UTTARA UNIVERSITY

Internship Report

On

“Development of Banking Product of Al-Arafah Islami Bank Limited’’

Internship Report

On

Development of Banking Product of Al-Arafah Islami Bank Limited

Prepared For:

Nusrat Jahan

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Prepared By:

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ID: 2172011030

Batch: 43th (A)

Program: BBA

Uttara University

Date of Submission: 17th April 2021

Letter of Transmittal

17th April 2021

Nusrat Jahan

Assistant Professor

Uttara University-Bangladesh

Uttara, Dhaka

Subject: Submission of Internship Affiliation Report.

Dear Mam,

I am submitting my internship affiliation report on the topic "Development Of Banking Product In Al-Arafah Islami Bank Limited" to you within the given time allowed to me by you. I tried my level best to participate, observe and identify the banking activities of Al-Arafah Islami Bank Limited – Sonargaon Janapath Branch and have written down it in this report from my own experience. In preparation of this report I have collected as much information as possible from the bank.

During the preparation of this report I find it is beneficial and knowledgeable for me and which will definitely enhance to build my career in the near future. I want to thank you for your support and for giving me the opportunity to participate in the internship program. I also believe that this report will satisfy you. Moreover, if you have any further enquiry concerning any additional information I would be very pleased to clarify that.

Sincerely yours,

Aisha Akter

ID: 2172011030

BBA program at Uttara University (U.U)

STUDENT'S AUTHORIZATION

Date: 17th April 2021

I declare that the internship Report on "Development of Banking Product on Al-Arafah Islami Bank Limited" Embodies the results of my own research work pursued under the arrangement of Al-Arafah Islami Bank Limited – Sonargaon Janapath Branch. I prepared this report under the supervision and guidance of Nusrat Jahan Assistant professor, Department of Business Administration, Uttara University.

I further affirm that the work reported in this report is original and no part or whole of the report has been submitted to, any other university or institution for any degree or award for any other purpose.

……………………..

Aisha Akter
Batch: 43th
ID: 2172011030
Program: BBA
School of business
Uttara University.

SUPERVISOR’S AUTHORIZATION

Date: 17th April 2021

It gives me immense pleasure to certify that the internship report titled “Development of Banking Product in Al-Arafah Islami Bank Limited Sonargaon Janapath Branch.” has been completed by Aisha Akter ID No: 2172011030, student of BBA of Department of Business Administration, Uttara University under my supervision and guidance. As far as I know, this is an internship report paper made as part of BBA program which has not been published in any journal or submitted to any institution or department for any degree or diploma.

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

……………………..

Nusrat Jahan

Assistant Professor

Department of Business Administration

Uttara University

Acknowledgment

All praises to almighty of Allah who has created me and has given me opportunities and strength to work with people. With deep interest I had started my work. My "Internship Program" is just a part of BBA under the Dept. of Bachelor of Business Administration, Uttara University- Bangladesh. I am placed in Banking Services of Al-Arafah Islami Bank Limited to work as an intern.

I would like to thank every one of those individuals who inspired me to complete the report. I am grateful to my internship supervisor **Nusrat Jahan**. Who suggested and guided me a lot to prepare my report and encouraged to coordinate information in the report. I am also thankful of Al-Arafah Islami Bank.

It enhanced my knowledge on Development of Banking Product activities as well as banking business. And last but not the least; thanks to all the personnel working at Al-Arafah Islami Bank Limited – Sonargaon Janapath Branch.

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Executive Summary

Internship program assists to attain realistic understanding along with scholastic understanding. Study is not complete without realistic details, and it helps to recognize genuine situation of study. I have obtained knowledge Development of Banking Product procedures by getting chance as an intern in Al-Arafah Islami Bank Limited.

I have worked there for three months as a prerequisite of internship part of BBA program under the Department of Business Administration Uttara University. I have chosen the subject “Development Of Banking Product Of Al-Arafah Islami Bank Limited.”

Al-Arafah Islami Bank Limited (AIBL) is a third generation bank in Bangladesh. The branches of the bank operate as independent accounting unit. The system of transaction of the bank is essentially double entry system of book keeping. The golden principle of debiting or crediting is the same as those of double entry system. In the bank, instead of recording

Al-Arafah Islami Bank Limited has provided its Banking service with a top leadership and management position. After doing this intern report I have found that most of the customers of Al-Arafah Islami Bank Limited among the people in future. As a mandatory requirement to complete Bachelors of Business Administration (BBA) program Uttara University, this report has been written.

CHAPTER 01

Introduction:

1.1. Background of the study:

Banking is one of the most important sectors for a country’s wealth building activities. At present the modern business industrialization, foreign trade almost is dependent on banks. But now a day the Banking sector of Bangladesh is suffering the disease of default culture which is consequence or result of bad performance of most of the banks in Bangladesh. AIBL playing an important role towards the growth and economic development of Bangladesh. This study is an attempt to produce a constructive report performance of Al-Arafah Islami Bank with special reference to sources of foreign fund for industrial credits and its deployment as well as repayment. I took the internship with Al-Arafah Islami Bank LTD which stands with a prominent name in banking industry. It has a good reputation in the market with a large number of customers. I am proud to work as an intern with Al-Arafah Islami Bank and this experience will surely help me in my future career. This internship affiliation report has been prepared on the basis of the experience achieved during the Internship Program. Being an intern the main challenge is to translate the theoretical concepts into real life experience.

1.2 Objectives of the Report:

The report has been prepared in order to provide a brief idea about the Development Of Banking Product of Al-Arafah Islami Bank LTD. There are some types of objective which are given below. Focusing on the Development of Banking Products of Al-Arafah Islami Bank LTD. Over past **5** years.

- Focusing on the development of deposit schemes over last 5 years at AIBL
- Being acquainted with the export and import scenario of AIBL over last 5 years
- Focusing on the development of lending products over last 5 years at AIBL

1.3 Major difficulties:

On the way of preparing this report, I have faced following problems that may be termed as the limitations of the study**:**

1. Bank's policy of not disclosing some sensitive data and information for obvious reason posed an obstacle to prepare more informative report.
2. Personal limitations like inability to understand some official terms, office decorum etc. created a few problems.
3. Bankers were so much busy with their work and they did not have enough time to provide information. The duration of completing internship program and preparing internship report was inadequate. It was very difficult for me to understand an organization's environment and collect information in so short a time. They treat me like an intern.

CHAPTER- 02

COMPANY PROFILE

2.1. Organizational Overview:

Islam provides us a complete lifestyle. Main objective of Islamic lifestyle is to be successful both in our mortal and immortal life. Therefore in every aspect of our life we should follow the doctrine of Al-Quran and lifestyle of Hazrat Muhammad (sm) for our supreme success. Al-Arafah Islami Bank started its journey in 1995 with the said principles in mind and to introduce a modern banking system based on Al-Quran and Sunnah. A group of established, dedicated and pious personalities of Bangladesh are the architects and directors of the Bank. Among them a noted Islamic scholar, economist, writer and ex-bureau craft of Bangladesh government Mr. A.Z.M. Shamsul Alam is the founder Chairman of the bank. His progressive leadership and continuous inspiration provided a boost for the Banking getting a foothold in the financial market of Bangladesh. A group of 26 dedicated and noted Islamic personalities of Bangladesh are the member of executive council of the bank. They are also noted for their business acumen. Al Arafah Islamic bank ltd. has 56 branches. Wisdom of the directors, Islamic bankers and the wish of Almighty Allah make Al- Arafah Islami Bank Ltd. most modern and a leading bank in Bangladesh.

2.2 Organization Structure of Al-Arafah Islami Bank LTD:

Fig-1: organizational structure

2.3. 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.

2.4. VISION:

- To operate based on Islamic principles of transactions along with ensuring justice and equity in the economy.
- To be a pioneer in Islami Banking in Bangladesh and contribute significantly to the growth of the national economy.
- To improve Banker- Customer relationship through improving customer service

2.5. Objectives:

The first objective of writing there port is fulfilling the partial requirements of the BBA program. In this report, I have attempted to give on over view of Al-Arafah lslami Bank LTD in general.

2.6. Department where intern worked:

In General Banking Division Sonargaon Janapath Branch, I spent here almost 5 weeks and needed for completing 2 month. It was very difficult but I enjoy this work.

CHAPTER- 03

Data Collection and Processing

❖Methodology:

3.1.Primary Sources of Data:

These types of data are collected through following ways:

- Day to day operation with staff
- Direct dealings with the customer in the bank
- Personal involvements in the activities of bank
- Observations of the bank and its environment

3.2.Secondary Sources of Data: These types of data are collected through following ways:

- Annual report o
- File study
- Website
- Bank rate sheet

3.3.SWOT Analysis of Al-Arafah Islami Bank LTD

- **Strengths:**

  - Existing distribution and sales networks
  - Monetary assistance provided
  - High growth rate

- **Weaknesses:**

  - Not much presence in Asia
  - income level is at a constant increase
  - global markets

- **Opportunities:**

  - new products and services
  - new markets
  - income level is at a constant increase

- **Threats:**

  - increasing rates of interest
  - increasing costs
  - rising cost of raw materials

CHAPTER 04

Finding & Analysis Experience

4.1 Deposit: A deposit is a financial term that means money held at a bank. A deposit is a transaction involving a transfer of money to another party for safekeeping**. Deposit Facility of Al-Arafah Islami Bank Limited is given below:**

4.1.1 Double Growth Deposit Scheme: & Triple Growth Deposit Scheme:

- For people who have cash flow at this moment and want to get it double/triple quickly.
- AIBL has introduced Double/Triple Growth Deposit Scheme that offers to make double/triple money within 6 years and 9.5 (nine and a half) years respectively resulting a high rate of interest.

4.1.2 Lakhpoti Deposit Scheme:

- Most of the people dreams to become lakhpoti, especially in Bangladesh is the lower and lower Middle class income group.
- Keeping the above in mind AIBL has introduced "Lakhopati Scheme" Which has flexibility in report of maturity and monthly installment as per affordable capacity.

4.1.3 Millionaire Deposit Scheme:

- It is a dream for many small savers to become a Millionaire.
- This dream can be a reality if you have a calculated plan and strong determination.
- AIBL has introduced „Millionaire Deposit Scheme' which has flexibility in respect of period and monthly deposit as per your affordable capacity for giving a sum of One million as Tk.10 (ten) lac at a time.

4.1.4 Kotipoti Deposit Scheme:

- Own one core taka easily by making a planned savings.
- In this view AIBL has introduced "Kotipat Deposit Scheme" offering the savings plan fit to your income and to execute your dream to be a Kotipati by monthly deposit at your affordable capacity.

4.1.5 Marriage Scheme:

- Marriage of children, especially daughter is a matter of great depression to the parents. Marriage of children involves large amount of expense.
- It can be a great help to the parents if there is any scope of deposit of a reserved amount as per their financial capacity that grows very fast at high rate of interest accepting a sizeable amount on maturity. With this end of view AIBL has introduced.

4.1.6 Educational Scheme:

- Education is the qualification for socio-economic development of the country.
- There is no arrangement of free education to the citizens from the government level.
- As such, AIBL has Introduced “Education Savings Scheme” which offers you an opportunity to build up your cherished fund by monthly deposit of small amount at your affordable capacity or initial deposit to get a handsome amount on future to meet the educational expenses.

4.1.7 Import & Export of AIBL bank:

- Foreign Exchange operation of AIBL Meaning of Foreign Exchange as more than one currency is involved in foreign trade, conversation of one country into other country is necessary. This is why; foreign exchange refers to the process or mechanism by which the currency of one country is converted into currency of other Country. Foreign exchange has three principal meanings. These are as follows:
- **First:** It is a team popularly used to denote a foreign currency. For example, dollar, pound. Dirham etc are foreign exchange.
- Bangladesh Bank issues foreign exchange circular from time to time to control the export, import and remittance business. Ministries of commerce issues export and import policy giving basic formalities for export and import business.
- Some CCI & E issues public notice for any kind of change in foreign transaction. Bangladesh Bank published two volumes in 1996. This is compilation of the instructions related to foreign exchange.

4.1.8 International regulation of foreign exchange:

There are also some international organizations influencing our foreign exchange transaction. Few of them are discussed below:

- International chamber of commerce (ICC) is a worldwide nongovernmental organization of thousands of companies.
- It was founded in 1919. ICC has issued some publications like UCPDC, URR & URC etc. which are being followed by all the member countries. There is also an international court of arbitration to solve the international business disputes.

4.1.9 Foreign Remittance:

Foreign Remittance means remittance of foreign currencies from one place/ person to another place/ person. In broad sense, Foreign Remittance includes all sale and purchase foreign currencies on account of import, export, travel acid other purpose. However, specifically foreign remittance means sale and purchase of foreign currencies for the purpose other than export and import.

4.2 Deposit Growth of AIBL:

Graphical Represent:

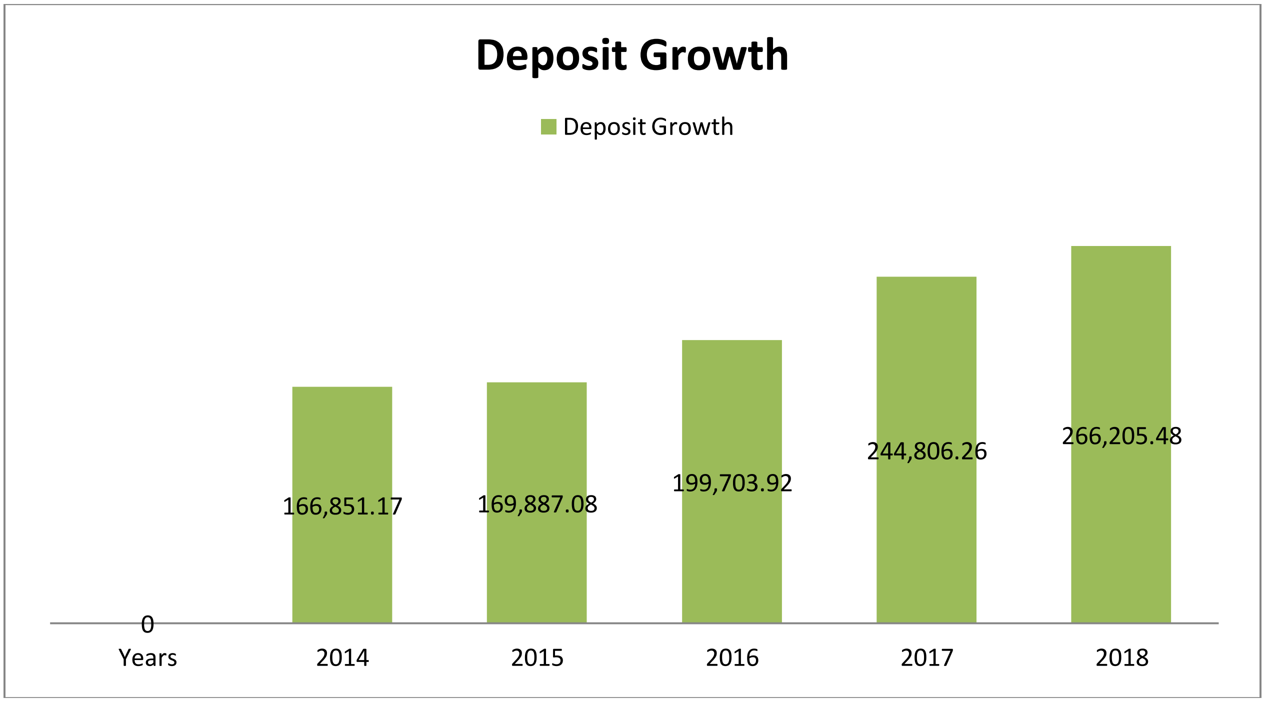

Fig-2: Deposit growth

Comment: It shows the deposit growth of AIBL from 2015 to 2019 that is increasing every year and in 2018 the amount of deposit was 266,205.48 million increased more than 2014's 166,851.17 million.

4.3 IMPORT PERFORMANCE OF AIBL:

Graphical Represent:

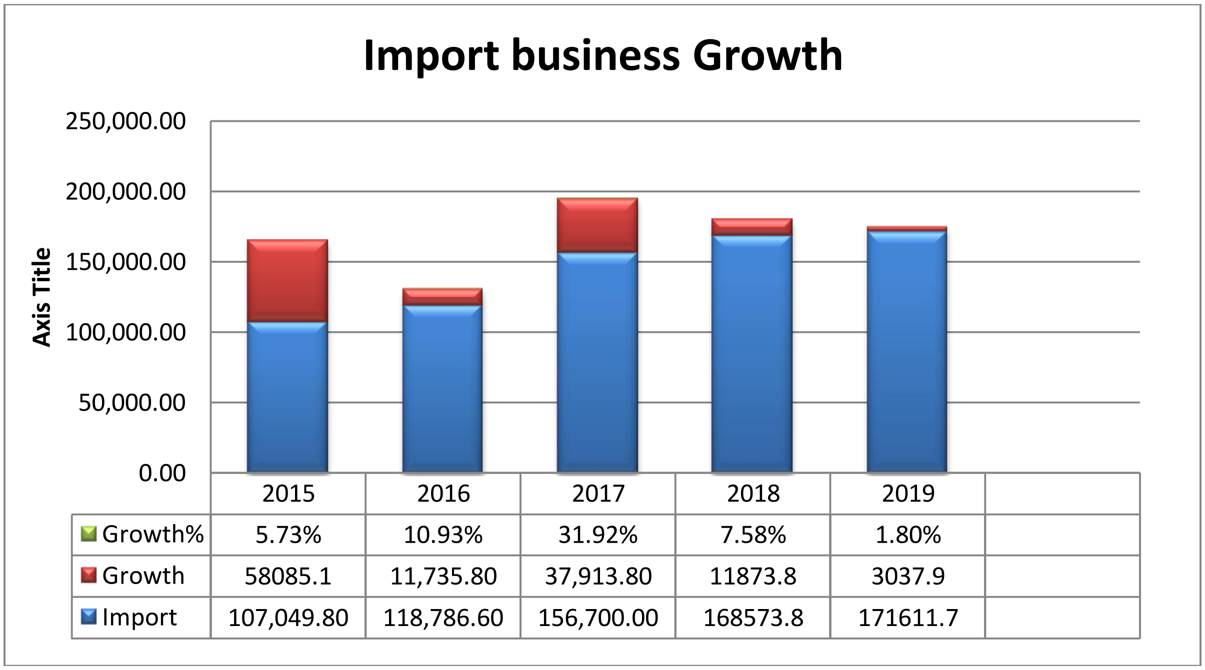

Fig-3: Import Business growth

Comment: We can observe that the Import Business growth of Al-Arafah Islami Bank is fluctuating from 2015 to 2019. In 2015 the Import number was 107049.80 which growth rate was 5.73% and in 2016 the import number was reducing to 118786.60 which growth rate was 10.93%. In 2017 the import number was also more growth from previous year to 156700 which growth rate was 31.92% increase that than the previous year. In 2018 the import number was 168573.8 and growth rate is 7.58% was reduced. In 2019 the number of import was 171611.7 and growth rate was 1.80 % which is the lowest growth rate than previous year.

4.4 EXPORT PERFORMANCE OF AIBL:

Graphical Represent:

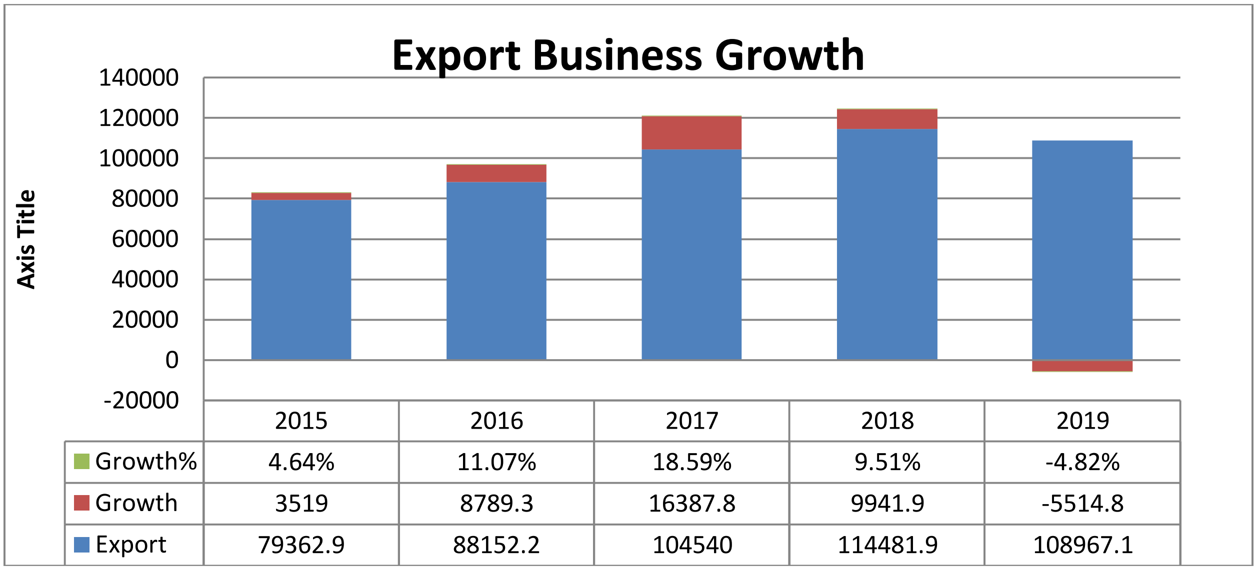

Fig-4: Export Business growth

Comment: We can observe that the Export Business growth of Al-Arafah Islami Bank is fluctuating from 2015 to 2019. In 2015 the Import number was 79362.9 which growth rate was 4.64% and in 2016 the import number was increasing to 88152.2 which growth rate was 11.07%. In 2017 the import number was also more growth from previous year to 104540 which growth rate was 18.59% increase that than the previous year. In 2018 the import number was 114481.9 and growth rate is 9.51% was reduced. In 2019 the number of import was -5514.8 and growth rate was -4.82% which is the lowest and negative growth rate than previous year.

4.5 Investment Growth of AIBL:

Graphical Represent:

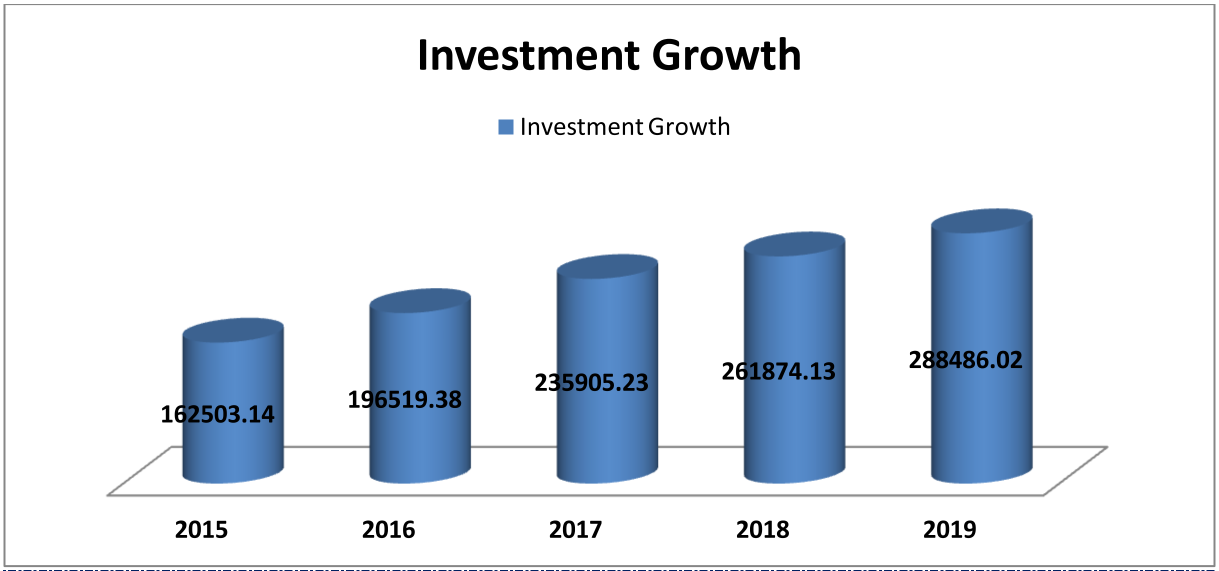

Fig-5: Investment growth

Comment: It shows the Investment growth of AIBL from 2015 to 2019 that is increasing every year and in 2019 the amount of deposit was 288486.02 million increased more than 2014's 162503.14 million.

CHAPTER 05

Conclusion & Recommendation

5.1 Conclusion:

Banks and financial institutions play an important role in the process of economic growth of a country. Given their considerable economic potential, these institutions have a far-reaching impact on the development and welfare process of the surrounding societies. These financial institutions depend, in accumulating their financial resources, basically on the inflow of **deposits import export and loan**. In order to survive and achieve success, these banks endeavor to attract clients in search of loans to finance their different activities according to the banks established terms and conditions. These banks, which are called commercial banks, depend in their transactions on the interest rate, as the driving factor, which stimulates all their dealings.

The financial performance evaluation demonstrates that the profitability of the bank has a positive trend. Profitability is an indicator of a bank's capacity to carry risk and / or to increase its capital. The bank has strong core deposit signifying sound liquidity position and maintaining an ideal scenario in advance-deposit ratio. The figures do not tell the story of failure.

5.2 Recommendation:

- The branch needs large office space for its vast banking operation:
- Ensure Proper Division of Labor and man power.
- Ensure availability of Machineries:
- Increasing training program
- The bank should keep up among debt and equity to fund its exercises in any case bank will be confronted many problems to pay its commitments.
- The bank should update its loan and advances strategy in sustainable and appropriately enough to survive in the market.
- The bank should try to increase its recovery amount since loan amount each year has been increased.
- The bank should induce quality client and select best project for risk free rate of interest.

CHAPTER-06

Internship Experience

6.1 Gather Internship Experience:

One of the key experiences recommended during my time as an undergraduate is doing an internship. Gaining work experience is key for boosting my employability, especially as a business student. That's why, after my 4th year, I chose to Al-Arafah Islami Bank Limited to intern. Every Employees of the bank is so much co-operated. Everyone help me for understand my work responsibility. There is some of Experience that I Improve from the Bank when I am doing internship is as follows:

- Pay order issue
- Provide customer's product related information
- Cheque book issue
- Registering the cheques in the register
- How to deal with customers.
- How to work under pressure in rush hours.
- My communication skills were improved.
- Gather official's manner.
- Gather the technical and analytical skills

6.2. Learning from the work:

Some of the works regularly done by general banking that I have done during my internship are:

- Account opening process
- Preparing cheque
- Delivering cheque books
- LBC collection
- Serving information on general banking to the customer
- Reconciliation of daily activities

REFERENCES

- Al- Arafah Islami Bank Limited’s Annual Report from 2015
- Al- Arafah Islami Bank Limited’s Annual Report from 2016
- Al- Arafah Islami Bank Limited’s Annual Report from 2017
- Al- Arafah Islami Bank Limited’s Annual Report from 2018
- Al- Arafah Islami Bank Limited’s Annual Report from 2019
- https://www.al-arafahbank.com/

Appendix:

• Deposit Growth of AIBL:

Years	Number of Deposit
2014	166,851.17
2015	169,887.08
2016	199,703.92
2017	244,806.26
2018	266,205.48

Table-1: Deposit Growth

• IMPORT PERFORMANCE OF AIBL:

Years	Import	Growth	Growth%
2015	107,049.80	58085.1	5.73%
2016	118,786.60	11,735.80	10.93%
2017	156,700.00	37,913.80	31.92%
2018	168573.8	11873.8	7.58%
2019	171611.7	3037.9	1.80%

Table-2: Import business Growth

• EXPORT PERFORMANCE OF AIBL:

Years	Export	Growth	Growth%
2015	79362.9	3519	4.64%
2016	88152.2	8789.3	11.07%
2017	104540	16387.8	18.59%
2018	114481.9	9941.9	9.51%
2019	108967.1	-5514.8	-4.82%

Table-3: Export business Growth

• Investment Growth of AIBL:

	Number of Investment
2015	162503.14
2016	196519.38
2017	235905.23
2018	261874.13
2019	288486.02

Table-4: Investment growth