



Internship Report on

Prospects and Challenges of Introducing Software in Banking Sector

A Case Study on Shahjalal Islami Bank Limited.



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"Prospects and Challenges of Introducing Software in Banking Sector

A Case Study on Shahjalal Islami Bank Limited."

Summer 2017

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Date of Submission

August 30, 2017

Letter of Transmittal

August 31, 2017

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Subject: Submission of Internship Report

Dear Sir,

This is my absolute pleasure to inform you that I have successfully completed my internship report on “Prospects and Challenges of Introducing Software in Banking Sector. A Case Study on Shahjalal Islamic Bank Limited.”

In writing this report, I tried to follow your instructions as well as those given by my organization’s supervisor. I have also tried to apply relevant concepts that I have learnt during my internship period at Shahjalal Islamic Bank Limited. This report is prepared on the basis primary and secondary data. I would like to express my gratitude to you for your endless support which kept me motivated to complete this project.

Please accept the report and oblige. I will be glad to clarify any inconsistencies that may arise in the report.

Thank you.

Sincerely,

.....

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Acknowledgement

I would like to thank my internship supervisor, Saif Hossain, Senior Lecturer of BRAC University of BRAC Business School, for allowing me to work on this report. Without his constant guidance, advice and helpful nature throughout the project it would have been near impossible to complete the report so smoothly in the allocated time. A special sign of gratitude to the people who have helped me a lot during the preparation of the report and I also acknowledge all the published report and papers in different websites which were required for completion of my internship report.

Executive Summary

In this report the prospects as well as challenges of using different software in banking sector is shown. At present time information technology or IT has a great impact in the whole world. We cannot think about spending a day without the help of IT. All the things we can see around us are run through software. Even today's banking industry has gone through a technological change in order to serve their customers in a better way. Moreover, software's has created a revolution not only in the conventional banking sector but also in the Islamic banking sector. Presently it is a period of electronic banking. Mainly electronic banking performed through the electronic means such as; applying telephones, PCs and electronic gadgets which all are connected with a software system. Even the banking sectors of Bangladesh are also trying to adopt and improve themselves by accepting the new software techniques for coping up with the present world. This new techniques has been like a blessing to the present banking sector. But with these advantages there are also some challenges that are facing by the banks and its employees. In this report I tried to incorporate all those advantages and challenges that a bank faces due to these software's and technologies.

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Chapter 1

Introduction

1 Introduction

The Banking sector of Bangladesh is contributing significantly in the national economy of the country. The financial sector of Bangladesh is mainly dominated by the banking sector. In Bangladesh the banking sector has witnessed several ups and downs. According to Prof. M. Muzahidul Islam, “After the impence of 1971 the banking sector of Bangladesh started its journey with a new dream and new commitment towards equity and social justice along with growth and development. “ Banking Sector of Bangladesh includes a number of banks in various categories. Such as:

1. Central Bank
2. State-owned Commercial Banks
3. Private Commercial Banks
4. Specialized Development Banks
5. Foreign Commercial Banks

1.1 Background of the Report

The banking arena of Bangladesh has changed drastically over the last few eras. The traditional ways of banking system is takes over by the new technologies and newest software’s. This new technologies and software’s are functioning like a blessing in the banking field but along with the prospects there are some challenges also. This study is going to light the prospects and challenges of introducing software in the banking sector.

1.2 Origin of the Report

This report is initiated as an academic requirement of BBA Program of BRAC University for completing the Undergraduate degree. It is a great opportunity for me to gain an in depth knowledge of the banking activities of Shahjalal Islami Bank Limited while working in the bank. In this report I attempted to join all the classroom learning alongside the functional information while doing my internship in Shahjalal Islamic Bank Limited.

1.3 Methodology

- The Executive officer of the bank will help me to understand and train me how to use the software properly for gaining knowledge about the software of the bank named ULTIMAS.
- For obtaining knowledge about the benefits of using a software in banking sector I took the interviews of the officers of Cash and General banking department and while working with the software I got to know about the benefits of using this software.
- To know about the challenges or drawbacks of using software while working in a banking sector eventually I discovered the challenges and drawbacks of using it and talked to the Executive officer of the bank about those challenges.
- For gathering some idea to know how the challenges or drawbacks of using software can be minimized me took the interviews of the Executive officer and the Management Trainee Officer (MTO) of the bank and I get some ideas about how they can overcome these challenges.

1.4 Objective of the Report

1.4.1 Primary Objective:

The Primary objective is: Prospects and Challenges of Using the Software in Banking Sector in Bangladesh on the basis of Shahjalal Islamic Bank Limited.

1.4.2 Secondary objective:

1. To gain knowledge about the software of the bank named ULTIMAS
2. Obtaining knowledge about the benefits of using a software in banking sector
3. Know about the challenges or drawbacks of using software while working in a banking sector.
4. To know how the challenges or drawbacks of using a software can be minimized

Chapter 2

Organizational Overview

2 Organizational Overview

Shahjalal Islami Bank Limited (SJIBL) initiated its business operation as per guideline of Islamic Shariah on the tenth May 2001 under the Bank Companies Act, 1991 but it got its license as a public limited company in 1st April 2001. The present chairman and managing director of Shahjalal Islamic Bank are Mr. Engr. Md. Towhidur Rahman and Mr. Farman R Chowdhury. Within these years Shahjalal bank has enhanced its administration scope by opening new branches at various deliberately vibrant areas. From the time of opening the Bank had been able to maintain a strong position in all important areas of operations. In 31st December 2016 deposit of the bank was raised at Tk.124,409.83 million, total asset raised at Tk.167,244.76 million and total investment portfolio raised at Tk. 122,998.38 million (*Source: Shahjalal Islamic Bank's annual report 2016*). The main motto of the bank is “**Committed to cordial Services**”.

2.1 Shahjalal Banks Strategies

The Strategies of Shahjalal Islamic Bank are:

- To strive for customers best satisfaction & earn their confidence.
- To manage & operate the Bank in the most effective manner.
- To identify customer's needs & monitor their perception towards meeting those requirements.
- To review & updates policies, procedures & practices to enhance the ability to extend better services to the customers.
- To train & develop all employees & provide them adequate resources so that the customer's needs are reasonably addressed.
- To promote organizational efficiency by communicating company plans, polices & procedures openly to the employees in a timely fashion.
- To cultivate a congenial working environment.
- To diversify portfolio both the retail & wholesale markets.

Source: Shahjalal Islamic Bank Website

2.2 Shahjalal Banks Mission

- Uncompromised quality service and customer care
- Setting high standards of integrity
- Inclusive and innovative banking
- Sustainable value for all stakeholders
- Continuous development of professionals and system up-gradation to face the challenges and drive for excellence
- System Automation and digitization adopting the state-of-art technology with full proof security to ensure fast and accurate customer service
- Human Resources Development based on morality and ethics

Source: Shahjalal Islamic Bank Website

2.3 Shahjalal Banks Vision

The Vision of the bank is “To be the unique modern Islami Bank in Bangladesh and to make significant contribution to the national economy and enhance customers' trust & wealth, quality investment, employees' value and rapid growth in shareholders' equity.”

Source: Shahjalal Islamic Bank Website

2.4 Structure of the Bank

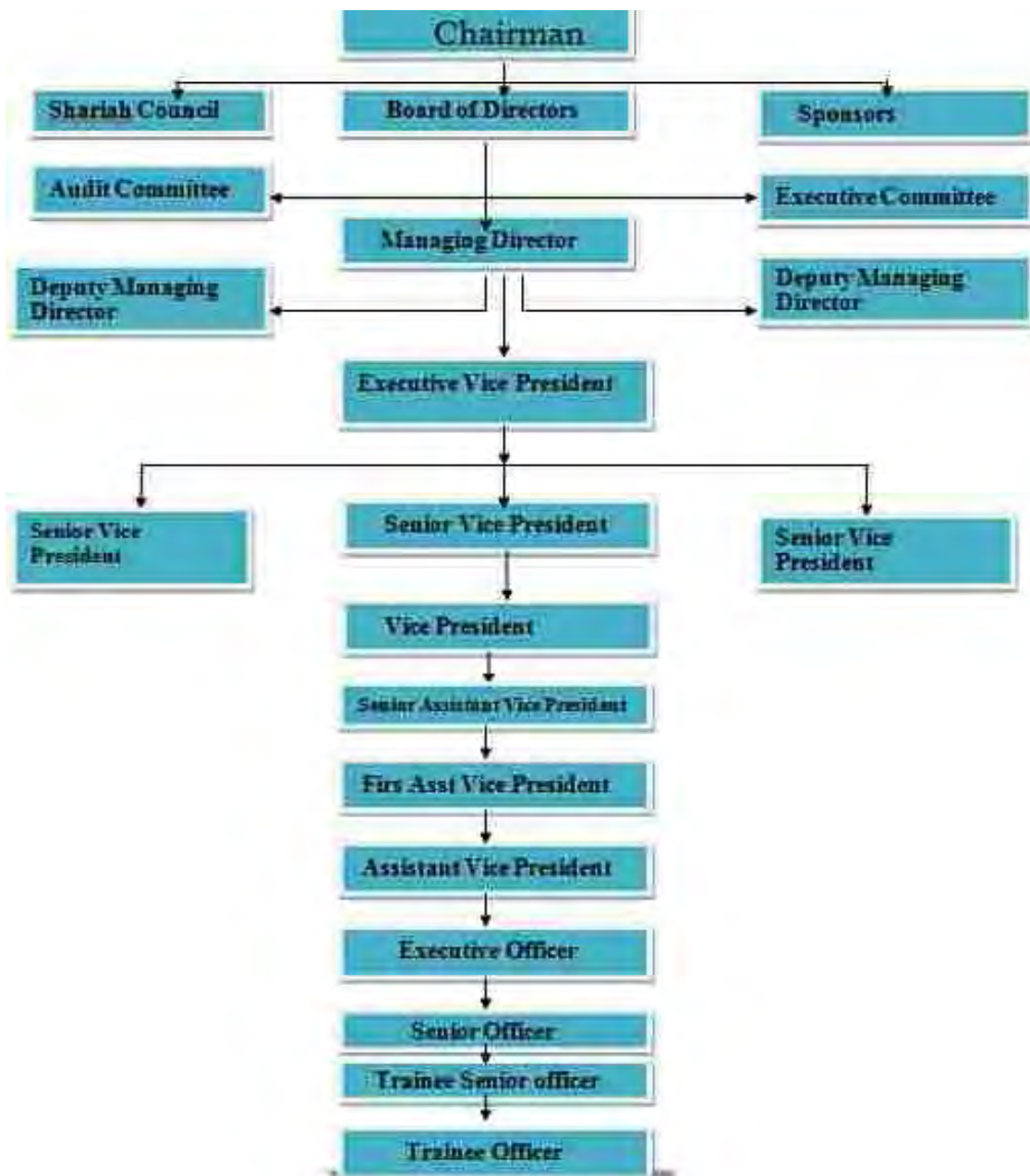


Figure 1: Organization Structure of Shahjalal Bank (Source: Shahjalal Islamic Bank annual report 2016)

2.5 Products of the Shahjalal Islamic Bank Limited

Deposit Product Line	Loan Product Line	Others
<ul style="list-style-type: none"> • Saving Account • Fixed Account • Short Notice Deposit • Millionaire Scheme • Double Benefit Scheme • Triple Benefit Scheme • Monthly Income Scheme • Monthly Savings Scheme • Hajj Scheme • Cash Waqfo Scheme 	<ul style="list-style-type: none"> • Household Durable Purchase Scheme • Woman Entrepreneur Investment Scheme • Scheme for Financial Assistance to Shop Owners • Working Capital • Small Entrepreneur Investment Program • Medium Entrepreneur Investment Program • Housing Investment Scheme • Student Savings Scheme 	<ul style="list-style-type: none"> • ATM Services • SWIFT • SMS\ Push Pull Service • One Stop Service • Personal Management Information System. • Reuters • Capital Market Services • VISA Debit & Pre-paid Card • Credit Rating

Figure 2: Products of Shahjalal Bank

2.6 Departments of Shahjalal Bank

Mainly there are three departments in Shahjalal Bank. They are:

- General Banking Department
- Investment Department and
- Foreign Trade Department

2.7 Working Experience in Shahjalal Islamic Bank Limited

Shahjalal Islamic Bank is one the renowned Banks in Bangladesh. It was a great opportunity for me that I worked in this bank and able to know it operations and functions deeply. While doing my internship in Shahjalal bank I was assigned in the general banking department. In this department I get to know about many new things about banking sector. While working in that department I was assigned with some key responsibilities. My key responsibilities are:

- Maintain & update customers profile
- Doing transaction profile of the customers
- Verification of the customers,
- Update & distribute cheques and cards
- Signature verification
- Receive the request of cheques requisition from clients
- Voucher matching
- Made list of undelivered thanks letter

Maintain and Update Customer Profile: Customer handling is one of the key responsibilities of general banking department. While opening account customers have to give their personal and professional information. Those information need to be updated regularly in their software in case of any emergency.

Transaction Profile of the Customers: Transaction profile means how much a customer can trade his/her money in a month. This profile says the highest limit of a customer can transact his money. Every customer has different transaction limit according to their profession and deposit amount. This profile has created so that the bank can easily find a customer's transaction limit.

Verification of the Customers: Sometimes there are some fraud customers who tried to use the bank for their wrong intension or says that they are the citizen of Bangladesh but actually they are not so it is necessary to find out that the customer is genuine or not. That is why we need to verify the customer by the software of the bank which is connected to the software of Bangladesh election commission.

Update and Distribute Cheques and Cards: Cheques and cards are the most essential thing for a customer. Customers use both of these things on a daily basis. So, it is necessary that the cheques and cards are updated and distributed on a regular basis.

Signature Verification: Banks mainly identify their customers through their signatures. If the signature of the customer does not match with the signature they provide while opening their bank account than the customer is not be able to do any kind of transaction. So, signature verification is one of the crucial and most important things for a bank.

Voucher Matching: There are different types of voucher like cash voucher, clearing voucher, debit & credit voucher and so on. I had to match different types of voucher with their respective accounts and headings.

Making List of Undelivered Thanks Letter to the Clients: "Thanks letter" was given to the clients to verify their address so that if the bank sends any important notice to the client it can properly be delivered. The client must have to come with the thanks letter for receiving his/her first cheque book and card. That is why I need to made a list of undelivered thanks letter which is send to clients address through courier service to verify account holder's address.

All over it is a very pleasant experience while my internship with Shahjalal Islamic Bank limited The work environment, professionalism and the work load of organization was nothing but fantastic. Even though, there could be a better work-life balance but given the work environment and professionalism there should not be any appropriate reason to complain.

Chapter 3

Introducing Software in Banking Sector

3 Introducing Software in Banking Sector

The banking Industry is significantly exaggerated by the latest communication technology and information technology over a fast few years. At present time banks are improving their services by adopting various latest technologies. Technology has become a tool that helps banks' organizational structures, business strategies, customer services and related functions. Banking sectors have first adapted the information technology among the financial sector by starting using software's for their daily works. It mainly started in 1950 by installing software for bookkeeping. Banks has rapidly adapting these technologies because they understand that this new technologies and software's are making their life easier. According to Howcroft and Durkin "One of the most important implications of technological advancement in banking is that it makes distant customers come closer."

3.1 Banking Services Provided by Introducing New Software's

By introducing new technologies in banking sector make the life easier for the bankers. The services that are providing by introducing new technologies and software's are given below:

- Internet Banking
- Mobile Banking
- SMS Banking
- Automated Teller Machine
- Electronic Fund Transfer
- SWIFT

3.2 Benefits of Introducing Software's in Banking Sector

According to, Bill Gates (2008) "Banking is essential, banks are not." From this saying Bill Gates wants to make people understand that the traditional banking system is going to replace by the new electronic banking which creates new users. By adapting new software's and technologies banks is going to improve their customer service level and bring the customer's

more close towards the bank. By using software's and technologies banks can easily minimize their costs and expenditure. In an interview Lynch (1996) labeled technological benefit in two ways. They are:

- It reduces the cost of production of financial services
- Secondly, it reduces the cost of delivery of the services to the customers

Three parties mainly get the advantages of using Software's in banking Sector. They are:



The Customer: Customers are the main party who get the most of the advantage of using software's. They can fulfill their need from anytime from anywhere. By knowing the customers demand banks are continuously trying to develop new software's. The main facilities that are the customers getting are:

- Self-Inquiry Facility
- Anytime Facility
- Remote Banking Facility
- Internet Banking Facility
- Tele Banking
- Electronic Banking

The Employee: Because of introducing new software's the efficiency of the employees of the have improved. They can do their work more perfectly with lesser errors. The advantages of introducing software's in banking sector that the employees of the bank get are:

- Done the difficult jobs accurately
- Less time consume
- Automatic update of customers profile deposit receipts and many more
- Facility of signature recovery
- Minimize the chance of duplicating the entries of date.

The Bank: Not only the customers and the employees enjoy the advantage of introducing software's in banking sector the bank itself also enjoy some facilities. They are:

- Bank can enjoy the inquiry facility anytime from anywhere
- The questions or queries of the customers can be immediately replied
- Various MIS report can be generated
- The information can be transferred fast from one branch to another

3.3 Challenges of Introducing Software's in Banking Sector

“Most good things come with the risk of something bad” - Richelle Mead. It means all positive things also have some drawbacks. The introduction of software's also has some challenges. Banking is a global thing and it faces new challenges day by day. The expectations of the customers are getting higher every day. It is difficult for the banks to stand upon those expectations.

The most dangerous challenge of introducing software's in banking is hacking. Now-a –days hacking is a common phenomenon. The hackers can easily get the information of the clients if the system is not properly protected.

Moreover there are different kinds of software's for the same purpose. The bank gets confused sometimes to choose the right software for them. For this the bank need to be much careful while choosing the software by thinking about their security, cost, convenience and customers. Even sometimes there is some electronic interface, system problem which creates many difficulties while using the software.

Chapter 4

Software used by Shahjalal Bank

4 Software Used by Shahjalal Bank

Like all other banks in Bangladesh Shahjalal bank uses their own software. The name of the software is **ULTIMAS**. They introduced this software in 29th April 2009. This Software is also used by many banks in Bangladesh like Islamic Bank Bangladesh, Al- Arafah Islamic Bank etc. They do all of their work with this software. At present time most of the work of the bank is done by this software. They divided their software in 2 parts. They are:

- ULTIMAS 1
- ULTIMAS 2

ULTIMAS 1 is basically used for local transactions and ULTIMAS 2 is used for foreign transactions. They created different type of path for easy excess. Such as:

- 1860 - For customer's personal information
- 2011 - For doing transaction profile of the customers
- 2137 – For cheque requisition
- 2138- For activation of the cheque book
- 2089- For debit card activation
- 3010- For foreign trade
- 1167- For high risk customers
- 1280- For signature card verification
- 1807- For authorization
- 1213- For getting the information of the employee of the bank and many more

4.1 Advantages of Using ULTIMAS

There are many advantages of using ULTIMAS I got to know while working in Shahjalal bank. The advantages of using the software vary from person to person and group to group. Every person who is related to the bank enjoys these advantages in their own way. The employee of the bank, the customers and the bank itself enjoy these benefits.

4.1.1 Advantage of the Employees

The employees of the bank make the best use of the software. They used it for different purposes. Such as:

- They can easily get any information about the customers
- They can find any old date within a second in case of any emergency
- The risk of losing any kind of document has decreased
- They can complete their work within a short period of time

4.1.2 Advantage of the Customers

In the previous or traditional banking system when Shahjalal bank had done their work without the help of ULTIMUS it is difficult for the customers to operate their accounts. In that time the customers need to go to the bank by him for any kind of work. But after introducing ULTIMAS the life of the customers become easier. The facilities that the customers enjoy by using the software ULTIMAS are:

- They can do any time banking from anywhere.
- They can do transactions from any of the branches of the bank.
- They can easily operate their transactions from their home by mobile banking

4.1.3 Advantage of the Bank

Not only the customers and the employees take the advantages of ULTIMAS even the bank itself enjoy some advantages.

- They can get the daily update of all the branches of Shahjalal bank
- They can contact immediately with all the branches of Shahjalal bank
- They can get any important information about any remote branch of the bank any time

4.2 Challenges of Using ULTIMAS

Along with the advantages there are some challenges of using ULTIMAS. ULTIMAS is software which is used by accessing different paths. Sometimes it is difficult to remember all the paths. If one does not remember any path he cannot do the work properly. Moreover, the transactions that are done by ULTIMAS use two via. That is why there is a chance of double entry. Furthermore, software is an electronic device so in case of any electrical interface it is difficult to work. Even sometimes the software crashes in that case there are a high chance of losing data.

Chapter 5

Recommendation and Conclusion

5 Recommendation and conclusion

5.1 Recommendation

Every sector or new things has many advantages as well as many challenges. For overcoming these challenges the banks the banks can work on these challenges. If these problems can be solved than the banking sector will reach a new height. On the basis of working in Shahjalal bank I would like to recommend some ways in order to solve these problems. They are:

- Bank can create a separate department for solving all the software related problems
- They can also train all their staffs on basic software and IT related matters
- In order to detect and solve the security related problems banks can hire people who are professionally trained in this matter
- For electronic hazards they can buy their own machine for generating electricity
- They can do a session with their customers for making them understand about the benefits of the software and how to use those technologies properly.

5.2 Conclusion

Banking sector of the whole world has come to an era of technology. Almost every bank in the present world has upgraded their traditional way of banking to the technological way. So for staying in the competition the banking industry of Bangladesh has also adapted those technologies. Even being a service sector the banking industry of Bangladesh continues to contribute to a great deal in the economy of Bangladesh. So for maintaining those things the banks are also using different software's in their day to day work. This software's has definitely made the lives of the bankers much easier but it is true that every good thing comes with a risk of something bad. So, along with the advantages there are also some disadvantages. But if we look properly the list of advantages of introducing software's in Banking sector is much bigger than the list of disadvantages. So in the present banking industry software's are a must for completing their daily work properly.

Chapter 6

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