‘An Internship Report

on

An Analysis of Loan and Advances of Global Islami Bank Ltd’

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"An Analysis of Loan and Adavances of Global Islami Bank Ltd"

Submitted By:

Ariqul Haque

ID: 201-11-6415, BBA (Finance)

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

Submitted To:

Mr. Md. Anhar Sharif Mollah

Assistant Professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

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Letter of Transmittal

Mr. Md. Anhar Sharif Mollah

Assistant Professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

Subject: Submission of an Internship report on **“An Analysis of Loan and Adavances of Global Islami Bank Ltd”**

Dear Sir,

It is a pleasure to hand the report of my internship program to you on **“An Analysis of Loan and Adavances of Global Islami Bank Ltd”** as a requirement of the BBA program of the Department of Business Administration for your consideration. I have completed the report in due time and met all the proposed objectives. Apart from the academic knowledge gained, this internship program and the preparation of the report have allowed me to understand the topic-related knowledge.

I have tried my best to make this report a comprehensive and informative one. I hope you will appreciate my endeavor and find the report up to your expectations.

It has to be mentioned further that without your advice and cooperation, it would not be possible for me to complete this report. I shall be gratified to answer any sort of queries you think necessary regarding this report.

Yours Sincerely,

Ariqul Haque

ID: 201-11-6415

Program: BBA

Major: Finance

Department of Business Administration

Daffodil International University

Student’s Declaration

I, Ariqul Haque hereby declares that the internship report titled **“An Analysis of Loan and Adavances of Global Islami Bank Ltd”**. A study on **Paltan Branch** is individually prepared by me after completing the 90days internship at GIBL Paltan Branch and a comprehensive study on the Loan and Advances of GLBPLC. Nothing in this report is duplicated and no information is used which is highly confidential of GLBPLC and the information in this report is not against the law of the country.

I would like also to declare that the report is prepared exclusively for academic purposes and not for any other reason.

Yours Sincerely,

____

Ariqul Haque

ID: 201-11-6415

Program: BBA

Major: Finance

Department of Business Administration

Daffodil International University

Approval Certificate

This is certified that Ariqul Haque, ID No: 201-11-6415, BBA (Major: Finance) is a regular student of the Department of Business Administration, Faculty of Business & Entrepreneurship, Daffodil International University. He has completed his internship program at **Global Islami Bank Limited Company** and has prepared for this internship under my direct supervision. His assigned internship topic is **"An Analysis of Loan and Adavances of Global Islami Bank Ltd (2020 to 2022)"**.

I have gone through the report and found it a good report. He has completed the report by himself. I wish him every success.

Mr. Md. Anhar Sharif Mollah

Assistant Professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

Acknowledgment

I would like to express my deep gratitude to the Almighty Allah, the supreme authority of the universe, for granting me the opportunity to embark on this exclusive journey in my professional life. My internship experience has been a valuable stepping stone in preparing this report, and I am truly grateful for the knowledge and skills I gained during this period.

I am acutely aware that individual accomplishments are often the result of collaborative efforts. Completing any endeavor necessitates support from various sources, and I have been fortunate to receive sincere guidance and supervision from several individuals who played pivotal roles in my journey.

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My sincere gratitude goes to Md. Mosleh Uddin , the In charge of General Banking. Md. Khairul Habib the In charge of Accounts and Tanjina Rahman, the senior Officer & In charge of Credit Investment of Global Islami Bank Ltd, Nayapalton branch,Dhaka, for their unwavering supervision, guidance, and cooperation throughout my internship.

Furthermore, I owe a debt of gratitude to my beloved family members, whose unwavering support and inspiration were instrumental in my successful completion of the internship program.

Lastly, I extend my thanks to all those individuals whose steadfast support and encouragement enabled me to bring this report to fruition.

Acronyms

GIB- Global Islami Bank

DPS- Deposit Pension Scheme

KYC- Known Your Customer

STR- Suspicious Transaction Report

I banking= Internet banking

ATM= Automated Teller Machine

CIB- Credit Information Borrower

LC= Letter of Credit

BIN- Business Identification Number

PI- Proforma Invoice

CI- Commercial Invoice

POS- Point of Sale

RTGS- Real Time Gross Settlement

Executive Summary

A bank's loans and advances division is crucial as its prosperity fuels the expansion of the organization's clientele. Even so, the terms and circumstances of the disbursement provision, security requirements, and other aspects may vary depending on the type of credit. Nonetheless, the loans and advances present a difficulty as well as an excellent opportunity to hasten the bank's commercial growth, considering the remarkable increase in Bangladesh's external sector. The loans and advances department of Global Islami Bank plc.is the subject of this article. The bank provides a range of services to make loans and advances and exports and remittances abroad easier. As a result, these persons occasionally struggle to launch their businesses successfully and find themselves unable to pay back the bank loans they were granted, resulting in non-performing loans in the end. For the purpose of recovering the bank's classified loans, a formidable "Taskforce" made up of top level executives from the head office and the heads of the relevant branches has been assembled. The bank may offer the collateral and use the proceeds to make up for the loss if a borrower fails on a credit. From 2019 to 2022 GIB faced a high rise in loans and advances, in 2023 in declines significantly. Which indicates potential financial difficulties. The trends and research press on how the high loans and advances have negative impact on GIB's efficiency.

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Chapter-1: INTRODUCTION

1.1 Introduction

A bank's loans and advances division is crucial as its prosperity fuels the expansion of the organization's clientele. In the event that this portion malfunctions, the bank can become insolvent. Traders, businesspeople, and industrialists are the primary recipients of bank advances and loans. Even so, the terms and circumstances of the disbursement provision, security requirements, and other aspects may vary depending on the type of credit. A nation's banks have a significant impact on both its economic growth and financial stability (Jena, 2017) so it is verey important for stabilize a bank's loan and advance process and control NPL. Nonetheless, the loans and advances present a difficulty as well as an excellent opportunity to hasten the bank's commercial growth, considering the remarkable increase in Bangladesh's external sector. The loans and advances department of Global Islami Bank plc. is the subject of this article. The bank provides a range of services to make loans and advances and exports and remittances abroad easier. Furthermore, Global Islami Bank plc. helps with the loans and advances procedure for the creditors.

1.2 Origin of the Study

The result of the three-month internship program with Global Islami Bank plc is this report. One of the main requirements for completing the courses for Daffodil International University's Bachelor of Business Administration (BBA) program is the production and submission of this report.

1.3 Background of the Study

Bangladesh Bank, the country's central bank, is the exclusive regulator of the banking sector in Bangladesh. On the other hand, every bank has its own operational procedures, management systems, and guidelines. It presents other banks' points of view on the same subjects and terminology. The central bank has difficulty controlling banks' diverse practices.

Bangladesh Bank decided to create special guidelines that would be categorized as "INDUSTRY BEST PRACTICE" and apply to all banks. This study focused primarily on the Foreign Exchange Division, which means that it specifically addresses handling import and export processes to support corporate logistics.

1.4 Objectives of the study

Gaining a good understanding of the duration and purpose of short-term and long-term loans and advances are the primary aim of this study. Consistent with the overarching goal, the specific aim of the research can be expressed as follows:

1. To evaluate the state of loan and advance in Global Islami Bank.
2. To evaluate the gross ratio of loan and advance of Global Islami Bank.
3. To determine the reasons behind non-performing loan and advance; and their solutions of Global Bank.
4. To provide some resources that need to be addressed right away to guarantee loan and advance of GIB.

1.5 Methodology of data collection

The study is conducted using data that has been gathered from a variety of sources with a certain approach. The information is provided below:

- Direct communication with the relevant officers and employees.
- Disseminating officials' practical expertise.
- GIBL's Annual Report and Website.
- Relevant file studies and audit reports from the relevant officials.
- Books, research papers, periodicals, journals, the Internet, and other reports chosen from pertinent studies.

1.6 Limitations of the study

The investigation has been carried out to be accurate and comprehensive from start to finish. Nevertheless, several issues arose during the investigation. Although it was only possible to visit some locations the bank covered during the study, financial statements and other relevant data were considered. The study takes into account the following restrictions:

- The limited data range for analysis in this report is a problem.
- Lack of experience; not all bank employees involved have been questioned.
- The study's duration was brief.
- Insufficient and unavailability of necessary current data.
- The Letter of Credit's export and import documentation section is intricate, with numerous requirements upheld.

Chapter-2: Global Islami Bank PLC overview

2.1 Background of Global Islami Bank PLC

In Bangladesh, Global Islamic Bank, formerly called NRB Global Bank, is a third-generation private bank that complies with Shariah. Founded as a fourth-generation commercial bank on July 25, 2013, it followed nearly three years of supervisory directives and criteria for running a bank in Bangladesh. Nine institutions, including NRB Global Bank, received permission from Bangladesh Bank to rename themselves "Global Islami Bank Limited" (GIB) to change their name from "NRB Global Bank Limited" to "Global Islami Bank Limited," which is a fully-fledged Islami Bank operating under Islamic Shari'ah ethics. When GlB first started, it had three completely functional branches across the country, a tiny workforce, and economic goods (deposits and loans). Trade services, commercial and private banking, cash management, reserves, securities, and custodian facilities were all provided by these branches.

GIB is registered with both the Chittagong Stock Exchange PLC and the Dhaka Stock Exchange Limited. Effective May 15, 2023, the bank was renamed "Global Islami Bank PLC" instead of "Global Islami Bank Limited" by the Corporations (2nd Amendment) Act, 2020. Through several distribution networks, GIB offers its retail, SME, and commercial clients a broad range of banking products and a service area based on Islami Shari'ah moralities. (Global Islami Bank, n.d.)

The legal title of the chairperson of the Bank belongs to Nizam Chowdhury, who has worked in the United States for the past thirty years, along with other managers who are well renowned in their respective fields. Now, 2223 persons are employed by GlB (including provision workers), and the company operates 103 ATM booths, 99 branches, 116 sub-branchs, 5 AD branches, and a host of additional services. Mr. Syed Habib Hasnat, who has over 3.5 decades (35 years) of expertise in banking, was the extra management director of the first Security Islami Bank. On August 1, 2018, he was formally designated as the Managing Director. Mrs. Maimuna Khanam joined the bank as a director on July 21, 2013. She now serves as both the executive committee's chair and the board of directors' vice-chair.

2.2 Global Islami Bank Plc Vision and Mission and Goal

GIB Vision

To establish itself as a leading brand in the financial industry by providing great customer service and generating value for all parties involved—customers, partners, shareholders, society, and economy—through innovation, technology, transparency, and integrity.

GIB Mission

- To increase the NRBs' trust in making investments.
- Respect company ethics and openness while delivering prompt, accurate, and sufficient client service.
- to increase the remittance inflow.
- To ensure growth and sustainability to generate value for the communities, societies, and economies in which we operate.
- to stay up to date with technology with the assistance of experts and seasoned Bank sponsors.
- to provide a respectable workplace for workers.

GIB Goal

We are continuing forward with "Banking with Faith" as our ultimate aim, having achieved the feature of "Great Experience" among all of our stakeholders and consumers.

https://www.globalislamibankbd.com/

Chapter-3: Theoritical Background

3.1 Definition: Bank, Loan and Advance

Generally speaking, the word "bank" makes it clear that the financial institution is authorized to handle currency deposits and offer financial services related to wealth management. The state of the banking sector can provide information on a nation's whole economic situation. Any nation's ability to conduct economic activity and advance economically depends heavily on the banking industry. Central banks, commercial banks, savings banks, investment banks, industrial banks, and cooperative banks are only a few of the numerous varieties of banks. But when we refer to a "bank" without providing any other information, we mean a commercial bank. Bank, an organization that trades in money and its equivalents and offers further financial services. (htt)

Bangladesh's commercial banks are the engine of the nation's economy. In Bangladesh, commercial banks account for the majority of the financial sector, and their performance has a big influence on the entire structure of the economy. Modern technology and international connections have facilitated more global intercultural understanding. As everyone knows, Bangladesh needs help to prosper in this quickly growing community. The bank guarantees that the general public engaged in a wide variety of economic activities has access to a stable flow of financial resources, which is an essential part of the country's development process. The expansion of the world economy has been significantly aided by these financial institutions. The role of banking is analogous to the human body's vascular system.

Any banking institution's general advances management policy must follow extremely methodical guidelines. It must be flexible and adhere to a set of agreed norms for the policy to adapt to changing circumstances. While the dynamic elements pertain to aspects like the type and extent of risk, the established criteria relate to the safety, liquidity, and profitability of the advance. head Office problems general guidelines for advance conduct. Officers and staff members are required to uphold the values of honesty, and integrity, and safeguard the interests of the bank's shareholders and depositors in all business interactions. They must rigorously abide by the banking laws, the government of Bangladesh's rules and regulations, and the directives given. They must rigorously abide by the banking laws, government regulations, and instructions that are periodically given by Bangladesh Bank's head office and have an impact on the bank's commercial operations. However, the level of judgment exercised by the officers making loan choices is what determines a safe, liquid, lucrative, and healthy credit business.

The bank is a profit-and-service-oriented enterprise. Thus, granting loans and advances has always been a significant and lucrative role for banks. Securing credit for clients and other parties from the available money is a fundamental function of a contemporary bank. Advances issued to Global Islami Bank Limited come in various forms, including staff loans, small loans, demand loans, overdrafts, cash credits (CC), discounted and bought bills, home building loans, and bills. Global Islamic Bank Limited manages depositor funds that are repaid upon demand. As a result, it cannot sustain its finances over time.

There are several loan kinds under the general advance division's credit, with the public sector excluded.

• Chemical industry: this comprises chemical factories and soap factories.

• Mills for rice, flour, and oil: to install machinery and working capital.

• Engineering and steel concerns, such as rerolling mills.

• Skins and hides: This is approved and processed.

• Loan for House Construction: Also referred to as a second mortgage loan. Following the loan provided by the Near House Building Finance Corporation, further funds were provided.

• Just loan: The private just industry is authorized to use both Cash Credit and segregation.

• Spinning mills: working capital is authorized for both cash credit and separate loans in this case. Small loans are defined as working capital for any trading organization with less than two laces.

3.2 Sectioning loans appropriately completed First Information Sheet (FIS)

Method:

The process that comes next is the Application for a credit line appropriate for providing loans to the client;

• Duly filled up the First Information sheet (FIS

• Application for credit

• Collecting CIB report from BB

• Making credit line proposal

• Project Appraisal

• Head office Approval

• Sanction letter

• Documentation

• Distribution

• Documentation

• Monitoring And Follow-up

3.3 Requirements for Loan Proposal:

To put together a loan proposal, the following items are needed: Application for Loan (four copies). education credentials and four copies of a photo. documentation required for business ownership. Scheduled are mortgage properties and relevant documentation. A trade license and a nationality certificate. No letter of censure from his supervisor (should he be employed by the government) a list of both tangible and intangible assets and liabilities. Collateral security is provided by the real building or title to the property. The letter of protest from the Environmental Department is missing. a letter of approval issued by the local government at the time the project was started. The current year's receipt for the Union Council's tax payment. A flawless 12-year certificate from the Sub-register office. For BUSIC, an actual allocation and possession letter from BISIC is necessary. evidence of income and tax payments attested to. No letter of objection regarding the land mortgaged to the bank as approved credit security has been received from the government or any other body. In this case, the company attested copies of the Memorandum of Articles, Articles of Association, Certificate of Incorporation, and Commencement of Business. examined profit and loss records throughout his last three years as a company owner. Declaration of the source of his equity. the root plan of the loan proposal and the project's sight plan. viability and consistency studies of the project conducted from a variety of perspectives, including financial, managerial, technological, and socioeconomic. It is necessary to submit the tender sheet, the catalog, and the comprehensive specifications via the local intender. A letter of authorization from the PDB, REB, GAS, or electrical authorities, if applicable.

3.4 Loan Process: Sanction, Disbursement

Lending should be done for productive purposes that provide a steady stream of income for repayment. Banks forbid advances used for speculative or hardening stock purposes. Aside from the transaction's antisocial character, there are clear hazards involved. The banker has to carefully examine the borrower's objective and apply the specific purpose properly.

A bank would choose an entrepreneur or borrower who would use a loan for business or industrial purposes. A responsible banker should always take note of the history, morality, assets, ability, and goals of the entrepreneurs or borrowers. Entrepreneur with a questionable social standing who does not reside in a dominating region. When deciding whether to provide the entrepreneurs with a loan, the lender should take this into account.

Loan distribution is contingent upon the completion of documents and compliance with the sanctioning requirements, which prohibit sponsors from raising equity over what is specified. Payment against import must be provided using an irreversible letter of credit (LOC) that favors the foreign supplier at the time of contract completion. Payment for building construction and local machinery must be provided to the equipment provider via an inland letter of credit. Every loan stage The bank official will oversee the disbursement of money to ensure that the borrower has the flexibility to divert the funds to purposes other than the project. Additionally, the period of project implementation will be efficiently managed, and the borrower will be encouraged to complete the project on schedule. When it comes to loan disbursement, the three most crucial aspects are: all import documentation; verification of stocks; and completion of documentation.

3.5 Cash Credit (CC):

A cash credit is a plan that permits the client to borrow funds up to a certain amount. Cash credit is an active and ongoing process in which deposits and withdrawals occur frequently and interest is charged only for the amount withdrawn and for the entire amount charged. This is a parliament arrangement, meaning the customer need not draw the sanctioned amount all at once. Instead, he can draw the amount as needed and return any excess that he may find. Typically with a 16% interest rate, it functions similarly to an account that has been approved for an overdraft. However, accounting for cash credits is kept in a different ledger. Produce, commodities, and products are the main securities taken into account when granting a cash credit. Because the customer does not have to borrow the entire amount at once and can return the advance in full or in part whenever it is most convenient for them, this is the most popular form of borrowing for major commercial and businesses. consist of monetary credits

There are two kinds, like

- Hypothecation
- Promise

3.6 Non Performing Loan (NPL)

One common way to characterize non-performing loans is as long-term arrears loans. The loan is called non-performing because it is unable to "perform" or generate revenue for the bank. Non-performing loans can be categorized into several groups, frequently based on the "Length of overdue" of the individual loans. Different countries have different rules concerning categorization. debt as not being paid back. Generally speaking, a loan is considered nonperforming if it is 90 days or more late in payments. Loans that were no longer profitable were classified as non-performing loans. Fofack (2005) further supported it by defining NPLs as loans with remaining principal and/or interest that has not been paid for at least ninety days.

The main goal of every financial institution is to operate profitably to maintain stability and long-term expansion. However, a high proportion of non-performing loans (NPLs) in the banking industry hinders private investment, makes it harder for banks to make their loan payments on schedule, and restricts the amount of credit that banks can offer to customers. Both internal and external economic conditions are significant contributors to nonperforming loans, according to (Warue, 2013). A loan that is practically in default or very nearly so because the borrower has stopped paying interest and principal payments is known as a non-performing loan, or NPL. Most loans become non-performing assets if payments are overdue by more than 90 days, depending on the terms of the agreement. When a debt enters non-performance, complete repayment is assumed to be far less possible. (Singh, 2020)

3.7 Action Plan for Future

In 2023, we anticipate that Bangladesh's economy will keep growing. Inflation, however, will result from increased energy costs and robust global demand. The pressure on the foreign currency rate is already high, and it might get far worse. The Russia-Ukraine war-related geopolitical unrest may also negatively affect the nation's export volume. The commercial banking industry may find it more difficult to maintain the stability of its loan portfolio after the Central Bank lifts its delay on loan repayment. However, we anticipate that the demand for loans will rise as economic activity picks up. In light of this, Global Islami Bank has developed the following action plan, which it will implement in 2023 and going forward:

- Loan recovery and regularization of classified and nonperforming loan (NPL) will remain our topmost priority. Strong supervision, follow-up and monitoring of classified and NPL accounts will be ensured for recovery of loans. We will give special emphasize on recovery of our written-off loans this year. Both legal and non-legal measures will be pursued to this endeavor. When loan documentation is handled by knowledgeable bankers, bank's credit administration operates quite well. Reducing non-performing loans (NPLs) will be the management's current main priority because it's a crucial step towards debt recovery. (Rahman, 2019)
- Fresh lending to the industrial and services sectors.
- Emphasize on increasing SME and Retail loan portfolio.

Chapter- 4: Analysis

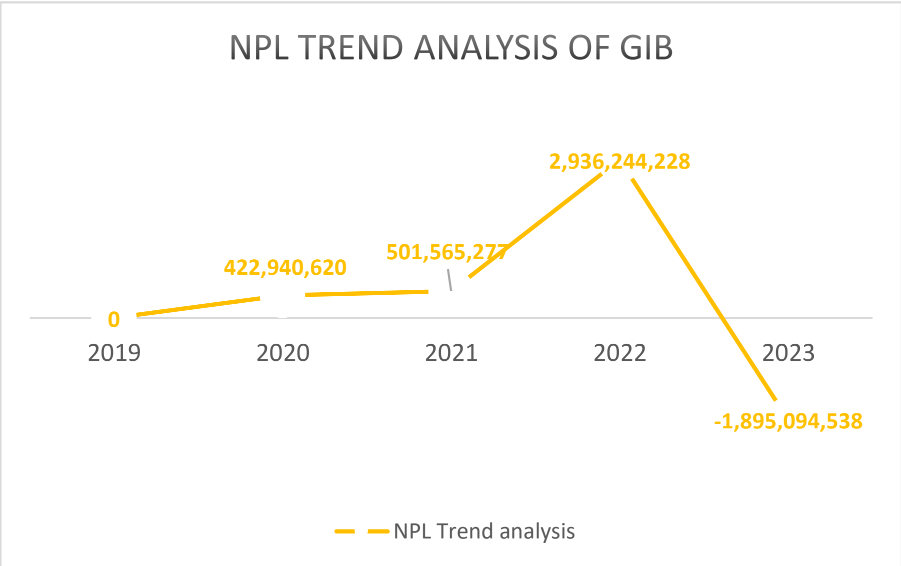
4.1 The state of loans and advances in Global Islami Bank:

Banks with higher levels of capital or those within a banking group may lessen the effects of loans and advances on bank productivity. The banking business group is proposed to aid banks in enhancing efficiency by utilizing its internal capital market. This table shows 5 years of loans and advances (non performing loan) (TK) of Global Islami Bank.

Year	2023	2022	2021	2020	2019
(Tk)	3,427,257,243	5,322,351,781	2,386,107,553	1,884,542,276	1,461,601,656

Table-4.1 Loans and Advances (Non performing loan) (TK) of Global Islami Bank

The table emphasize on the fluctuation of its loans and advances (NPL). According to (Phung, 2022) paper study has presented strong evidence showing that non-performing loans are negatively related to bank efficiency. Below the increase and decrease of the loans and



advances (NPL)is showing in a trend analysis,

Figure- 4.1 Trend analysis of GIB

Figure 4.1 shows the trend analysis of NPL of GIB of 5 years. From 2019 to 2022 shows a substantial increase in NPL value, but in 2023 it decreases with a suddent drop. As it is learned from (Phung, 2022) that decrease in NPL shows positive efficiency towards banks. So it can be concluded that GBL faces non efficiency from 2019 to 2022.

4.2 Evaluate the gross ratio of loans and advances (NPL) of Global Islami Bank

A high ratio of non-performing assets (NPA) indicates that a bank has numerous outstanding loans, which may signal financial challenges for the bank. Table 4.2 shows that year 2022

Year	2023	2022	2021	2020	2019
(in %)	2.61%	4.48%	2.23%	2.03%	1.78%

Table- 4.2 Gross Loans and Advances (NPL) ratio of GIB

Has the highest ratio % among 5 years. And year 2019 has the lowest ratio %.

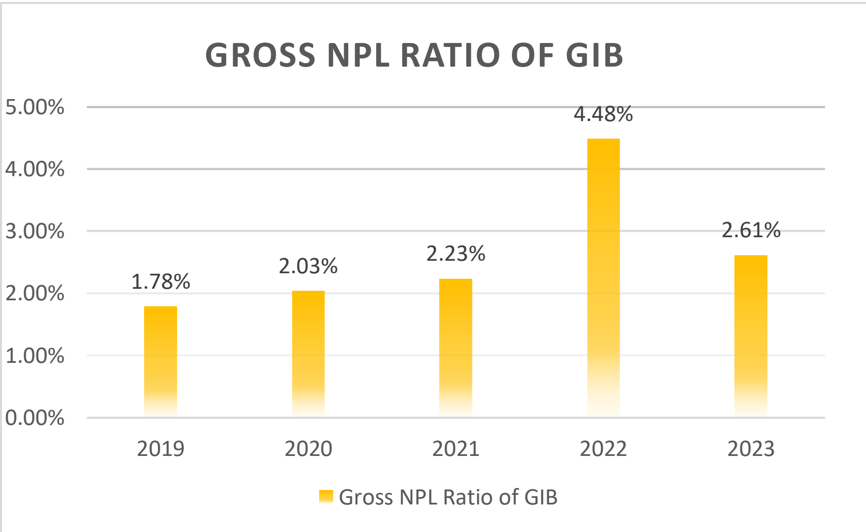


Figure- 4.2 Gross NPL ratio of GIB

Figure 4.2 shows that the gross ratio NPL of GIB increasing gradually through out the years. But year 2022 shows a very high jump in the ratio which indcates that the bank faces big financial obstacles in that year. But the graph points ouit that other years were not smooth also.

4.3 The reasons behind loans and advances (NPL) and their solutions of Global Islami Bank

A few reasons why these loans are non-performing. The reasons are listed below.

Lack of business experience: After retirement, those who have never had a company concept before usually launch one. As a result, these persons occasionally struggle to launch their businesses successfully and find themselves unable to pay back the bank loans they were granted, resulting in non-performing loans in the end.

Absence of Institutional and Business Training Background: Ultimately, family enterprises are controlled by younger generations. This means that they are running a business without any prior training or expertise. In some way, this might put the company in a bad position where it can fail and be unable to repay debts.

Unattractive industry: Unattractive industries might occasionally be the main cause of nonrepayment of debts. Companies that perform poorly financially may have low cash inflow, which indicates that they have less liquid cash on hand and may lead to a loan default.

Robust competition: A loan default does not always follow from a significant level of competition. They can occasionally be a secondary cause. This is due to fierce rivalry from several businesses operating in the same sector. Inefficient businesses eventually run out of liquid capital when they are unable to make a sufficient profit.

Unwillingness to pay: In Bangladeshi culture, this has to be one of the most prevalent occurrences. There is a particular demographic that has the least interest in giving the money back. This may be caused by a decrease in the company's cash flow or when the loan's collateral is feeble and the borrower believes there won't be any issues if the loan isn't returned.

Absence of auxiliary facilities: Businesses may need assistance from other sources, such as government specialists. The project requires feeding when the cash flow is declining and it is quiet. Without further support, a business could become crippled and bring calamity in subsequent eras.

Solution of GIB:

- ✓ Officials from the Branch and the Head Office are consistently pursuing delinquent clients together. This is done through letters, phone calls, visits to their homes and places of work, and meetings at both the Head Office and the branches.
- ✓ At the start of each year, the respective branches are given goals to recover classified loans, and Head Office regularly reviews the branches' progress toward these goals.
- ✓ Extensive legal proceedings are unnecessary given the client's financial circumstances. There is a certain sum that needs to be applied to the non-performing debt. Following that, appropriate legal action is taken.
- ✓ For the purpose of recovering the bank's classified loans, a formidable "Taskforce" made up of top level executives from the head office and the heads of the relevant branches has been assembled. They continue to monitor the non-performing loan situation.

4.4 Resources that need to be addressed right away to guarantee loans and advances (NPL) of GIB

No compromising within the approving framework with the necessary tenacity. Recalling that "prevention is far superior to treatment." Banks must accept substantial collateral. The bank may offer the collateral and use the proceeds to make up for the loss if a borrower fails on a credit. The equipped security or collateral should be valued using a suitable trade project or based on the traditional "mark to market" valuation technique. A possible loans and advances (NPL) action strategy. In order to build up their loans and advances (NPL) credit, banks should follow a few measures. Banks must proceed to Artha Rin Adalat on the halt. Identifying highly vulnerable borrowers within the credit portfolio. Determination of hazard sensitivity by geographic area. Banks ought to learn about their customers based on their geographic location. For instance, there are regions in Bangladesh with low growth rates or low charge-repay rates. Quick action about credit reports. expanding the officers' and executives' capacity in the recovery division. Bank employees should receive the proper training. that they can appropriately manage loans. If there is a labor shortage, the bank should hire workers for the recovery division. Loan defaulters are occasionally discovered to be chamber of commerce members; as a result, a policy should be established prohibiting these individuals from running for office. To ensure that other banks are aware of who is a loan defaulter and do not provide that defaulter another loan until the outstanding balance is paid, banks should work together to create a list of defaulters, which should be kept up to date by Bangladesh Bank.

Chapter- 5: Findings & Recommention and Conclusion

5.1 Findings & Recommention:

5.1.1 Findings:

The loan and advance (NPL) portfolio of Global Islami Bank during the previous five years exhibits notable variations in terms of both gross percentage and absolute size.

- There were periods of inefficiency and financial hardship shown by a large increase in loan and advances (NPL) from 2019 to 2022.
- A notable drop in advances and loans (NPL) in 2023 points to a possible rebound.
- The bank would face significant financial difficulties in 2022 as indicated by the increase in the loan and advance (NPL) ratio.
- The results are consistent with earlier studies on the detrimental effects of excessive loan and advances (NPL) on bank productivity.

5.1.2 Recommendations to address these issues:

- Enhance credit risk assessment
- Strengthen legal and regulatory frameworks
- Implement robust management practices
- Adopt a comprehensive strategy
- Continued focus and development may lead to increased efficiency and resilience, as evidenced by the Loan and advance (NPL) decline in 2023.

5.2 Conclusion:

Despite this, loans and advances present chances as well as obstacles for the bank to accelerate its commercial growth, particularly in light of Bangladesh's external sector's notable expansion. The loans and advances division of Global Islami Bank plc is the subject of this report. The bank provides a range of services to make loans, advances, exports, and international remittances easier. As a result, some people have trouble starting their enterprises effectively and can end up being unable to pay back the bank loans they received, which would result in non-performing loans.

The aforementioned trends support findings from other research indicating that high levels of non-performing loans have an adverse effect on the productivity of banks. Global Islami Bank experiences non-performing loans due to various factors, such as insufficient credit risk evaluation, economic fluctuations, regulatory requirements, and ineffective management strategies. Addressing these challenges requires enhancing legal and regulatory frameworks, implementing strong management practices, enhancing credit risk evaluation, and embracing a comprehensive approach. Loans and advances at GIB increased significantly between 2019 and 2022 before declining significantly in 2023, suggesting possible financial difficulties. The efficiency of GIB is negatively impacted by large loans and advances, as evidenced by research and trends.

By utilizing strategic management methods and allocating appropriate resources, Global Islami Bank can reduce its non-performing loans (NPL) and improve its financial stability, thus contributing to the overall strength of the banking industry. Through continued focus and growth, the bank can achieve greater efficiency and financial robustness in the future, as evidenced by the decline in non-performing loans (NPL) in 2023.

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