Scheme Analysis: A study on Al Arafah Islami Bank Limited. This study allowed me to develop my awareness which will help me in future. I have tried level best to show all the instruments to make the report more appropriate.

I believe that the report will meet the desires.

Sincerely yours,

Name: Abdullah Naser Nabil

Student ID: 16204020

BRAC Business School

BRAC University

Date: June, 2021

Non-Disclosure Agreement

This agreement is made and entered into by and between Al Arafah Islami Bank Limited and the undersigned student at BRAC University Abdullah Naser Nabil, ID- 16204020

Acknowledgement

At the very beginning I would like to show my deepest gratitude to the Almighty Allah for giving me the courage and chance to complete the task within the time allocated. I would like to express my gratefulness to Mohammad Mujibul Haque, Professor and Associate Dean of BRAC Business School. His guidance and his support help me to complete this report.

My sincere gratitude goes to Md. Jasim Uddin, Officer of Al Arafah Islami Bank Limited at Azampur Branch. His continuous guidance, encouragement helps me to do this duty. I also want to give a special thanks to the rest honorable offices of Al Arafah Islami Bank Limited for help me out from tough situation and for giving me the useful suggestions and guidelines.

Executive Summary

This report is based on the “Small Enterprise Investment Scheme Analysis: A study on Al Arafah Islami Bank Limited”. This is an outcome of 12 weeks of practical experience. In this report I am basically trying to analyze the financial performance of Al Arafah Islami Bank Limited and the Small Enterprise Investment Scheme of AIBL.

In this report I basically focus on three chapter for example the overview of internship, organization part, project part for this report. If someone want to have a look on Al Arafah Islami Bank Limited he or she can be able to get a financial performance idea of Al Arafah Islami Bank Limited. In organization part of chapter one I basically try to give the internship information for example the period, name of the organization, department, address even the details of my on-site supervisor of that organization. In this chapter I explain my job description for this organization. In the organization part I try to address the overview of the company, management and marketing practice, financial performance and accounting practice, operations management and information system practice even the industry and competitive analysis by doing the SWOT analysis and the Porter’s five factor analysis and finally I give some recommendations on this chapter.

Finally, on the project part I basically try to find the present situation of Small Enterprise Investment Scheme of Al Arafah Islami Bank Limited. In this chapter I have calculate the growth of SEIS on this particular branch. By doing a survey on the customers I have build up hypothesis analysis to test the Small Enterprise Investment Scheme of Al Arafah Islami Bank Limited. I have also discussed about the effect of pandemic situation on this banking industry.

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List of Abbreviations & Acronyms

AIBL	Al Arafah Islami Bank Limited
SEIS	Small Enterprise Investment Scheme
BB	Bangladesh Bank
NID	National Identity
MSS	Mudaraba Super Savings Account
GDP	Gross Domestic Product
CIB	Credit Information Bureau
CRO	Customer Relationship Officer

Chapter 1: Overview of Internship

1.1 Student Information

Name: Abdullah Naser Nabil

ID: 16204020

Program: BBA

Major: Finance

1.2 Internship Information

1.2.1 Period: 19 January, 2021 – 19 April, 2021

Company Name: Al Arafah Islami Bank Limited

Department: Investment

Address: 272, Shah Kabir Mazar Road, Chalaban, Azampur, Dakshinkhan, Dhaka-1230

1.2.2 Internship Company Supervisors Information:

Name: Md. Jasim Uddin

Position: Officer

1.2.3 Job Scope – Job Description

Al Arafah Islami Bank Limited has been considered one of the famous islami bank in Bangladesh. I consider myself lucky to get the opportunity to work for this bank in the investment department at Azampur Branch. The job responsibility of internship program in Al Arafah Islami Bank is significant from others. The main duty of my has been assisting Mr. Jasim Uddin, Officer- Al Arafah Islami Bank Limited. Since I am in investment department so I have been assigned to check the loan application form at the very first primary stage and the financial capability of the applicant.

1.3 Internship Outcomes:

1.3.1 Student's Contribution to the company:

Al Arafah Islami Bank provide me some opportunities to work for the bank. At the Azampur Branch I have been assigned to work in the Investment Department but sometimes they also provide me the opportunity to work in the General Banking Department. In the Investment Department I had been successfully overseen to checked the new loan application form and the applicant's financial capability from their past record. I had successfully collected all the relevant documents needed to submit with the loan application form. Sometimes I had successfully filled out the new account opening form for the General Banking Department.

1.3.2 Benefits to the students:

Internship program is basically a learning stage for a graduating student before going into professional career. By working with Al Arafah Islami Bank Limited I have achieved lots of practical knowledge and benefited from their culture.

- **Understanding Banking culture:** By working with the Al Arafah Islami Bank Limited I understood the Banking culture of this country. At present now I have the experience how a commercial bank works even I have noticed their management practice, investment policy and the cash functions.
- **Developing communication skill:** In Al Arafah Islami Bank Limited I have worked with the Investment Department so as a result I had to assist the Investment Officer and sometimes I needed to explain the loan procedures to the applicants. From the face to face conversation in a banking culture helped me to build up my confident and developed my communication skill.
- **Understanding the 'New Normal' of workplace:** The work is going through the pandemic situation. All the organization is trying to follow the 'New Normal' culture in their organization for the safety purpose. By working with Al Arafah Islami Bank

in physically even in this pandemic situation I have use to with the ‘New Normal’ situation in the organizational culture.

1.3.3 Problems/Difficulties:

- **Work Schedule:** At Al Arafah Islami Bank Limited my working schedule was not always continuous since I used to assist the on-site supervisor. The Bank is very sensitive area so they didn’t allow me to complete any high-profile task. Sometimes I used to complete the pending work of my on-site supervisor and by observing his working policy.
- **Instructions from supervisor:** On the very first days I felt some complexity with the given instruction from my on-site supervisor. Working in a banking culture is very new for me as a result some difficulties I have faced with the instruction but gradually I have understood all the instructions and I have done up with all the tasks by following those instructions.
- **Interacting with customers:** At Al Arafah Islami Bank Limited I was in Investment Department so as a result sometimes I needed to deal with the loan applicants with all the information about the loan policy. At the very first time I was not aware of all the information related to loan policy so sometimes it was really tough for me to deal with the applicants but gradually I have improved myself by the supervision of my on-site supervisor.
- **Pandemic Situation:** The world is going through a pandemic situation so it was very dangerous to work physically. The organization going through the ‘New Normal’ situation so I felt difficulties on very first days but gradually I have used to on this situation. Since Bank is a public place so I had to focus on personal safety all the times.

1.3.4 Recommendations:

- **Training Program:** Al Arafah Islami Bank Limited can introduce a training program for the internship students before join on the Branch. From my past experience I have faces many kinds of complexity when I needed to deal with the customers. The training program can be 7-10 days for the better understanding of the banking culture.
- **Instruction Manual:** Al Arafah Islami Bank Limited need to publish a instruction manual for the internship students. From my experience I felt complexity on the instruction delivered by the on-site supervisor since sometimes the supervisor were vey busy with his work as a result, he was not able to delivered a detailed instruction. So, from my experience I can recommend them to publish a detailed instruction manual.
- **Individual Working Desk:** At the Azampur Branch of AIBL they have just one desk for the internship students so as a result the 3-4 students has to work on just one desk. From my past experience the working output was not effective and efficient because of the congested situation on one desk. So, the Branch need to set up individual working desk for the internship program for the better output.

Chapter 2: Organization Part

2.1 Introduction:

The report is ready on the premise of twelve weeks practical experience at Al Arafah Islami Bank Limited that basically helps to learn about the organizational culture as well as the banking culture. This internship program helps me to implement the theoretical knowledge into the practical culture at Al Arafah Islami Bank Limited.

Objective:

I am going to identify the financial, investment and operating decision of Al Arafah Islami Bank Limited. This study helps me to find out the management, marketing and financial position of Al Arafah Islami Bank Limited. This study will focus on the management and marketing practice of AIBL that will help me to get a clear picture of AIBL as an organization in the competitive market of Bangladesh.

Methodology:

This report is descriptive in nature which basically focus on the investment procedures and performance AIBL. To get all the findings I have used face to face communication with the branch executives and other information I have collect from the online.

- The primary data I have collect by having conversation with investment department and other departments. Focusing on the practical observation on investment department and others investment records.
- The secondary data I have collect from the Bank website, annual reports, newspaper, journals, Statistics Bureau of Bangladesh, SME report of BB.

Scope of the Study:

From this study we will get a clear view about the financial performance of Al Arafah Islami Bank Limited in the Banking industry. This study will show the different functions of Al Arafah Islami Bank Limited also the management and marketing practice of Al Arafah Islami Bank Limited. We will know about their product and Islamic investment policy which makes them different from other non-Islamic bank. From this study we will get the idea about their operational practice and the strengths, weakness, opportunities, threats of Al Arafah Islami Bank Limited.

Limitations of the Study:

- Al Arafah Islami Bank Limited is very strict on their privacy policy so as a result the availability of information was not satisfactory.
- The bank is a financial service-oriented organization and a result they are very much busy so sometimes I didn't get enough support from them.
- Al Arafah Islami Bank Limited financial data are not that much available on the online so as a result I needed to communicate with my on-site supervisor of Al Arafah Islami Bank Limited.
- I needed to implement my theoretical knowledge in the practical situation so as a new and lack of practical knowledge there some shortcoming may be available in the paper.

Significance of the Study:

At the Azampur Branch of Al Arafah Islami Bank Limited I was in Investment department for my internship program as well as some times I needed to work for the General Banking department also so from this experience I have been able to prepare an insightful report on Al Arafah Islami Bank Limited with the help of my on-site supervisor and the education that I have learned from BRAC University. From this report one person can be able to get a clear idea about the financial and accounting practice, management practice, marketing practice even the operational structure

of Al Arafah Islami Bank Limited. Moreover, we will be able to get a clear idea about their product and Islamic investment policy of Al Arafah Islami Bank Limited. This report also shows the industry and competitive analysis on the Banking industry of Bangladesh.

2.2 Overview of the Company:

About AIBL:

Al Arafah Islami Bank is one of the renowned islami bank in Bangladesh. The bank started its journey in 1995. Al Arafah Islami Bank Limited provides commercial and consumer banking, trade finance and other financial services. Renowned Islamic scholars and businessman of Bangladesh are related with this bank. The bank going through success because of the combination of quality customer services, use of modern technology and proper management. The authorized capital of AIBL is Tk 15000.00 million and the paid-up capital is Tk 10440.22 million as on 31 December 2018. The equity of the bank stood at Tk 2348.32 crore as on 31 December 2018. The man power was 3682 and the number of shareholders was 25793 as on 31 December 2018.

Registered Name: Al Arafah Islami Bank Limited

Status: Public Limited Company

Slogan: Shariah Based Always



Inauguration of First Branch: Motijheel Branch, Dhaka

Registered Head Office: Al Arafah Tower, 63 Purana Paltan, Dhaka 1000

Vision:

To be a pioneer in Islami Banking in Bangladesh and contribute significantly to the growth of the national economy.

Mission:

- Achieving the satisfaction of Almighty Allah both here & hereafter.
- Proliferation of Shariah Based Banking Practices.
- Quality financial services adopting the latest technology.
- Fast and efficient customer service.
- Maintaining high standard of business ethics.
- Balanced growth.
- Steady & competitive return on shareholders' equity.
- Innovative banking at a competitive price.
- Attract and retain quality human resources.
- Extending competitive compensation packages to the employees.

Specialty of AIBL:

- ❖ All the banking activities of Al Arafah Islami Bank Limited is under the profit or loss according to the Islamic shariah.
- ❖ The investment policy of Al Arafah Islami Bank Limited is totally depends on the Islamic shariah and the investment policy is highly monitored by the shariah board.
- ❖ At the year of 2007 the 70 percent income that AIBL achieved from the investment sector are distributed to the mudaraba depositors according to the Islamic shariah.
- ❖ AIBL pay their dividend to their valued shareholders on regular basis. At the year of 2013 they declared their 13.50 percent bonus dividend to their valued shareholders.
- ❖ AIBL always focus on to build a welfare-oriented banking system for the lower class and underprivilege class of people.
- ❖ AIBL committed to provide dedicated service to the clients imbued with Islamic spirit of brotherhood, peach and fraternity.

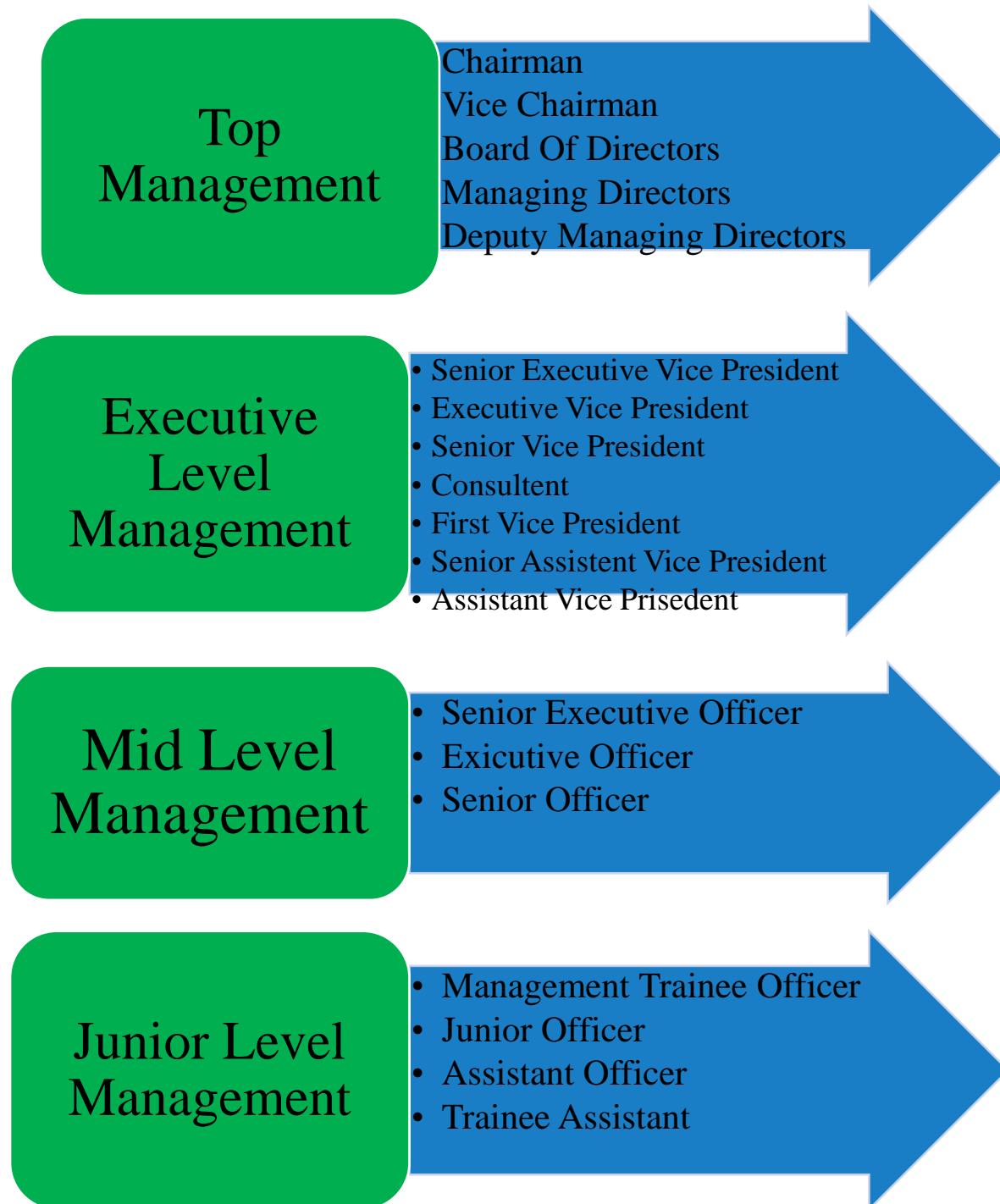
- ❖ As an Islamic shariah based bank they uphold the Islamic value of establishment of a justified economic system through social emancipation and equitable distribution of wealth.

Corporate Social Responsibilities:

Al Arafah Islamic Bank Limited is a renowned Islamic bank in this country. They are always committed to provide quality service to the customers. Since they are concern about their customers so they planned to undertake some corporate social responsibility for the society. This kind of activities enhance their brand image into the banking industry of Bangladesh. They launched Al Arafah Islami Bank Foundation for philanthropic activities. They established Al Arafah Islamic International School, Al Arafah Islami Bank Library for the betterment of the society. Because of these kinds of corporate social responsibility, the brand image of Al Arafah Islami Bank Limited is increasing day by day.

2.3 Management Practice:

Corporate Structure of Al Arafah Islami Bank Limited



Human Resource Management Practice:

Human resource management plays a great role for any kinds of organization. The human resource management department are responsible to improve the overall performance. This human resource management department are responsible for recruitment, training and development, provides compensation and benefits for the employee.

Recruitment and Selection Process:

Al Arafah Islami Bank Limited always focus on to give the equal opportunity for all the citizens of Bangladesh. AIBL is committed to collect qualifies and skilled employees for the betterment of the bank as well as the customers satisfaction. They consume their level best effort to recruit effective and efficient man power. Al Arafah Islami Bank Limited aim to set right person on the right job focusing on the most realistic planning on the recruitment process. Their recruitment source basically the advertisement, career fair, web search, internal recruitment even they try to focus on the best level of fairness on this recruitment process.

Training and Development:

Al Arafah Islami Bank Limited established its own training institute in their head office. They always try to focus on the research & development so they need to train their man power in most effective way so that their employees will be able to compete in this competitive banking industry. Their training program is basically focus on training courses which is basically the Foundation training, Islamic banking operation, Credit operation and management, International trade and finance, Audit and inspection, Customer service, Banking law and practice, information technology, Managing core risk. Al Arafah Islami Bank Limited also conduct workshop, seminars for the training and development purpose.

Performance Appraisal:

The staffs of Al Arafah Islami Bank Limited always receive a smart salary with others benefits. For the betterment of the employees the bank always provides some kinds of unique facilities like the house rent allowance, medical allowance, transportation allowance so that the employees can be able to maintain the modern lifestyle. When there are different festivals come then the bank tries to motivate the employees by providing the extra bonus. AIBL provides these kinds of allowance on the performance basis of particular employee. All the confirmed and full-time employees of Al Arafah Islami Bank Limited who has at least seven years continuous service on AIBL will get the gratuity which equal to one-month basic salary for each completed year of service granted to him or her on the retirement, resignation or termination from AIBL.

Promotion Policy:

The promotion policy of Al Arafah Islami Bank Limited is depends on the performance of the particular employee. We know that the AIBL is committed to recruit the best skilled and qualified employee for their organization to meet up with their goal and for the customer satisfaction service. So, the promotion policy will definitely be based on the performance and the working experience with AIBL as well as the banking industry.

2.4 Marketing Practice:

Al Arafah Islami Bank Limited consistently cognizant about their banking image and service quality. Their marketing practice are basically service oriented. In various paper and online journal AIBL try to show their present. AIBL basically focusing on one stop service and quality banking to the customers. In association with other different brands AIBL basically promotes their services and their commitment to the customers.

Marketing Mix:

The marketing mix is a tool that used by the businesses and the marketers because it helps to determine product or brand offering. We know that the seven Ps of marketing are very important for the service. The seven Ps are basically the product, price, place, promotion, people, process and physical evidence.

Product:

Product basically the service that offers by the Al Arafah Islami Bank Limited. The service is made by this way so that it will be able to meet the customers desired demand. The product and service of Al Arafah Islami Bank Limited is basically the deposits that they collect from the depositors and their investment by giving loan to the customers.

- Al Arafah Islami Bank Limited deposits program are basically the Al Wadiah Current Deposite (CD), Mudaraba saving deposit (MSD), Mudaraba term deposit (MTDR), Monthly profit-based term deposit (PTDR), Monthly installment-based term deposit (ITD), Al-Arafah monthly hajji deposit (MHD), Al-Arafah termed hajji deposit (THD), Monthly installment-based marriage saving investment scheme (MIS), Al-Arafah saving bonds (ASB), Foreign currency deposit (FCD). Al Arafah Islami Bank Limited has a wide variety of deposits program for the depositors.
- Al Arafah Islami Bank Limited try to invest in different kinds of sector by giving loan to the customers. They invest on the agriculture sector, industrial sector, business sector, foreign trade sector, construction and housing sector, transportation sector. Al Arafah Islami Bank Limited also offer hire purchase, investment schemes in mosque and madrasha, consumer investment scheme.

Price:

We know that the price is the cost that consumer need to pay for a product. Al Arafah Islami Bank Limited has a particular loan rate so if the customers want to take a loan from the AIBL then they need to pay the interest for the loan. This interest rate and the loan processing fee is basically the cost that they need to pay for the loan service. When the depositors going to deposit on AIBL at first, they have to open a savings account in the bank and this savings account has a particular yearly charge that the depositors need to pay. We know that in this era of information technology all the banking activities can be operate on mobile phone and it also has a particular yearly charge.

Place:

When Al Arafah Islami Bank Limited want to take decision about their place the very first time they determine where they actually going to sell their product. Their target is basically taken those products in front of the customers. As a bank the place is very important because the bank is a financial organization so as a result because of the safety and security issue the place is very important factor that Al Arafah Islami Bank Limited needed to follow. Al Arafah Islami Bank Limited is a renowned islami bank in this country. All over the country the has lots of branches to operate the banking activities for the customers. To sell the product and services the place is a very mandatory factor for any kinds of organization. When the depositors want to deposit their money and the borrower of the loan need to come at the branch to operate the banking activities. AIBL has 184 branches and 57 ATM Booths all over the country.

Promotion:

Al Arafah Islami Bank Limited promotional activities are focusing on the advertising, public relations, sponsorship and other promotional strategy. The main target of the promotional activities is catching the customers so that they will understand why the need this product and why they will go for pay cost for the product. In order to catch a huge number of customers the promotional activities are mandatory. As Mastercard is AIBL one of the unique services, they are very much

worry and committed about promoting Mastercard service to the customers. On the anniversary of Mastercard they praised it with melodic function occasion, paper promotion furthermore, with a tremendous public meeting. Their marketing practice is very strong even in different Islamic tv program they are going to buy the sponsorship. In the Muslim occasion of Holy Hajj, The AIBL going to collaborate with the Religion Ministry to support the event.

People:

Al Arafah Islami Bank Limited always committed to give the quality service to the customers. In order to sell the product, the quality service is very important. We know that the better customer service not only has the ability to increase the sale, but the increasing of sale depends on the referrals by the satisfied customers. The employees of AIBL also involved in selling a product, design the product, following the rules given by the Bangladesh Bank and finally representing the customers. To set the right people on the right place is very much needed for the success of Al Arafah Islami Bank Limited.

Process:

The process is basically the series of actions that taken by the Al Arafah Islami Bank Limited before delivering the product to the customers. From the very first step of designing a product to the delivering stage there are a series of process needed to follow by the bank. Al Arafah Islami Bank Limited always try to focus on cost cutting in those series of process so that the product will be profitable for the bank as well as the bank can be able to charge a minimum price for the product.

Physical Evidence:

Physical Evidence is very important elements for marketing mix. Al Arafah Islami Bank Limited is a financial service-oriented organization so their physical evidence will be their products that they offer to the customers and their branch itself a physical evidence and their delivery of service.

Physical evidence is basically the elements of marketing mix which the customers can actually see or can able to get the experience when the use it.

Marketing Strategy:

Market Segmentation: In the market segmentation process Al Arafah Islami Bank Limited try to segment the market based on the geographic location, divide a target market into smaller and more specific way. In the rural side of Bangladesh Al Arafah Islami Bank Limited try to promote their agriculture loan even in the industrial zone they try to promote their industrial loan.

Market Targeting: Market targeting is the process of target a specific group of customers. As an Islami Bank their targeted customer are basically the muslin community of this county. We know that there is restriction on interest in the Islam as a result the AIBL promise to avoid the interest in operating their banking activities.

Market Positioning: In market positioning process the AIBL try to build their brand and image in that way to gain competitive advantage over other non-Islamic commercial bank of Bangladesh. They basically try to influence the perception of the consumer by focusing on that they are operating on the basis of Islamic Shariah.

2.5 Financial Performance & Accounting Practice:

Economic Comparison (in million)

	2015	2016	2017	2018	2019
Shareholders Equity	19236.07	21379.12	22520.28	23483.22	24148.21
Total Income	21079.94	21621.69	24048.39	28726.20	32849.22
Total Expense	-14719.79	-14110.61	-17092.62	-22417.31	-24988.60
Economic Value addition	2936.82	2908.66	2535.78	2859.94	3910.92

Table 1: Economic comparison of AIBL

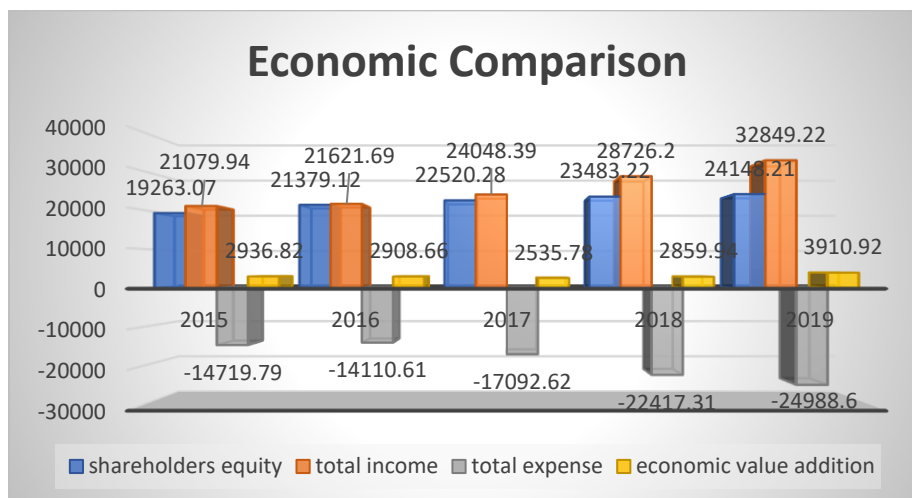


Figure 1: Economic Comparison

Interpretation: Al Arafah Islami Bank Limited is experiencing significant economic growth over the last five years. The islami shariah based policy of AIBL has major impact on this economic growth. Economic value added (EVA) indicates the economic profit of AIBL.

Deposit Growth (in million) over the year

2015	169887.08
2016	199703.92
2017	244806.26
2018	266205.48
2019	297241.81

Table 2: Deposit Growth

Deposit Growth Rate

Year	Growth rate
2016	17%
2017	18.42%
2018	8.74%
2019	11.65%

Table 3: Growth Rate

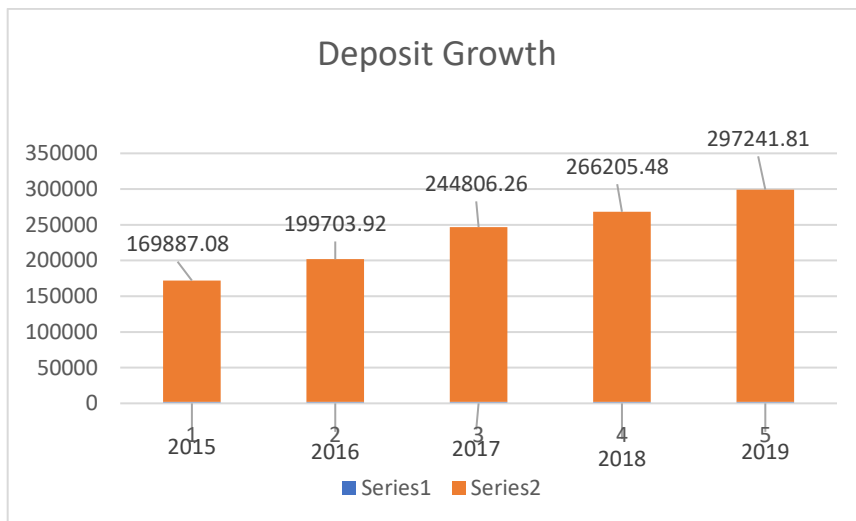


Figure 2: Deposit Growth

Interpretation: The total deposit of Al Arafah Islami Bank Limited is 297241.81 million in 2019 which is significantly increase than the year of 2018. That indicates the bank is operating at its highest level and it shows that their marketing and management strategy worked very well.

Capital Adequacy Ratio (as %)

We know that the capital adequacy ratio (CAR) is the ratio of a bank's capital in relation to its risk weighted assets and current liabilities.

Year	Ratio
2015	16.65%
2016	14.91%
2017	13.06%
2018	14.68%
2019	14.58%

Table 4: Capital Adequacy Ratio

Interpretation: From this table we can say that AIBL has higher capital adequacy ratio for the year 2018 and 2019. This indicates that AIBL has better solvency than the previous year. So, we can say that the bank always had sustainable capital adequacy ratio over the last five years.

Investment Growth (in million taka)

Year	Total Investment
2015	162503.14
2016	196519.38
2017	235905.23
2018	261874.13
2019	288486.02

Table 5: Investment Growth

Investment Growth Rate

Year	Growth Rate
2016	20.93%
2017	20.04%
2018	11%
2019	10.16%

Table 6: Investment Growth Rate

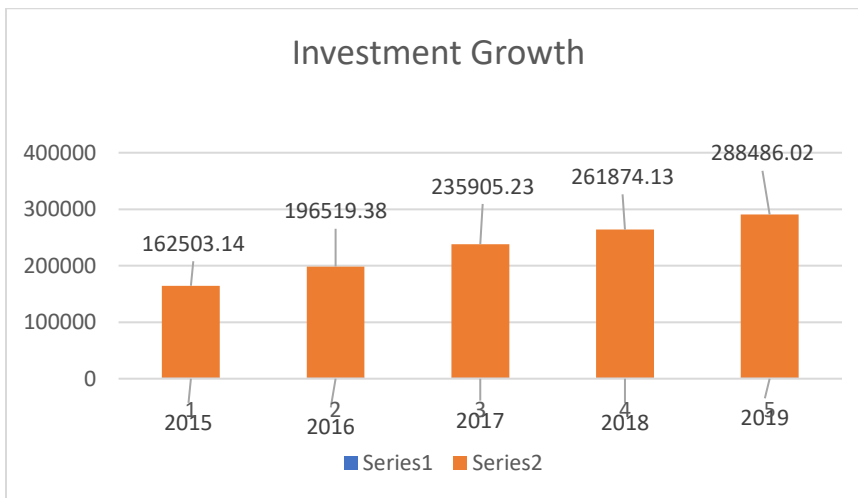


Figure 3: Investment Growth

Interpretation: From the bar chart we can see that there is linear growth on their investment segment. This growth indicates that the investment policy of Al Arafah Islami Bank Limited is working very well and effectively since their investment is increasing year by year.

Operating Profit (in million taka)

Year	Total Operating Profit
2015	6360.15
2016	7511.03
2017	6955.77
2018	6308.89
2019	7860.62

Table 7: Operating Profit

Operating Profit Growth Rate

Year	Growth Rate
2016	18.09%
2017	-7.39%
2018	-9.29%
2019	24.59%

Table 8: Operating Profit Growth Rate

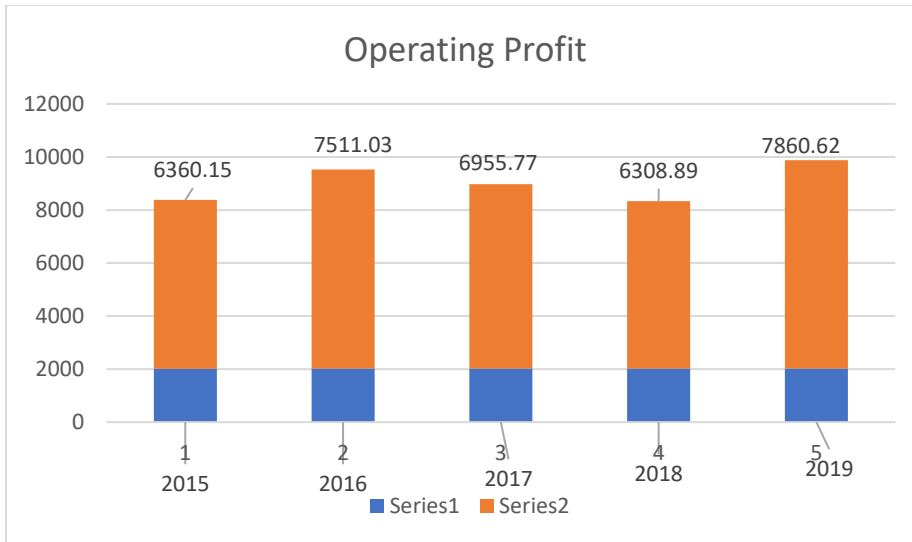


Figure 4: Operating Profit

Interpretation: We know that the operating profit is the earnings from its core business functions excluding the deduction of interest and taxes. From the bar chart we can see that the operating profit of AIBL is 7860.62 million in 2019 which is much higher than year 2018 even gradually year by year AIBL’s operating profit is increasing.

Financial Ratios Analysis

Return on Asset:

Return on asset (ROA) is basically an indicator of how much profitable a company is comparative to its total assets. It provides the information about how capable a company’s management is at using its asset to generate earnings.

$$\text{Return on Asset} = \text{Net profit} / \text{Total asset} * 100$$

	2015	2016	2017	2018	2019
Net profit	2465.88	3349.40	3169.50	2456.80	2427.63
Total asset	229106.66	272900.04	319255.29	338465.30	381051.81
ROA	1.07%	1.23%	0.99%	0.72%	0.63%

Table: 09 (ROA) in million taka

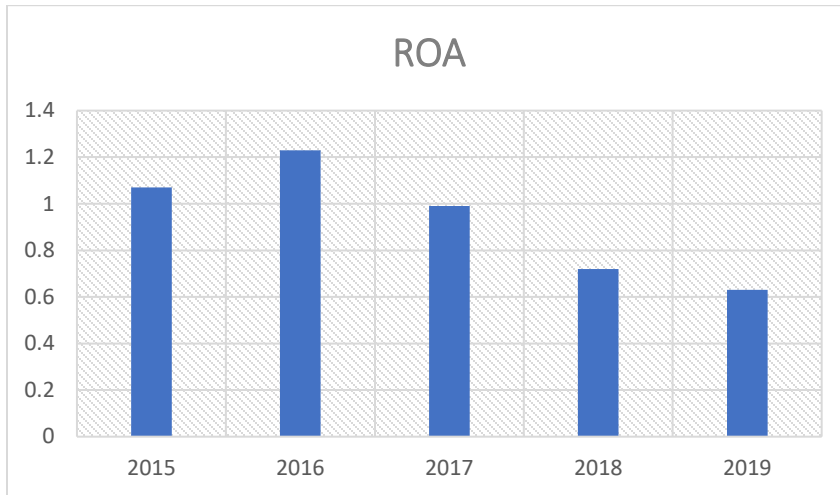


Figure: 05 (ROA)

Interpretation: We know lower Return on asset ratio indicates that the company is less effective in using assets to generate profit and higher ROA indicates that the bank is more efficient using its assets to generate profit. From the chart we can see that the ROA is decreasing gradually of Al Arafah Islami Bank Limited so they are less effective in using assets to generate profit.

Return on Equity:

$$\text{Return on Equity} = \text{Net profit} / \text{Shareholder's equity} * 100$$

	2015	2016	2017	2018	2019
Net profit	2465.88	3349.40	3169.50	2456.80	2427.63
Shareholder's Equity	19236.07	21337.48	22520.48	23483.22	24148.21
ROE	12.81%	15.69%	14.07%	10.46%	10.05%

Table: 10 (ROE) in million taka

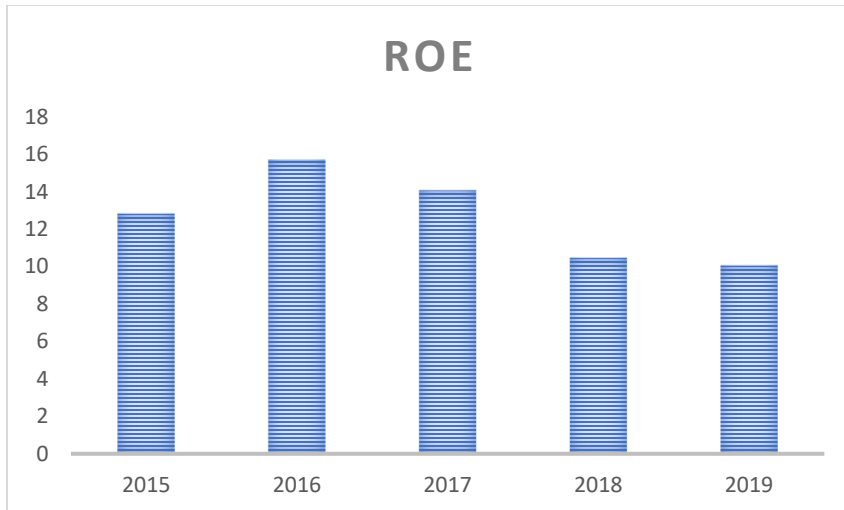


Figure: 06 (ROE)

Interpretation: We know the higher Return on equity indicates that the company is more efficient in giving more profit the owners compared to the owner’s investment and the lower ROE indicates that the company is less efficient is giving less profit to the owners compared to the owner’s investment. From the chart we can see that at the year of 2015,2016,2017 the ROE increasing stage but at the year of 2018,2019 the ROE was not satisfactory compared to previous years so that has an effect on shareholder’s income.

Return on Investment:

Return on investment is basically a performance measure used to evaluate the efficiency of an investment or compare the efficiency of a number of different investments. ROI directly calculate the amount of return on a particular investment relative to the cost of investment.

Return on Investment: $\text{Net profit} / \text{Total investment} * 100$

	2015	2016	2017	2018	2019
Net profit	2465.88	3349.40	3169.50	2456.80	2427.63
Total Investment	162503.14	196519.38	235905.23	261874.13	288486.02
ROI	1.51%	1.70%	1.34%	0.94%	0.84%

Table: 11 (ROI) in million taka

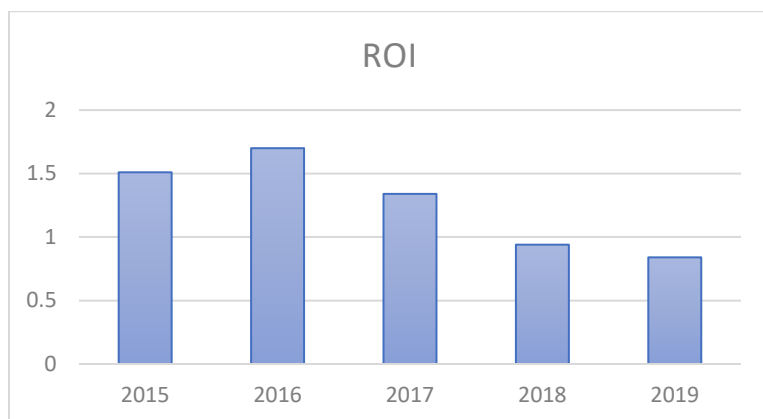


Figure: 07 (ROI)

Interpretation: From the chart we can see that Return on investment ratio is decreasing day by day for the Al Arafah Islami Bank Limited. This kind of performance definitely has a negative impact on the bank. In the year of 2017 AIBL did very well compare to other years but in recently the year of 2018,2019 their return on investment ratio was very low.

Net Profit Margin:

Net profit margin is basically equal to how much net income or profit is generated as a percentage of the revenue. We know higher net profit margin ratio means that a company is more efficient at converting sales into actual profit.

Net Profit Margin= Net profit / operating income *100

	2015	2016	2017	2018	2019
Net profit	2465.88	3349.40	3169.50	2456.80	2427.63
Operating income	6360.15	7511.03	6955.77	6308.89	7860.62
NPM	38.77%	44.59%	44.56%	38.94%	30.88%

Table: 12 (Net profit margin) in million taka

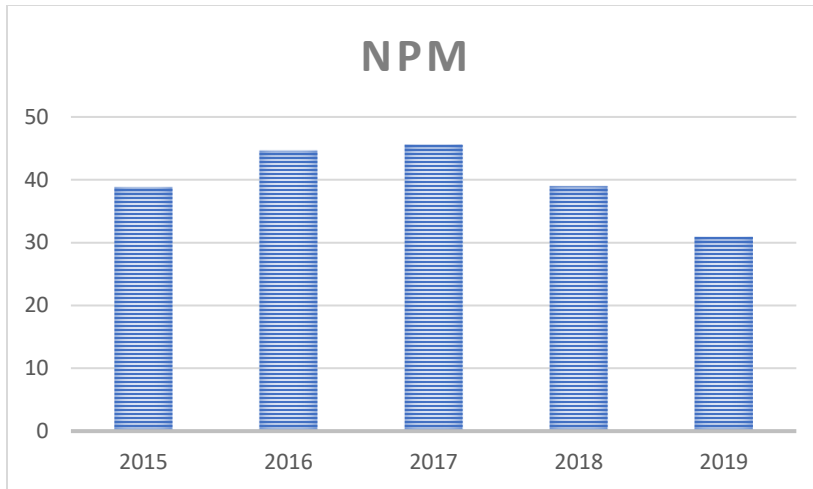


Figure: 08 (NPM)

Interpretation: From the chart we can see that the net profit margin in the year of 2016,2017 was good compare to others year for Al Arafah Islami Bank Limited. In recent years 2018,2019 the net profit margin is decreasing gradually year by year. So, in this situation Al Arafah Islami Bank Limited need to take proper action to increase it up.

Earnings Per Share:

Earning per share are the share of a company's profit that is assigned to each outstanding share of its common stock.

Earning per share= Net profit / No of share outstanding

	2015	2016	2017	2018	2019
Net profit	2465883571	3349401864	3169493454	2456806628	2427637371
No of share outstanding	946958503	994306428	994306428	1044021750	1064902185
EPS	2.60	3.36	3.18	2.35	2.27

Table: 13 (EPS) in million taka

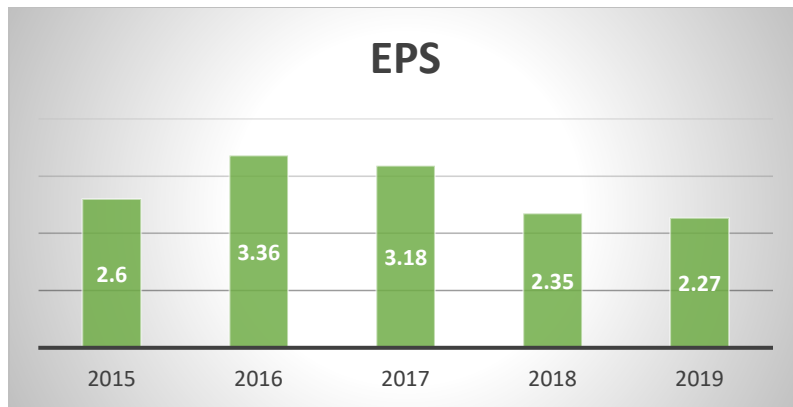


Figure: 09 (EPS)

Interpretation: From the chart we can see that at the year of 2016,2017 the EPS was better than other years but at the year of 2018,2019 the EPS is decreasing gradually for Al Arafah Islami Bank Limited. AIBL need to take effective way to increase the EPS .

2.6 Operations Management and Information System Practices:

General Banking Department:

General banking exercises primarily take care of the client. The general banking department is the front side customer service department. We know that the primary duty is to take the deposits from the depositors and the lending process of that deposits even the cheque clearance, new account opening process all are the doing by the general banking department. The general banking department is directly related to the customer service. At the Azampur branch of Al Arafah Islami Bank Limited the general banking department is working very well in terms of assuring quality banking service to the customers.

Cash Counter:

The most sensitive and important section of the bank is the cash division. The head of the cash division are responsible to handle this division which is basically the in charge of cash. In this department the Cash or check exchange handle by the tellers. This department is basically dealing with all kinds of cash transaction. They started their day with cash that come from the vault. So, this cash department is very important for the banking system. All the depositors submit their

deposit on the cash counter and all the borrowers receive their loan from the cash counter also. Al Arafah Islami Bank Limited always try to focus on level best effort to maintain the maximum level of safety in the Cash Counter to avoid any unexpected event.

Investment Department:

At the Azampur Branch of Al Arafah Islami Bank Limited I used to work with the investment department for my internship purpose. The investment department is basically responsible for any kinds of investment by the bank. The processing of loans request and the approval of the loans are basically controlling by the investment department. The investment officer collects all the needed information before approving a loan then that information are going to verified and after the CIB report they do resource evaluation so the activities of investment department is also very important to make profit for the bank. At present Al Arafah Islami Bank Limited going to invest in wide variety of sectors for the economic development of this country as well as to make profit for the bank. We know that the maximum range of profit that a bank receive basically comes from the investment done by the bank.

Foreign Exchange Department:

The foreign exchange department is basically trying to focus on the export business, import business, foreign remittance and the necessary service related to foreign exchange and the foreign trade. Foreign exchange is basically the methods by which rights to wealth in a country's currency are converted into rights to wealth in another country's currency. The foreign exchange department is also very important for the bank since this is related to the foreign currency. From the year by year annual report of Al Arafah Islami Bank Limited we can see that the foreign exchange department is working very well.

Information System Practice:

We know that this is the world of information technology. In every sector the impact of information technology is a blessing for any kinds of organization. As a financial institution Al Arafah Islami

Bank Limited used information technology to run their operations very effectively and efficiently. Al Arafah Islami Bank Limited has a large investment in the information technology sector just for make their activities more comfortable.

2.7 Industry and Competitive Analysis:

SWOT Analysis

Strengths:

Al Arafah Islami Bank Limited is one of the renowned islami bank of Bangladesh. From the very first they are ensuring their quality services.

- As a brand they are very famous on the banking industry of Bangladesh
- Al Arafah Islami Bank Limited is shariah based islami bank so they have a unique position in the muslin community.
- AIBL is not very new the banking market so they are very experienced in the industry.
- AIBL follow computerized banking system with modern technology.
- AL Arafah Islami Bank used to give Mastercard facilities to the customers.
- Effective and efficient management team in all branches.
- They are very committed to set the right person into the right position so as a result they have skilled and dedicated employees.
- Well-disciplined and friendly working environment all over the country in every branch.
- Good variety of products to satisfy the customers need.

Weakness:

Every organization has some weakness as like AIBL. A company can go ahead by removing their weakness. If a company can make their weakness to strengths by removing it then that can be a best opportunity.

- Their number of ATM Booth is not sufficient in all over the country so this can be a problem for the customers.
- Sometimes they used to give more concentration on the large loan as a result the customers who want small loan can be fall into problem.
- AIBL need to improve their promotional activities to achieve more customers.
- They use conventional system of banking in some area for example they used manual account opening form for the new customers.

Opportunities:

- AIBL have the scope of market penetration through their variety of product and management system.
- Bangladesh Bank is very supportive for the commercial bank of this country so regulatory environment is motivation for private sector development.
- The number of new entrepreneurs is increasing day by day so AIBL need to more focus on the product development to achieve the new customers.
- Al Arafah Islami Bank Limited can adding new features and benefits into the products so that they can be able to get the competitive advantage over other banks.

Threats:

- Increase competition for market share in the banking industry of Bangladesh can be potential threat for AIBL.
- Market pressure for lowering the interest rate another threat for the commercial bank of this country.
- Sometimes the unstable political situation by the political party can be a great threat for banking industry.

- The world is going through pandemic situation. This Covid 19 has already a great impact on the banking industry.
- Multinational bank is already available in Bangladesh so their good service and strategy can be a potential threat for AIBL.

Porter's Five Forces Analysis

The threat of new entrance: Low

An organization that wants to go into the banking industry of Bangladesh need to have huge amount of capital administrative authorization from finance ministry. Even in the banking industry the brand image is a huge matter so as a result the customers are more comfortable with the already existing bank not interested into the upcoming new bank. So, the threat of new entrance in banking industry is very low.

The threat of substitutes: High

At present the customers are getting more comparable banking facilities from the mobile banking organizations. So, this is big challenge for the banking industry if they don't offer much better service and opportunity. The threats of substitutes in this market is high and it is increasing day by day. So, from this situation we can say that the threat of substitute in banking industry is very high at this present world.

The bargaining power of buyers: Low

Al Arafah Islami Bank Limited novel product is Mastercard. There are only few banks in Bangladesh gives Mastercard administration to the client. Thus, here the purchasers don't have much choice for this situation to change to other bank. Even there are only few shariah based islami bank are available in Bangladesh in fact the AIBL is one of the renowned bank in this sector so

the bargaining power of buyers is low. The AIBL has some specific products for some specific customers so that segmented customers will not go in any other bank.

The bargaining power of suppliers: Low

We know that Capital is the mandatory asset for any kinds of bank. There are four significant providers of banking industry. Customer deposit, mortgages and loans, mortgage-backed- securities and loans from financial foundations. The power of suppliers in the purchaser financing administrations industry is moderately low. The Al Arafah Islami Bank isn't just the one bank who offer this support even all Govt. banks and a considerable lot of the private banks can offer this assistance.

Competitive rivalry: High

The banking business is very serious in nature since this is very sensitive area and the people of this country in fact the government are also directly involve in this area. There are lots of public and private bank available in this country as a result the competition is very high. Even the customers have more option to invest in different kinds of bank so as a result if one bank failed to offer their product that are not good for the customers then the customers will not go for invest on that particular bank. So, from this understanding we can say that the competitive rivalry in this banking industry is very high.

2.8 Summary and Conclusions

At present in the banking industry Al Arafah Islami Bank Limited is a major player from the very first they are ensuring commitment and quality service to the customers. In this chapter I have already discussed about their management practice, marketing practice and how well they are in this banking industry by analyzing their financial performance and accounting practice. AIBL is very good at operations management and they use information technology to operate their daily task. Moreover, from the SWOT analysis and from the Porter's five factor analysis we can say that

they are hold very good position in the banking industry of Bangladesh. Banking industry changed dramatically in the most recent decade. We know that all the banks are now using world's latest information technology to record all the things and to maintain day to day task properly. In this chapter I try to show the overview of Al Arafah Islami Bank Limited which is basically one of renowned islami bank of Bangladesh. So, from this understanding i can say that as an organization part: Overview, operations and the strategic audit of Al Arafah Islami Bank Limited is very much clear and wish to meet the desire.

2.9 Recommendations

- AIBL should focus more on the training process so that the employees can able to give more quick service to the customers.
- They need to implement new market strategy so survive in this banking industry where the commercial bank is always used to give best service than government owned banks.
- The bank can introduce more effective and efficient decision in the pandemic situation for better banking experience in all the branches.
- They need to be set up more ATM Booth all over the country to meet the desire of customers.
- AIBL need to introduce premium banking division for extraordinary customers experience for those who want something out of the box.
- They need to focus more on computerized system for the better operations and quick customer service.

Chapter 3: Project Part

3.1 Introduction:

This project part is basically related with the major area. In this part the main methodology, findings and analysis will come and from this analysis some findings will be found out and then the next step is basically recommendations. The whole report is basically depending on this project part since this is kind of the backbone of the report.

Background:

Bangladeshi people are now more comfortable with the banking service since the banking service are dependent on the technology. Al Arafah Islami Bank is one of the renowned Islamic bank in Bangladesh. Their small enterprise investment scheme is much popular into their clients since this scheme offer some special benefits over other banks products. So, in this report I will basically operate a study on Al Arafah Islami Bank Limited's Small Enterprise Investment Scheme. This report will be based on some methodology and from that analysis we will come up with findings, recommendations.

Objective:

In this report I am going to analyze the policy and procedure of Small Enterprise Investment Scheme of Al Arafah Islami Bank Limited. I am going to analyze the performance of Small Enterprise Investment Scheme basically the growth rate and the interest rate of this scheme. Moreover, I am going to focus on the customers perception about Small Enterprise Investment Scheme.

Significance:

The research is very important for the customers as well as the employees so that they can get a proper view about Al Arafah Islami Bank Limited. Only research has the ability to find out the actual situation of anything. The research itself is very important for any kinds of project. The Small Enterprise Investment Scheme is one on the significant product that offers by the Al Arafah Islami Bank Limited. If we want to find out the actual situation and the problems related with this scheme then we need to operate a proper research method. So, from this understanding we can say that the research itself is very important to the study related Small Enterprise Investment Scheme.

3.2 Methodology

The data and information that I have collected from the primary sources as well as from the secondary sources. From the Azampur Branch of Al Arafah Islami Bank Limited I have collected some information by asking the customers, by working with the investment department and from my personal observation. By using their internal documents and statistical method I am going to analyze the policy and procedure and the performance of Small Enterprise Investment Scheme. Moreover, I am going to analyze the current situation of Small Enterprise Investment Scheme by hypothesis testing.

3.3 Findings and Analysis

3.3.1 Policy & Procedure of SEIS

Small Enterprise Investment Scheme SEIS is an investment program by Al Arafah Islami Bank Limited that create opportunity for the small enterprise. It helps companies by giving their investors federal tax relief, which is basically an incentive to investors, making the potential purchase of these companies' shares more appealing. AIBL introduce skilled man power to operate this program.

Features of SEIS

- **Collateral:** Free
- **Other security:** Personal guarantee, Postdated cheques for monthly installment, Personal guarantee of relatives
- **Investment parameter:** Manufacturing, Service, Trade
- **Mode of investment:** HPSM (SEIS) & Bai-Muajjal (SEIS).
- **Investment amount:** AIBL normally invest 5,00,000 tk in business but in exception they offer more money to invest in a business. It depends on type of the business. If a business has more assets, then bank will invest more in that business.
- **Rate of return:** As Stipulated by the bank (9%).
- **Repayment system:** Maximum 36 months (Monthly Installment basis).

Investment Mode of AIBL

- **Bai Murabaha:** This term comes from Arabic words (Bai and Ribhum). The Bai means to buy and sell and the Ribhum means an agreed upon profit. So, it means a buying deals on agreed upon profit. It is a contract between the customers and the bank and in this contract the customers going to request the bank to buy some particular goods for his or her business.

- **Bai Muajjal:** The word Bai Muajjal comes from the Arabic word (Bai'un and Ajalun). Bai'un means to buy and sell and the Ajalun means a hard and fast time or a hard and fast period. That means a purchase that payment is formed at a future fixed date or within a set of periods so it is basically a procurement on credit.
- **Bai Salam:** The term Bai Salam has been derived from the Arabic words (Bai'un and Salamun). The word Bai'un means to get and sell and the word Salamun means advance so the whole meaning is advance purchase and sell. This is a contract between the buyer and seller within which advance cash payment is created for goods to be delivered shortly.
- **Istisna:** The word Istisna comes from root Sana that suggests manufacturing or to construct or something. It is the contract between the manufacturer and the buyer under which the manufacturers sell the goods after having constructed it but the payment should be paid earlier with the agreed amount or at a future specific date with specific installment.
- **Mudaraba:** It is an agreement between two parties within one party will provide capital and another party will provide entrepreneurial skills to do a business. The profit will be shared between them as per the agreement but the loss only goes to the investors. In this agreement the investors are called the Shahib al maal and who provide the skill is called Mudarib.
- **Musharaka:** The word Musharaka has been derived from the Arabic word Shirkat or Syarikat. That means the partnership or sharing. In this agreement the both parties will provide the capital to conduct the business. The profit and the loss will provide by the both parties.
- **Hire purchase under Shirkatul Melk:** The hire purchase under Shirkatul Melk is the combination of Shirkat, Ijarah, Sale.

Investment Division of AIBL: The investment division of AIBL is divided into three part and those are given bellow-

- ❖ The **Appraisal unit** is responsible for the disbursement of investment. At the very first of the investment process the customers will go for submit the proposal to the Appraisal unit.
- ❖ The **Monitoring unit** is responsible for the process of investment. The set the time of meeting, field visit date and time and the process related to the investment.
- ❖ After approving the investment proposal by the Branch Manager then the **Recovery unit** will go for checks all the data that attached to the investment agreement. They basically ensure the safety of investment after checking all the related issues.

Eligibility Checking for the Desire Customer:

- Customer age must have to be 21-68
- Customer need to be a Bangladeshi Resident
- He or She must need a savings or current account with respective branch of AIBL
- Need to have a permanent income source
- Must have a valid Tin number
- Customer must have to the owner of a valuable mortgage asset against his taken investment.
- Bank statement of last 6 months.
- 5c's of customer include- Character, Capacity, Capital, Collateral, Condition

3.3.2 Performance of SEIS

Total amount invested in SEIS by Azampur Branch

Year	Total Investment
2017	3.84
2018	4.48
2019	6.04
2020	4.00

Table 14: Total invested amount (in million taka)

Growth Rate

Year	Growth rate
2018	16.66%
2019	34.82%
2020	-33.77%

Table 15: Growth Rate

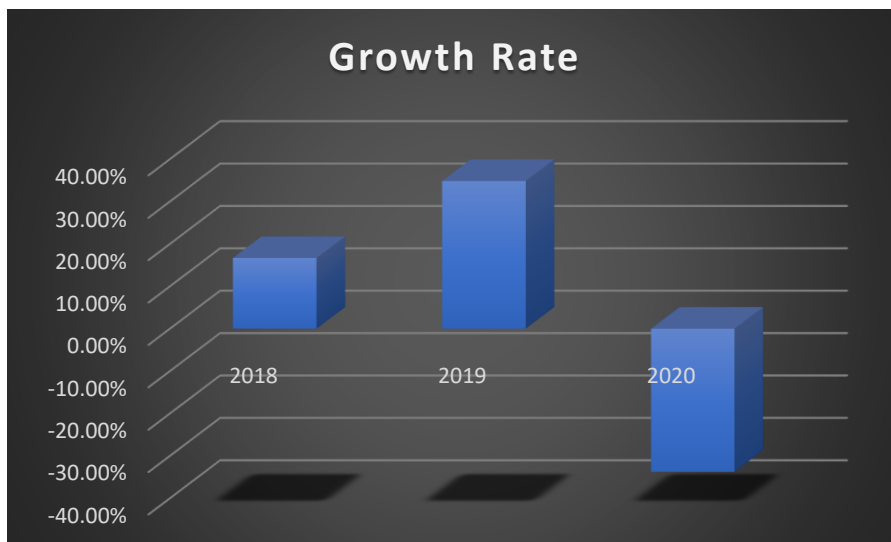


Figure 10: Growth rate

In 2017 the Azampur Branch of Al Arafah Islami Bank Limited have started the Small Enterprise Investment Scheme program. From the table we can see that the investment scheme is in negative growth rate at this moment. From the 2020 the world is going through the pandemic situation as a result the small enterprise owner are not interested to expand their business as a result this Small Enterprise Investment Scheme is on negative growth rate.

Interest Rate of SEIS

Year	Interest rate
2017	14%
2018	14%
2019	13%
2020	9%
2021	9%

Table 16: Interest rate

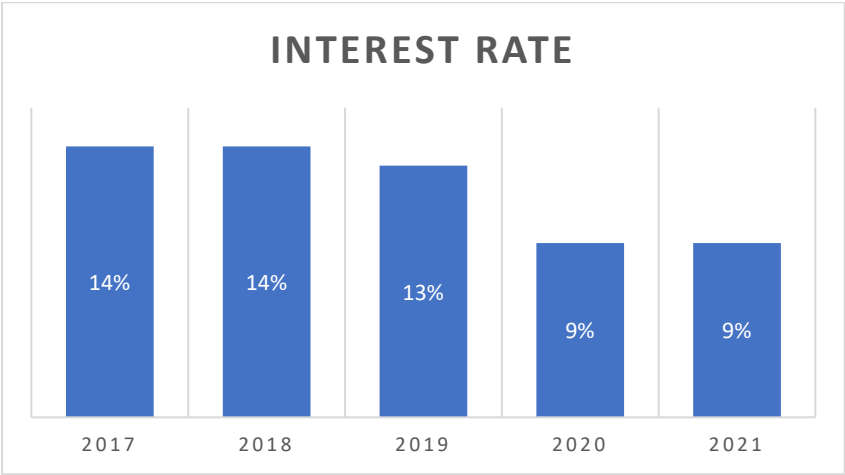


Figure 11: Interest rate

At the very first year of Small Enterprise Investment Scheme the interest rate was 14% and gradually the rate was on decreasing rate because of the government policy. At this present year the interest rate is 9% which is much lower than 2017 so now the customers are more comfortable with this interest rate.

3.3.3 Customer Perception about SEIS

Population and Sampling Methods

Total Population

Population is a large number that refers to make the total set of observations. It is denoted by 'N'. The population of this research project is the investment clients of entire Al Arafah Islami Bank Limited, Azampur Branch. Total client of SEIS is 166 persons including 9 employees.

Sample Size

Sample size is a subset or part of sample frame. Among the existing investment clients of AIBL in Azampur Branch I have selected only 40 individuals including 9 employees in total as sample size for conducting my study/research.

Sampling Technique

- Simple Random sampling technique

Hypothesis Test: t test

$$t = \frac{\bar{x} - \mu_0}{s/\sqrt{n}}$$

Hypothesis Scale (Likert Scale)

Opinion	Weighted Value
Strongly Disagree	1
Disagree	2
Neither Agree nor Disagree	3
Agree	4
Strongly Agree	5

Hypothesis Development

Ho (1): Low and fixed Interest Rate for SEIS doesn't play a vital role in increasing the new entrepreneurs of AIBL, Azampur Branch.

HA (1): Low and fixed Interest Rate for SEIS plays a vital role in increasing the new entrepreneurs of AIBL, Azampur Branch.

Ho (2): Modify the size of total investment amount of SEIS does not create more clients for AIBL, Azampur Branch.

HA (2): Modify the total investment amount of SEIS creates more clients for AIBL, Azampur Branch.

Ho (3): The branch does not provide a skillful specialist employee for SEIS to attract new potential entrepreneurs.

HA (3): The branch provides a skillful specialist employee for SEIS to attract new potential entrepreneurs.

Ho (4): Flexibility in SEIS does not create satisfaction to current customer due to Covid-19

HA (4): Flexibility in SEIS creates satisfaction to current customer due to Covid-19

H0 (5): The branch does not provide service via permanent "SEIS Investment Desk" then borrowers will get faster and better service

HA (5): The branch provides service via permanent “SEIS Investment Desk” then borrowers will get faster and better service.

Hypothesis Testing

Likert Scale	H1	H2	H3	H4	H5
Strongly Disagree	1	1	12	1	11
Disagree	5	0	23	3	25
Neutral	9	5	1	4	0
Agree	9	22	2	21	3
Strongly Agree	16	12	2	11	1
Total Respondent	40	40	40	40	40
Total Weight	154	164	79	158	76
Average	3.85	4.1	1.98	3.95	1.95
Standard Deviation(S)	1.14	0.97	1.23	0.94	0.88
Z- Test Value	4.71	7.16	-5.24	6.39	-7.54
Result	Not Accepted	Not Accepted	Accepted	Not Accepted	Accepted

Table (17): Hypothesis Testing

Statistical test and Analysis of Hypothesis

Hypothesis 1 (H1)

Step-1: Set up hypothesis

HO: Low and fixed Interest Rate for SEIS doesn't play a vital role in increasing the new entrepreneurs of AIBL, Azampur Branch.

HA: Low and fixed Interest Rate for SEIS plays a vital role in increasing the new entrepreneurs of AIBL, Azampur Branch.

Step 2: Data Input

$$1 \times 1 = 2$$

$$2 \times 5 = 10$$

$$3 \times 9 = 27$$

$$4 \times 9 = 36$$

$$5 \times 16 = 80$$

$$\text{Total} = 154$$

Step-3: Level of Significance (α)

$$\text{Alpha } (\alpha) = 5\%$$

The level of significant (α) = 5% that means, my confidence level is 95%.

Step-4: Test Statistic

$$\begin{aligned}\text{Average } (\bar{x}) &= \text{Total/ (Sample size)} \\ &= 154/40 \\ &= 3.85\end{aligned}$$

Standard deviation

$$\begin{aligned}1(1-3.85)^2 + 5(2-3.85)^2 + 9(3-3.85)^2 + 9(4-3.85)^2 + 16(5-3.85)^2 \\ = 53.1\end{aligned}$$

$$\begin{aligned}\sigma &= 53.1 \\ &= 1.32 \\ &= \sqrt{1.32} \\ &= 1.14\end{aligned}$$

$$t = \frac{\bar{x} - \mu_0}{s/\sqrt{n}}$$

$$= 4.08$$

At 5% level of significance, follows t distribution $t_{0.05} = 2.01$

The null hypothesis is rejected. So, at 5% level of significance, it can be said that, Low and fixed Interest Rate for SEIS plays a vital role in increasing the new entrepreneurs of AIBL, Azampur Branch.

Hypothesis 2 (H2)

Step-1: Set up hypothesis

Ho: Modify the size of total investment amount of SEIS does not create more clients for AIBL, Azampur Branch.

HA: Modify the size of total investment amount of SEIS creates more clients for AIBL, Azampur Branch.

Step 2: Data Input

$$1*1=0$$

$$2*0=0$$

$$3*5=15$$

$$4*22=88$$

$$5*12=60$$

$$\text{Total} = 164$$

Step 3: Level of Significance (α)

$$\text{Alpha } (\alpha) = 5\%$$

The level of significant (α) = 5% that means, my confidence level is 95%

Step 4: Test Statistic:

$$\text{Average } (\bar{x}) = \text{Total} / \text{Sample size}$$

$$\begin{aligned} &= 164 / 40 \\ &= 4.1 \end{aligned}$$

Standard deviation

$$\begin{aligned} &1(1-4.1)^2 + 0(2-4.1)^2 + 15(3-4.1)^2 + 22(4-4.1)^2 + 12(5-4.1)^2 \\ &= 37.7 \end{aligned}$$

$$\begin{aligned} \sigma &= 37.7 \\ &= 0.9425 \\ &= \sqrt{0.9425} \\ &= 0.9708 \end{aligned}$$

$$\begin{aligned} t &= \frac{\bar{x} - \mu_0}{s / \sqrt{n}} \\ &= 6.21 \end{aligned}$$

At 5% level of significance, follows t distribution $t_{0.05} = 2.01$

The null hypothesis is rejected. So, at 5% level of significance, it can be said that,

Modify the size of total investment amount of SEIS creates more clients for AIBL,

Azampur Branch.

Hypothesis 3 (H3)

Step-1: Set up hypothesis

HO: The branch does not provide a skillful specialist employee for SEIS to attract new potential entrepreneurs.

HA: The branch provides a skillful specialist employee for SEIS to attract new potential entrepreneurs.

Step 2: Data Input

$$1*12=12$$

$$2*23=46$$

$$3*1=3$$

$$4*2=8$$

$$5*2=10$$

$$\text{Total}=79$$

Step-3: Level of Significance (α)

Alpha (α) = 5%

The level of significant (α) = 5% that means, my confidence level is 95%

Step-4: Test Statistic:

$$\begin{aligned}\text{Average } (\bar{x}) &= \text{Total} / (\text{Sample size}) \\ &= 79/40 \\ &= 1.98\end{aligned}$$

Standard deviation

$$\begin{aligned}12(1-1.98)^2 + 23(2-1.98)^2 + 1(3-1.98)^2 + 2(4-1.98)^2 + 2(5-1.98)^2 \\ = 38.97\end{aligned}$$

$$\begin{aligned}\sigma &= 38.97 \\ &= 0.9744 \\ &= \sqrt{0.9744} \\ &= 0.98\end{aligned}$$

$$\begin{aligned}t &= \frac{\bar{x} - \mu_0}{s/\sqrt{n}} \\ &= -5.7\end{aligned}$$

At 5% level of significance, follows t distribution $t_{0.05} = 2.01$

The null hypothesis is failed to rejected. So, at 5% level of significance, it can be said that, the branch does not provide a skillful specialist employee for SEIS to attract new potential entrepreneurs.

Hypothesis 4 (H4)

Step-1: Set up hypothesis

Ho: Flexibility in SEIS does not create satisfaction to current customer due to Covid-19

HA: Flexibility in SEIS creates satisfaction to current customer due to Covid-19

Step 2: Data Input

$$1*1=1$$

$$2*3=6$$

$$3*4=12$$

$$4*21=84$$

$$5*11=55$$

$$\text{Total} = 158$$

Step-3: Level of Significance (α)

Alpha (α) = 5%

The level of significant (α) = 5% that means, my confidence level is 95%

Step-4: Test Statistic:

Average (\bar{x}) = Total/ (Sample size)

$$= 158/40$$

$$= 3.95$$

Standard deviation

$$1(1-3.95)^2 + 3(2-3.95)^2 + 4(3-3.95)^2 + 21(4-3.95)^2 + 11(5-3.95)^2$$

$$= 35.9$$

$$\begin{aligned}
\sigma &= 35.9 \\
&= 0.89 \\
&= \sqrt{0.89} \\
&= 0.94
\end{aligned}$$

$$\begin{aligned}
t &= \frac{\bar{x} - \mu_0}{s/\sqrt{n}} \\
&= 5.53
\end{aligned}$$

At 5% level of significance, follows t distribution $t_{0.05} = 2.01$

The null hypothesis is rejected. So, at 5% level of significance, it can be said that, Flexibility in SEIS creates satisfaction to current customer due to Covid-19.

Hypothesis 5 (H5)

Step-1: Set up hypothesis

H₀: The branch does not provide service via permanent “SEIS Investment Desk” then borrowers will get faster and better service

H_A: The branch provides service via permanent “SEIS Investment Desk” then borrowers will get faster and better service

Step 2: Data Input

$$1*11=11$$

$$2*25=50$$

$$3*0=0$$

$$4*3=12$$

$$5*1=5$$

$$\text{Total} = 78$$

Step-3: Level of Significance (α)

$$\text{Alpha } (\alpha) = 5\%$$

The level of significant (α) = 5% that means, my confidence level is 95%

Step-4: Test Statistic:

$$\text{Average } (\bar{x}) = \text{Total} / (\text{Sample size})$$

$$= 78/40$$

$$= 1.95$$

Standard deviation

$$11(1-1.95)^2 + 25(2-1.95)^2 + 0(3-1.95)^2 + 3(4-1.95)^2 + 1(5-1.95)^2 \\ = 31.9$$

$$\sigma = 31.9$$

$$= 0.79$$

$$= \sqrt{0.79}$$

$$= 0.88$$

$$t = \frac{\bar{x} - \mu_0}{s/\sqrt{n}}$$

$$= -6.5$$

At 5% level of significance, follows t distribution $t_{0.05} = 2.01$

The null hypothesis is failed to rejected. So, at 5% level of significance, it can be said that, the branch does not provide service via permanent “SEIS Investment Desk” then borrowers will get faster and better service

- The Low Interest Rate for SEIS plays a vital role in increasing the new entrepreneurs of Al Arafah Islami Bank Limited, Azampur Branch. From this hypothesis we can see that 1 people from the sample of respondents is strongly disagreed, 5 people are disagreed, 9 people of the sample are neutral, 9 people of respondents are agreed and 16 respondents from the sample are strongly agreed. So as a result, the null hypothesis is not accepted.
- The modification in investment size of SEIS creates more clients for Al Arafah Islami Bank Limited at Azampur Branch. From the analysis we can see that 1 respondents from the total sample size was strongly disagree, 0 people from the sample was disagree, 5 people from the sample size are neutral, 22 respondents from the sample size was agree and 12 people from that sample was strongly agree so as a result we can say that the null hypothesis is not accepted.
- The branch provides a skillful specialist employee to attract new potential entrepreneurs. From that hypothesis we can see that 12 respondents of the sample are strongly disagree, 23 of the respondents are disagree, 1 respondents of that sample were neutral, 2 respondents of the sample are agreed and strongly disagree and as a result the null hypothesis is accepted.
- Flexibility in SEIS creates satisfaction to current customer. From this hypothesis 1 of respondents is strongly disagreed, 3 people from the sample is disagreed, 4 of respondents are neutral, 21 of respondents from that sample are agreed and 11 respondents are strongly agreed so as a result the null hypothesis is not accepted.

- The branch provide service via permanent “SME Investment Desk” borrowers will get faster and better service. From that analysis we can see that 11 respondents from that sample are strongly dis agree, 25 respondents from that sample are disagree even 0 respondents are neutral, 3 respondents from that sample are agree and 1 respondent are strongly agreed so from that analysis we can say that the null hypothesis is accepted.

Impact of COVID 19 in Banking Industry:

We know that the world is going through a pandemic situation. From the year of 2021 to so far we are passing by fighting with this Corona virus. Every sector of this country is affected for this pandemic situation. We know that our banking industry is leading by the government bank as well as the private bank and both sectors are affected by this pandemic. Bangladesh is mostly depended on the garments industry since this country’s garments products are very capable to meet the international quality. A huge range of garments industry are dependent on the loan that given by the private bank but just for this pandemic situation the foreign buyer was used to cancel their order from the very first of pandemic situation. So as a result, the garments industry is going through a very bad experiencing situation in this time as a result there is a significant impact of this in the banking sector of this country. There is also other sector of this country for example agriculture sector even the construction sector also affected for this Covid 19. The banking sector is trying their best to cope up with this situation and we see that the government of this country is very supportive to give proper environment for the banking sector of Bangladesh.

3.4 Summary and Conclusions

Al Arafah Islami Bank is a renowned islami bank in the banking industry of Bangladesh. The bank has a cooperation in the sustainable economic development of this country. In the project part we are going through some methodology to analyze the Small Enterprise Investment Scheme and from that analysis now we have proper view of the Scheme. In this chapter we discuss about different kinds of loan product of AIBL and by doing some hypothesis test now we have a better view. In this chapter our first hypothesis is Low and fixed interest plays a vital role in increasing the new entrepreneurs of Al Arafah Islami Bank Limited. The second hypothesis is Modify the total investment amount of SEIS creates more clients for Al Arafah Islami Bank Limited. Third hypothesis is the branch provides a skillful specialist employee for SEIS to attract new potential entrepreneurs. Fourth hypothesis is Flexibility in SEIS creates satisfaction to current customer due to Covid-19. Fifth hypothesis is the branch provides service via permanent “SEIS Investment Desk” then borrowers will get faster and better service.

3.5 Recommendations

So, after conducting the research finally I have some findings. Since there are some problem of that particular branch so I have come up with some initial solutions to solve the problem immediately. From the 12 weak observations in the bank, I have much practical knowledge and experience at this moment.

- Low and fixed Interest Rate for SEIS plays a vital role in increasing the new entrepreneurs of AIBL, Azampur Branch. Most of the respondent agreed that if Interest Rate for SEIS decrease then this will motivate new clients.
- Modify the size of total investment amount of SEIS creates more clients for AIBL, Azampur Branch. Most of the respondent said that they are expecting more loan.
- The branch provides a skillful specialist employee for SEIS to attract new potential entrepreneurs.
- Flexibility in SEIS creates satisfaction to current customer due to Covid-19.
- The branch provides service via permanent “SEIS Investment Desk” then borrowers will get faster and better service.

Reference

1. Website of Al Arafah Islami Bank. <https://www.al-arafahbank.com>
2. Bangladesh Bank Policy and Relevant Information of SME 2019, Retrieved from <https://bb.org.bd>
3. Interview with senior officer of Al Arafah Islami Bank Limited

Survey Questionnaire

Respondents Information

Name	
Mobile Number	
Age	
Occupation	

1. Do you think low interest rate for SEIS can play a vital role in increasing the investment of AIBL?

- a. Strongly Disagree
- b. Disagree
- c. Neutral
- d. Agree
- e. Strongly Agree

2. Will modifying investment amount of SEIS will create more clients at AIBL?

- a. Strongly Disagree
- b. Disagree
- c. Neutral
- d. Agree
- e. Strongly Agree

3. Does the branch provide a skillful specialist employee to attract potential entrepreneurs?

- a. Strongly Disagree
- b. Disagree
- c. Neutral
- d. Agree
- e. Strongly Agree

4. Do you think flexibility in SEIS create satisfaction to current customer?

- a. Strongly Disagree
- b. Disagree
- c. Neutral
- d. Agree
- e. Strongly Agree

5. Do you think the branch provide service via permanent “SEIS Investment Desk” borrowers will get faster and better service.

- a. Strongly Disagree
- b. Disagree
- c. Neutral
- d. Agree
- e. Strongly Agree

