



# UTTARA UNIVERSITY

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Internship Report  
On  
Investment operation Of First Security Islami Bank Limited

**Submitted to**

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**Submitted By**

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Batch: 47<sup>th</sup>

Program: MBA (Regular)

Department of Business Administration

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**Date of Submission: August 30, 2020**

## Letter of Transmittal

August 30, 2020

Md. Azmol Hossain

Senior Lecturer

Department of Business Administration

Uttara University

**Subject: Submission of the Internship Report.**

Dear Sir,

I would like to thank you for approving this invaluable topic. The study has given me the opportunity to get a deeper insight and use my theoretical knowledge in practical knowledge. This is to inform you that I have successfully completed my summer-2020 internship at First Security Islami Bank Limited (FSIBL). Here I am working as an officer. It has been a great pleasure to work under such a friendly and helpful supervisor. The study focuses upon various relevant Accounts and Administrations' factors. I have provided some key findings and analysis and suggested some implementable recommendations.

I would try my best and shall be obliged to provide you with any clarification regarding the report.

Sincerely Yours,

Md. Ershad Chowdhury

ID: 2183021007

47<sup>th</sup> Batch

Program: MBA (Regular)

Department of Business Administration

Uttara University.

## Letter of Authorization

It gives me immense pleasure to certify that the projected internship report on “**Investment Operation of First Security Islami Bank Limited (FSIBL)**” has been completed by Md. Ershad Chowdhury, ID No: 2183021007, student of MBA (Regular) from 47<sup>th</sup> Batch, Uttara University under my supervision and guidance. As far as I know, this is an internship report paper made as part of MBA (Regular) program which has not been published in any journal or submitted to any institution or department for any degree of diploma.

I do hereby accept it and fully recommend the internship report for evaluation.

.....

Md. Azmol Hossain

Senior Lecturer

Department of Business Administration

Uttara University

## Student's Declaration

I am Md. Ershad Chowdhury, ID No: 2183021007, student of MBA (Regular) from 47<sup>th</sup> Batch, hereby declare that presented report of my internship titled “**Investment Operation of First Security Islami Bank Limited (FSIBL)**”. It is uniquely prepared by me internee at First Security Islami Bank Limited (FSIBL)I confirm that, the report is only prepared for my academic requirement under the guidance of Md. Azmol Hossain, Senior Lecturer, Department of Business Administration, Uttara University.

.....

Md. Ershad Chowdhury

ID: 2183021007

47<sup>th</sup> Batch

Program: MBA (Regular)

Department of Business Administration

Uttara University.

## Supervisor's Declaration

It is my pleasure to certify that, Batch of Uttara University, has been completed the Internship Program at First Security Islami Bank Limited (FSIBL) on “**Investment Operation of First Security Islami Bank Limited (FSIBL)**” successfully with acceptable performance under my supervision. I wish him success in his life.

He is permitted to submit the report.

.....

Md. Azmol Hossain

Senior Lecturer

Department of Business Administration

Uttara University

## Acknowledgement

This report, based on three months study, is the part of MBA program, which helps me to gather practical information, which is necessary for my future life. I would like to express my deep respect to my honorable academic supervisor Md. Azmol Hossain, Senior Lecturer, Department of Business Administration, Uttara University for giving me his valuable time and all the necessary guidance, which inspired me to prepare this report.

During this period I have gone through the various departments of First Security Islami Bank Limited (FSIBL) and especially gathered knowledge about the Investment Operation with their great cooperation. In preparing the report I receive active cooperation from the Manager Admin of the departments, Accounts controllers, project manager, project director and staff of First Security Islami Bank Limited. I am grateful to the Employee of First Security Islami Bank Limited who helped me by supplying many kinds of necessary information. This report suffers from many shortcomings although I have exerted my best effort while preparing this report. I seek excuse for the errors that might have occurred in spite of the best of my efforts.

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## **Executive Summary**

First Security Islami Bank Ltd. is a Commercial Bank. This Report on has been prepared on Investment Operation of First Security Islami Bank Ltd. This report also contain the product and service offerings of FSIBL, Vision, mission objectives and others associated topics. In this report I have discussed why did I chose the topic in the background part I set the following objectives for my report:

- (1) To know the about the accounts and finance department of First Security Islami Bank Ltd.
- (2) To know accounting activities of First Security Islami Bank Ltd.
- (3) To know investment policies of First Security Islami Bank Ltd.
- (4) To know the finance activities of First Security Islami Bank Ltd.

Both primary and secondary data were used in my report. Primary data were mainly collected through direct interview and face to face conversation whereas secondary data were collected from FSIBL's website, FSIBL's Bluebook, prospectus of FSIBL and related research books and papers. Collected data were organized and analyzed by Microsoft excel. Lengthy investment procedure, poor investment schemes, poor performance of the accounting department, insufficient employee etc. were the major findings of the report. And recommendations were made on the above mentioned findings.

**CHAPTER 1:**  
**INTRODUCTION**

**1.1 Background of the Study:**

The basic purpose of recruiting is to ensure a sufficient pool of applicants from which the most qualified individuals may be selected. The main reason to propose this topic is to gain depth knowledge regarding investment operation.

**1.2 Objectives of the Study**

**1.2.1 Broad Objective**

The main objective of the study is to know about the Investment operation of First Security Islami Bank Limited

**1.2.2 Specific Objectives**

1. To know about The Investment Operation OF FSIBL
2. To know about Objective and Theoretical Aspect of Investment Operation
3. To know about Investment Mechanism of FSIBL
4. To know about Investment Scenario (Sector Investment) of FSIBL

### **1.3 Limitations of the study**

- Lack of adequate Information of banking institution for preparing this report, so this report is based on only publicly available information.
- Although bankers have tried their best to help me, their nature of job is such that gives them little time to discuss.
- It was very difficult to get the actual information.

**CHAPTER-2**  
**COMPANY PROFILE**

**2.1 A brief Description of FSIBL**

First Security Islami Bank Limited (FSIB) was incorporated in Bangladesh on 29 August 1999 as a banking company under Companies Act 1994 to carry on banking business. It obtained permission from Bangladesh Bank on 22 September 1999 to commence its business. The Bank carries banking activities through its 67 branches in the country. The commercial banking activities of the bank encompass a wide range of services including accepting deposits, making loans, discounting bills, conducting money transfer and foreign exchange transactions, and performing other related services such as safe keeping, collections and issuing guarantees, acceptances and letter of credit.

From January 01, 2009 bank has converted into islami shariah based banking system instead of conventional banking system. The bank has constituted a sariah council consisting prominent ulama, bankers, lawyer and Economists to advice and guide on the implementation of islami sariah in business activates.

## **2.2 Objectives of the FSIBL**

The objectives of the FSIBL are given below:

- To provide efficient computerized banking system
- To enhance Loan with their valued client
- To accept deposits on profit-loss sharing basis.

### **2.3 Mission of the FSIBL**

FSBL mission is to provide banking services to our valued clientele with utmost proficiency & sincerity reinforced by an efficient workforce and the latest state of the art technology.

### **2.4 Vision of the FSIBL**

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

- Try to encourage savings in the form of direct investment
- To play a vital role in human development and employment generation
- To establish a welfare-oriented banking system

## **2.5 Our Value**

Value pillars of FSIBL that are central to our core ideologies and that must always be reflected in everything we do:

- We are aggressive in business self driven.
- We empower people, create leaders and drive change.
- We treat people with respect and dignity.

## **2.6 Management Strategy**

- To manage and operate the Bank in the most efficient manner to enhance financial performance and to control cost of fund
- To strive for customer satisfaction through quality control and delivery of timely services
- To identify customers' credit and other banking needs and monitor their perception towards our performance in meeting those requirements

## **2.7 Correspondence Address**

Corporate Office :  
Rangs RD Center  
Block: SE (F), Plot:03,  
Gulshan Avenue, Gulshan-1,  
Dhaka:1212, Bangladesh  
Tel # +88 02 55045700  
Fax # +88 02 55045709  
E-mail # info@fsibld.com  
SWIFT # FSEBBDDH

## **2.8 Description of internship work-related section/department/division**

I joined as an intern in the First Security Islami Bank Ltd.(FSIBL). I performed my activities in loan department of FSIBL. This department is responsible for ensuring optimum and most efficient uses of the company's resources through various controlling and monitoring activities. It is headed by the Controller & Finance Director, and consists of the Audit, Corporate Affairs, Credit, Commercial, MIS and Accounts. However, the last four units are reportable to the Chief Accounts Manager, who is himself reportable to the Controller. There have a lot of activities of individual department.

**CHAPTER-3:**  
**Data Collection and Processing**

**3.1 Data description: Data source & variables**

Every Study requires data. We all know that two types of data are available namely primary data and secondary data. Primary data are data collected directly from the fields by a researcher or investigator or an institution whereas secondary data are data already collected by a researcher or investigator or an institution. Two types of data sources are discussed below:

**3.1.1 Primary Data Sources**

- Direct Interview method
- Face to Face Conversation Method
- In-depth interview method

### **3.1.2 Secondary Data Sources**

- FSIBL's Bluebook
- The website of FSIBL
- Prospectus of FSIBL
- Other Research Papers.

## **3.2 Data Collection Methods**

### **3.2.1 Primary Data Collection Methods**

Primary data were collected using a questionnaire by direct interviews and conversations with the employees of First Security Islami Bank Ltd. (FSIBL)

### **3.2.2 Secondary Data Collection Methods**

- By studying FSIBL's Bluebook
- By studying prospectus of FSIBL
- By studying related research papers
- Browsing the website of FSIBL

### **3.3 Data Processing and Presentation**

Collected data were organized and analyzed with the help of Microsoft Excel.

#### CHAPTER-4:

### Discussion on the Study Objectives

#### **Objective -01:**To To know about The Investment Operation OF FSIBL

Islamic Banks emphasis on legitimate (Halal) business. Islamic bank does not invest in loans and fixed interest securities. It can invest in ordinary share only while interest based bank can invest in loans and different kinds of securities. FSIBL establishes and participates in project with its client as a partner and bears the risk along with the client on a proportionate basis. Finally, the concept of FSIBL is to establish on egalitarian society based on principals of social justice and equity. We have gathered the fact that investment management is the theme of FSIBL. The banks take deposits and invest the same based on the profit- loss sharing. Bank goes for the investment mainly which are long term and profitable in nature. FSIBL also give high concentration on the investment that will generate more employment. As investment one of the most priority areas for the FSIBL, so it needs to cautious in investment decisions. To ensure proper investment FSIBL always go with in-depth study before making an investment. So in the next phase we are going to demonstrate the way FSIBL manage investment.

## **Objective -02:** To know about Objective and Theoretical Aspect of Investment Operation

The Objective and theoretical aspect of investment operation of FSIBL are to invest strictly in accordance with the principles of Islamic Shari'ah and those are:

- To do away with disparity and establish justice in trade, commerce and Industry.
- To diversify its investment portfolio by size of investment portfolio by sectors, by economic purpose, by securities and by geographical area including industrial, commercial & agriculture.
- To ensure mutual benefits both of the bank and the investment client by professional appraisal of investment proposals, judicious sanction of investment, close and constant supervision and monitoring thereof.
- To make investment keeping the socio economic requirement of the country in view.
- To increase the number of potential investors by making participatory and productive investment.
- Employment generation with a view to accurate sustainable socio-economic growth and upliftment of the society.
- To shun even highly profitable investment in the fields forbidden under Islamic Shari'ah and are harmful for society.
- The bank extends investment under the principle of Bai-Murabaha, Bai-Muazzal, and Hire Purchase under Shirkatul melk and Maskaraka. The bank is making sincere efforts to go for the finance various development scheme of poverty alleviation, income and investment under Mudaraba principle in near future.
- To invest in form of good and commodities rather than give out cash money to the investment clients.
- To contribute to social upliftment, and sustained economic growth of the country.
- Investment to trade, commerce, industry, foreign trade, small scale industry, transportation, service sector.

### **Objective -03:** To know about Investment Mechanism of FSIBL

The special feature of the investment of the Islamic bank is to invest based on profit-loss sharing system in accordance with the tenets and principles of Islamic Shari'ah. Earning of the profit is not the only motive and objective of the Islamic Banks investment policy rather emphasis is given in attaining social good and in creating employment opportunities.

FSIBL investment Mechanism mode is divided in three parts and those are described below:

#### **3.1 Profit & Loss Sharing Mode:**

Profit and loss sharing mode mainly related to FSIBL investment department. It is a major part of the bank. The marked up profit may be fixed in lump sum or in Percentage of the cost price of the goods. This mode is categorized into two different systems and those are:

**A) Mudrarba:** It is a form of partnership where one party provides the funds while the other provides the expertise and management. The first party is called Sahib-Al-Maal and the latter is referred to as the Mudarib. Any profit accrued are shared between on a pre-agreed basis, while capital loss is exclusively borne by the partner providing the capital.

#### **Important Feature:**

- Bank supplies capital as Sahib-Al-Mall and the client invests in the business with his experience.
- Administration and Management is maintained by the client.
- Profit is divided as per management.
- Bank bears the actual loss alone.
- Client can take another investment for the specific business without the permission of the bank.

**B) Musharaka:** an Islamic financial technique that adopts "equity Sharing" as means of financing projects. Thus, it embraces different types of profit and loss sharing partnership. The partners share both capital and management of the project so that profits will be distributed among them as per ratios, where loss is shared according to ratios of the equity participation.

Important Feature:

- The investment client will normally run and manage the business.
- The bank shall take part in the policy and decision making as well as overseeing the operations of the business of the client.
- As the investment client shall manage the enterprise, the bank may pay more share of the profit to him than that of his proportionate capital contribution.
- Loss, if any, shall be shared on the basis of capital ratio.

### **3.2 Bai Mode (Buying and selling)**

Bai mode mainly related to buying and selling. The terms “Bai” have been derived from Arabic words and the word mean purchase and sale. Bai means sale for which payment is made at a future fixed date or within a fixed period. In short, it is a sale on credit. This mode has three different criteria and those are discussed below:

**A) Bai-Murabaha:** The word Bai means purchase and sales and the word Murabaha means an agreed upon profit. Bai-Murabaha may be defined as a contract between a buyer and seller under which a seller sells a product to the buyer at a cost plus agreed profit payable in cash or on any fixed future date in lump-sum or by installments. The seller may also sell goods purchased by him as per order and specification of the buyer.

**B) Bai-Muajjai:** Bai-Muajjai may be defined as a contract between a buyer and seller which under the seller sells a certain specific goods, to the buyer at an agreed fixed prices payable at certain fixed future date in lump-sum or within a fixed period or fixed installments. The seller may also sell the goods purchased by him as per order and specifications of the buyer.

**C) Bai-salam:** Under this mode Bank will execute purchase contract with the client and make payment gains purchase of the product, which is under of production. Bai-salam contract will be executed after making any investment showing price, quality, quantity, time, place, and mode of delivery. The profit is to be negotiated. In this mode the payment as the price of the goods is made at the time of agreement and the delivery of the goods is deferred.

### 3.3 Rent Sharing Mode

The term Rent Sharing Mode has been derived from the Arabic words Ajr and ujrat which means consideration, return, wages or rent. This is really the exchange value or consideration, return, wages, rent of the service of an asset. Rent sharing mode has two categories and those are given below:

**A) Hire Purchase/Ijarah:** The term Ijarah derived from Arabic words Air and Ujrat which means consideration, return, wages or rent. This is really exchange value or consideration, return, wages, rent of service of an Asset. Ijarah has been defined as a contract between two parties, the hiree and Hirer where the hirer enjoys or reaps a specific service service on benefit under specific consideration or rent from the asset owned by the Hirer. It is an hire agreement under which a certain asset is hired out by the hiree to the Hirer against fixed rent or rentals for a specific periods.

**B) Hire Purchase under Sirkatul Meelk:** under this mode bank may supply implements/ equipment/ goods on rental basis. The owner of the implements/ equipment/ goods will be with the bank and client jointly and the portion of the client will remain to the bank as mortgage until the closure of the investment account, ut the client will be authorized to process the equipment for certain period. The client, after completion of the installments, will be owned of the implements/ equipment/ goods.

### Meaning and definition

Hire purchase under Shirkatul Melk is Special type of contract which has been developed through praectice. Actually, it is a synthesis of three contracts:

- Shirkat
- Ijarah
- Sale

**Shirkatul Melk:** Shirkat means partnership. Shirkatul Melk means share in ownership. When two or more persons supply equity, purchase an asset, own the same jointly and share the benefit as per agreement and bear the loss in proportion to their respective equity, the contract is called Shirkatul Melk.

**Ijarah:** Ijarah derived from Arabic words Air and Ujrat which means consideration, return,

wages or rent. This is really exchange value or consideration, return, wages, rent of service of an Asset.

**Objective -04:** To know about Investment Scenario (Sector Investment) of FSIBL

The special feature of the investment policy of the FASBL is to invest on the basis of profit-loss sharing system in accordance with the tenets and principles of Islamic Shari'ah. Earning profit is not the only motive and objective of the Bank's Investment Policy rather emphasis is given in attaining social good and creating employment opportunities.

They have a diversified investment portfolio of size, sector, geographical area, economic purpose and securities to bring in phases all sectors of economic and all type of economic group of the society within the bank's investment operations.

FSIBL's loans and advance portfolio grew by 52.34% in 2015 and reached at BDT 28616.42 million. SMA to total loans and advance ratio of FSIBL was about 0.20% in 2015. FSIBL's loan portfolio in 2015 was dominated by whole trade financing (34.45%) followed by import financing (20.67%).

## **Chapter-5:** **Conclusions & Recommendations**

### **5.1 Conclusions/Explanation of important outcome(s)**

- FSIBL can't accept securities and bonds from Bangladesh Bank because this securities and bond are not well instructed by Islami Shariah.
  
- The Bank investment to deposit ratio is higher its means the bank have not enough liquidity to cover any unforeseen fund requirement.
- The bank return on investment is decreasing but in last two years its doing better.
  
- Some of the client are dissatisfied because FSIBL can't provide credit card because credit card are no instructed by Islami Shariah.
  
- The investment income of FSIBL has increased over the year but growth rat is low compare to that because the operating expenses is increase.
  
- FSIBL distribute large portion of investment in urban areas. But the dos not concern in rural ares.
  
- FSIBL mostly invests through Bai-Murabaha mode which is higher than other mode.

## 5.2: RECOMMENDATIONS

- The bank should take necessary steps to maintain their investments growth. So that the bank can meet up any unforeseen fund requirement.
- The bank should increase its return on investment so that the investor get willingness to invest in this bank.
- The bank has to concentrate to adequate investment. It should minimize operating expenses.
- The bank should diversify their investment into different modes such as Bai-Salam, Bai-Muajjal instead of concentrating on by Bai-Murabaha and other investment modes.
- They should introduce complain management for finding the customers views and demand from the bank.
- Some of the employees are not good in communicating with the customer so it should be changed.
- The employee should make the customer happy by give in the proper service.
- The manager should be more involve with the customer and employees to make a good environment in the bank.

## **Chapter-6:**

### **Internship Experience**

#### **6.1: WORK, WORK FLOW AND PEOPLE MET**

During the working time in FSIBL. I also gather some experiences. I have to work in different departments in different time. First 30 days I have to work in accounting department and I was able to gather general knowledge about accounting department. And another 30 days I was work in the investment department. And finally again I had to work with both the department.

I also meet various types of people through working time.

## **6.2: SIGNIFICANT PLEASANT AND UNPLEASANT INCIDENCE**

At the time during working in company, all of the employees are really friendly and helpful to me. They taught me company related various types of works.

There also some unpleasant incidence occurs during the working time:

- Have to tolerate and do some work like photocopy.
- Employees are always busy with their schedule work and some time they did not taught me the software work
- Some time they show rudely behave If I ask too many question
- Sometime staffs are showing too much attitude with new enters, so it was so irritating.

## **Chapter-7:** **References & Appendices**

### **7.1 Reference**

#### **Books:**

- “Bank Management & Financial Services” 10th Edition. McGraw-Hill Singapore.  
- Peter S. Rose & Sylvia C. Hudgins (2014)

#### **Reports:**

- First Security Islami Bank Limited, Annual Report 2014.
- First Security Islami Bank Limited, Annual Report 2015.
- First Security Islami Bank Limited, Annual Report 2016.
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- First Security Islami Bank Limited, Annual Report 2019

#### **Internet:**

- <http://www.fsiblb.com>

## 7.2 Appendix

- **Abbreviations**
- ERP: ENTERPRISE RESOURCE PLANNING
- MIS: MANAGEMENT INFORMATION SYSTEM
- G/L: GENERAL LEDGER
- TDS : TAX DEDUCTED AT SOURCE
- TO : TURNOVER
- VAT : VALUE ADDED TAX
- GM:GENERAL MANAGER
- GSM-D: GENERAL SALES MANAGER
- DECORATIVE PAT : PROFIT AFTER TAX
- SE : SHAREHOLDER'S EQUITY
- ROA : RETURN ON ASSET
- ROE : RETURN ON EQUITY
- EPS : EARNINGS PER SHARE