An Analysis

on

New Product Development of Al-Arafah Islami Bank PLC

Date of Submission: 14 December, 2025

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Prepared for

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Major in HRM

Program: MBA

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Letter of Transmittal

Date: 14 December, 2025

Mr. Mahbub Parvez
Associate Professor
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

Subject: Submission of Internship Report.

Dear Sir,

I am pleased to submit my internship report on **“An Analysis on New Product Development of Al-Arafah Islami Bank PLC”** This report reflects the knowledge and insights I gained during my internship at the **Al-Arafah Islami Bank PLC.**

I am grateful to everyone who provided valuable information and advice throughout this process. I would appreciate it if you could review the report thoroughly, and I am more than willing to address any questions or concerns you may have about the report.

I have made every effort to ensure the report is comprehensive and accurate. Should you need any clarification or further assistance with the report, please do not hesitate to contact me.

Sincerely,

………………………..
Anwar Hussain
ID: 241-14-008
Program: MBA
Major in HRM
Department of Business Administration
Faculty of Business and Entrepreneurship
Daffodil International University

Certificate of Approval

This is to certify that Mr. Anwar Hussain, ID-241-14-008, pursuing MBA with a major in Human Resource Management from Daffodil International University, has completed his internship report **“An Analysis on New Product Development of Al-Arafah Islami Bank PLC”** under my supervision. The data and findings presented in this report appear to be accurate and reliable. Therefore, the report is approved for presentation.

I extend my best wishes to him for continued success in his future endeavors.

…………………………………………

Mahbub Parvez
Associate Professor
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

Acknowledgement

The successful completion of this report is the result of the support and contributions from many individuals to whom I am deeply grateful. I would like to take this opportunity to extend my heartfelt thanks to everyone who assisted me in preparing this report on **"An Analysis on New Product Development of Al-Arafah Islami Bank PLC".**

The readiness of this report includes the priceless help and collaboration of various individuals, without gaining by whose information, the impressive undertaking of finishing this task couldn't have been cultivated. To begin with heartiest gratitude to Mr. Mahbub Parvez, Associate Professor Department of Business Administration, Faculty of Business & Entrepreneurship at Daffodil International University for enabling me to take a bit of his significant time and taking into account my torrent of inquiries. I would also like to extend my gratitude to the rest of the team at Al-Arafah Islami Bank PLC. I have had the privilege of working with some incredibly talented individuals, and I have learned so much from each of them.

In conclusion, I would like to express my heartfelt thanks for this opportunity to work at Al-Arafah Islami Bank PLC. This experience will stay with me for the rest of my life, and I am grateful for the skills and knowledge I have gained as a result.

Executive Summary

This report provides an in-depth analysis of the New Product Development (NPD) strategies adopted by Al-Arafah Islami Bank PLC, one of Bangladesh's leading Shariah-compliant financial institutions. The objective of the analysis is to assess how the bank innovates and introduces new products to remain competitive in the rapidly evolving banking sector while adhering strictly to Islamic principles.

Al-Arafah Islami Bank PLC has demonstrated a consistent commitment to aligning its financial products with the principles of Islamic Shariah, while also responding to changing customer needs, market dynamics, and technological advancements. The report outlines the stages of the bank's NPD process, including idea generation, feasibility analysis, product design, Shariah board approval, market testing, and final implementation.

Key findings indicate that the bank places a strong emphasis on customer feedback, market research, and digital integration in developing products such as Islamic mobile banking solutions, SME-friendly investment products, and green banking services. Despite the opportunities, the report also highlights challenges such as regulatory compliance, technological limitations, and the need for continuous Shariah advisory input.

The analysis concludes that Al-Arafah Islami Bank PLC's proactive and Shariah-compliant approach to product development has significantly contributed to customer satisfaction and market growth. However, to sustain long-term success, the bank must continue investing in innovation, staff training, and robust digital infrastructure.

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Chapter-1
Introduction

1.1 Introduction

Bank is an organization chartered by a state or federal government, which provides the following services such as receiving payment, credit, savings, insurance, security brokerage, investment banking, merchant banking, cash management, real estate and community development. It plays an essential role in the growth of an economy of a country. Due to the banking system, countries become more industrialized and developed, because bank collects money from the depositor and provides a loan to others at fixed interest rate. By getting required loan from the bank, people can do business and earn a lot of profit which is facilitating them to become more independent. One of the biggest Muslim nations Bangladeshi individuals is especially careful about the Islamic way of life. The general population here is particularly strict in following the Quran and the Sunnah of prophet. Therefore, to lead a Haram free living they follow Islamic Rules in every way possible.

1.2 Background of the Study

In today's world, education is the tool to understand the real world and apply knowledge for the betterment of the society as well as economy. From education the theoretical knowledge is obtained from courses of study, which is only the half way of the subject matter. Practical knowledge has no alternative. Students are required to work on a specific topic based on their theoretical and practical knowledge acquired during the period of the internship program and then submit it to respective authority. This is why I have prepared this report. The report is an integral part of the MBA program of the Daffodil International University for its potential business graduates to get three months practical experience, which is known, is as "Internship Program". And a report is required to be prepared to summarize the intern's analysis, findings and achieved knowledge from this program. It is obligatory to undertake such task by the students who desire to complete and successfully end - up their MBA Degree.

In this manner we are required to attempt an entry level position program in any working association. For the internship purpose, I have chosen Al-Arafa Islami Bank PLC, which has some special mission and vision to establish an interest free banking in the country. Being an intern, the main challenge is to translate the theoretical concepts into real life experience. I have selected the topic **"An Analysis on New Product Development of Al-Arafah Islami Bank PLC"**. The establishment of Al-Arafah Islami Bank PLC on 18Th June 1995 is the true reflection of this inner urge of its people, which started functioning with effect from 27th September 1995.

This Islamic Banking activity is consistent with the principles of shariah and its practical application by the development of Islamic economics. A more correct term for Islamic Banking is a Shariah compliant finance.

1.3 Origin of the Study

This internship report has been preparing under the internship program, an indispensable part of the Master of Business administration (MBA) program. This report is prepared for fulfilling a practical requirement of both MBA and internship program. On this regard I have been posted in Al-Arafa Islami Bank PLC, Ring Road Branch immediately after completion of MBA course for three months duration internship program and have been advised by the honorable management to submit my practical learning in written from at different phases.

Al-Arafah Islami Bank is a financial institution whose status, rules and procedures expressly state its commitment to the principles of Islamic Shariah. Consequently Al-Arafa Islami Bank operates on Islamic principles of profit and loss sharing, strictly avoiding interest, which is the root of all exploitation and is responsible for large scale inflation and unemployment. In this report, I undertake microscopic analysis mainly on "An Analysis on New Product Development of Al-Arafah Islami Bank PLC". So, after completing this internship program, students can handle the real-life circumstance.

1.4 Rational of the Study

Due to the Increased competition of the increased number of commercial banks and the growing economy, the expectation of the customers has also increased than even before. The Banks are trying to attract more and more people to use bank as their trusted saving way. So, banks are coming more reachable to their customers. Now a present the most difficulty facing the financial sector is the low level of interest rate and high level of inflation rate for political anarchy and syndicating of products.

1.5 Objectives of the Study

i. To examine the process followed by Al-Arafah Islami Bank PLC in developing new Shariah-compliant financial products.
ii. To identify the key factors that influence the bank's new product development decisions.

iii. To evaluate the customer response and market performance of newly introduced products.
iv. To identify the major challenges faced by the bank in the new product development process and suggest possible improvements.

1.6 Scope of the Study

Al-Arafah Islami Bank is one of the leading commercial banks in Bangladesh, known for its strong reputation in providing reliable banking services. The scope of this study is limited to Al-Arafah Islami Bank, particularly focusing on its main Ring Road Branch in Dhaka. This report covers the "**An Analysis on New Product Development of Al-Arafah Islami Bank PLC**" of the bank, exploring Al-Arafah Islami Bank PLC positions itself in the competitive banking sector. Additionally, the report provides a brief overview of Al-Arafah Islami Bank PLC, highlighting its mission, vision, and key offerings, along with an analysis of its new product development strategies in the banking industry.

1.7 Methodology of the Study

Different data and information were collected from various sources, such as, primary and secondary which is showed below:

Primary Sources of Data: Primary source of data are known as the data which are collected through observation and direct contact. They are not derived from any other sources. The primary data are the information collected during the internship period by the observation and involvement. Most of the primary data are collected through the following sources:

- Information gathered by direct dealing with the customer in the Bank
- Information gathered by Personal observation of the bank activities.
- Information gathered by chatting with bank chiefs, employee, staff of Al-Arafah Islami Bank PLC.
- Information collects from the personal observations of the bank environment.

Secondary Sources of Data: The secondary data is one which has already been collected by a source other than present investigator. Secondary data include both raw data and published summaries. These types of data are collected through following ways:

- Information collects from collection data from websites of Al-Arafah Islami Bank PLC.

- Information gathered from Web page.
- Information collects from different papers, various files.
- Annual report of Al-Arafah Islami Bank PLC from 2020 to 2024.

Data Analysis Technique

In the investigation, the information has been dissected through Microsoft Office Package®.

1.8 Limitations of the Study

During working on this report need to many collections and information, database, literature review and analysis of data etc. and in this moment, task has several limitations that I faced some usual constraints during the course of my internship. Even Though I always put my best to avoid the limitations of the study that arises, the following limitation have been faced are as follows-

- Insufficient Data due to authorities could not express to us accurate data easily.
- Depending on the secondary data because of inadequate primary data and executive of the bank could not give adequate time for their work.
- Bank's policy of not disclosing some sensitive data and information for obvious reason posed an obstacle to prepare more informative report.
- Personal limitations like inability to understand some official terms, office decorum etc. created a few problems.
- Bankers were so much busy with their work and they did not have enough time to provide information.

Chapter-2

Overview of Bank

2.1 Background of the Bank

With the objective of achieving success here & hereafter by pursuing the way directed by Allah and the path shown by his Rasul (SM), Islam provides us a complete life style. 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 18th June, 1995 with said principles in mind and to introduce a modern banking system based on Al-Quran and Sunnah

Al-Arafah Islami Bank incorporated in Bangladesh as a banking company in 1995 with capital of Tk. 10,000 million at inception, it paid up was Tk. 101.20 million divided into 101,200 ordinary shares of TK 1000 each, the authorized capital of the bank is Tk. 15000.00 million and the paid-up capital is Tk. 9,943.06 million as 31.12.2016. Renowned Islamic scholars & pious businessman of the country are the sponsors of the Bank. 100% of paid-up capital is being owned by indigenous shareholders.

The equity of bank stood at Tk 2,908.66 million as on 31 December 2016, the manpower was 3,070 and the number of shareholders was 36,696. It has achieved a continuous profit and declared a good dividend over the years. High quality customer service through the integration of modern technology and new products is the tool of the bank to achieve success. The bank has a diverse array of carefully tailored products and services to satisfy customer needs.

The Bank is committed to contribute significantly to the national economy. It has made a positive contribution towards the socio-economic development of the country with 140 branches of which 24 is AD throughout the country.

Wisdom of the directors, Islamic bankers and the wish of almighty Allah make Al-Arafah Islami Bank PLC most modern and leading bank in Bangladesh.

2.2 Vision

The pioneer bank in the banking arena in Bangladesh under the Shariah guidelines and contribute significantly to the national economy.

2.3 Mision

- To launch welfare –oriented banking system.
- To invest through different modes that is acceptable under Islamic Shariah.

- To allow customer deposits on profit0loss sharing basis.
- To perform interest free banking,
- To found participatory banking instead of banking on debtor creditor relationship
- To display team spirit and professionalism.
- To provide high quality financial services in export and import trade.
- To maintain corporate and business ethics

2.4 Goal & Objective of Al-Arafah Islami Bank

The maxim of the Al-Arafah Islami Bank PLC is to discover a new horizon of innovative contemporary banking creating an automated and computerized environment providing one stop service and prepare itself to countenance the new challenges of globalization and 12th century. One of the main objectives of bank is to be a provider a comprehensive range to financial services to national & multinational companies. The growing technological revaluation in the bank is not so0outlying future. Finally, to achieve ultimate goal i.e nazat in akhirat. It has previously introduced swift, online banking.

2.5 Special Features of Al-Arafah Islami Bank

As an Islami bank, we are singular in every positive aspect. We provide a bunch of state-of-art banking services within the wide bracket of Shariah. We are unique with our products, strict with our principle and uncompromising with our honesty. Here are some special features of us that make us notable in Islami banking sector.

- All activates of Al-Arafah Islami Bank are conducted under a profit/loss-based system according to Islamic Shariah to get the nation rid of Usury.
- Its investment policies under different modes are fully Shariah compliant and well monitored by the board of Shariah council
- During the year 2007, 70% of the investment income has been distributed among the Mudaraba Depositors.
- In 2008, Al-Arafah Islami Bank has included online banking in its wide range of services. Bangladeshi software has been introduced in this Feature to promote the local developers.
- Al-Arafah Islami Bank regularly arranges its AGMs (Annual General Meeting). Whenever needed EGMs (Extraordinary General Meeting) are also arranged.

- We regularly pay dividend to our valued shareholders, for the year of 2002, we declared 20% bonus dividend to our shareholders.
- We believe in providing dedicated serviced to the clients imbued with Islamic spirit of brotherhood, peace and fraternity.
- The bank is committed towards establishing a welfare-oriented banking system to meet the needs of low income and underprivileged class of people.
- The bank upholds the Islamic values of establishment of a justified economic system through social emancipation and equitable distribution of wealth.
- Following the Islamic traditions, it is assisting in the economic progress of the socially deprived people; in the creation of employment opportunities and in promotion of rural areas to ensure a balance development of the country.
- The bank believes in social and philanthropic activities and has established Al-Arafah Islami Bank English medium madrasah and Al-Arafah Islami Bank library.

2.6 Foreign Exchange Risk Management

Foreign exchange risk is defined as the potential change in earnings arising due to change in market prices. International Division independently conducts the transactions and passing of their entries in books of accounts. All foreign exchange transactions are revalued at Mark-to reconciled on monthly basis and outstanding entry beyond 30 days is reviewed by the management for its settlement.

2.7 Activities of Shariah Council

Shariah council consists of committee consists of 6 members specialized in Fiqhul Muamalat (Islamic Commercial Law) according to guidelines given by the Bangladesh Bank to ensure whether all banking operations are transacted in accordance with Islami Shariah i.e. Qur'an, Sunnah, Ijma and Iztihad. Shariah Supervisory committee has by the grace of Al-mighty Allah managed to contribute a lot to run all the business activities of the Bank according to Shariah guidelines. During the year 2016 with some unavoidable circumstances our Honorable Members of the Shariah Supervisory Committee sat in 4(Four) General Meetings and 1(one) Emergency Meeting to discuss the matters of the Bank to give opinions & directives and given solutions thereof from the view point of Shariah Principles. Muraqibs of the Supervisory committee have visited all branches of the Bank during the year to observe the Shariah compliance, give necessary instructions on the spot and submitted report to the Council. They have also submitted corrective measures to rectify the laws in implementing Shariah guidelines into the banking operations. They identified Tk 44.71 million as doubtful income of the branches of the Bank. Besides, after analyzing balance sheet, the Supervisory committee identified Tk. 340.16 million as compensation realized in different branches and Tk. 0.37 million, Tk. 1.91 million as interest income received from NOSTRO A/Cs of foreign correspondent bank and Bangladesh Bank FC Clearing Account respectively. As a result, it is advised to finalize the Balance Sheet of 2016 keeping doubtful in-come amounting to Tk 135.05 million apart from basic income and spend after tax the same on the basis of Shariah prescribed modes. At Last, as per Shariah Inspection Report of 2016, the Doubtful Income of the Bank has been reduced comparatively and we hope that this reducing figure will be continued and necessary steps would be taken time to time, Insha-Allah. A library has been established in the Shariah Council Secretariat of Al-Arafah Islami Bank having about 500 books on Qur'an, Hadith, Fiqh, Islamic Economics and Islami Banking. Honorable members of the Council give Shariah guidelines to run the Bank's operations taking necessary consultations and data from those books after exhaustive research and study.

2.8 Products of Al-Arafah Islami Bank

The Al-Arafah Islami Bank PLC offers their customers general banking facilities which ensure the safety of their money. Following are the ways through which banks collect their deposits from the clients:

1. Al- Wadeeah Current Deposit (CD)
2. Mudaraba Term Deposit (MTDR)
    a. 36 Months
    b. 24 Months
    c. 12 Months
    d. 06 Months
    e. 03 Months
    f. 01 Month
3. Mudaraba Savings Deposit (MSD)
4. Short Notice Deposit (SND)
5. Monthly Hajj Deposit

6. Monthly Installment Term Deposit (ITD)
7. Monthly Profit Based Term Deposit (PTD)
8. Monthly Savings Investment (SID)
9. One Time Hajj Deposit

(a) Al-Arafah Savings Bond (3 Years)
(b) Al-Arafah Savings Bond (5 Years)
(c) Al-Arafah Savings Bond (8 Years)

10. Marriage Saving Investment Scheme (MSIS)
11. Pensioners deposit scheme
12. Special Saving (Pension) Scheme
13. Cash WAQF
14. Lakhopati Deposit Scheme
15. Kotipati Deposit Scheme
16 Millionaire Deposit Scheme
17 Double Benefit Scheme
18 Triple Benefit Deposit Scheme
19 Probashi Kallyan Deposit Pension Scheme
20 Mudaraba Savings Deposit-Student,
21 Farmers, Freedom fighters

2.8.1 Al- WADEEAH CURRENT DEPOSIT (CD)

Al-Arafah Islami bank Limited receives deposits in their Al- Wadeeah current account. Usually business people run Al- Wadeeah current account customers can deposit and withdraw money, whenever they want. In this account, there is no restriction of withdrawing money. But in Al-Wadeeah current account customers do not get any profit. Bank with take some money as service charge.

2.8.2 MUDARABA SHORT NOTICE DEPOSIT (MSD)

Short notice deposit account customers can deposit and withdraw money any time whenever they want. But there is a restriction in withdrawing money. They have to inform the manager if they want to withdraw big amount. Like Mudaraba Savings deposit account the customer's get profit here. This profit is given every year at a predefined rate of last year.

2.8.3 MUDARABA SAVINGS DEPOSIT

Al-Arafah Islami bank Limited also receives deposits by Mudaraba Savings Deposit. General people run these accounts. In Mudaraba Savings Deposit account customers can deposit money any time whenever they want. But they cannot withdraw money whenever they want, there is some restriction. Customers can withdraw money two times in a week and ten times in a month. But if they want to withdraw any big amount, they have to give notice to the manager. It banks earn any profits the depositors will get at a predetermined percentage and the bank retains the residual amount as its profit.

2.8.4 MUDARABA TERM DEPOSIT (MTDR)

Interest-bases banks receive different kinds of term deposits from the depositors. The deposits are generally for 3 months, 6 months, 9 months, one years, 2 years or 3 years, and the bank pays a stated interest rate on each of these deposits, which varies depending on the term. In general, the bank pays a higher rate of interest the longer the term of the deposit and lower rates for shorter time periods. In addition, a higher rate of interest is generally paid on term deposits than on saving deposits. Depositors are not generally allowed to withdraw money from a term deposit until the term matures. Premature withdrawal may result in penalties in excess of the interest earned, resulting in a negative return, once a time deposit matures, the depositor may wish to reinvest for new term.

2.8.5 Monthly Profit Based Term Deposit (PTD)

An effective saving plan for individual company and non-resident Bangladeshis to invest. Any amount of Tk. 1 (one) lac or its multiple may be deposited in this scheme. If necessary, the deposit may be cashed before maturity at a profit rate on Mudaraba Savings Deposit. The scheme will have a minimum duration of 5 years. Profit will be given just from the first working day of the next month from the starting of the scheme. There will be Tk.583.33 estimated profit for each Tk.1, 00,000/- of deposit. Tax will be applicable on the deposited amount along with profit according to the country law.

a) Monthly Hajj Deposit (MHD)

In this scheme, your sacred wish for pilgrimage will be fulfilled with relatively smaller monthly deposits. One can open only one Hajj account in his/her name which will be operated by the rules of Mudaraba. One can prepare for the Hajj within one to twenty years and accordingly he/she can select the amount of monthly installment from the following chart. The main attraction of the scheme is the profit based on daily stay of your deposit. In fact, it holds 0.06 more weight age than a 3 years deposit. In the year 2012 the estimated expenditure for Hajj is Tk.2, 55,500/- and for the upcoming years it has been gradually incremented in the rate of 5%. A variety of maturity period and installment size will give you the option to make it your own affordable scheme. If the depositor wants to go for Hajj before maturity period, he/she can amend the residual amount with the deposit and fulfill his/her holy wish.

b) Saving investment Deposit

Deposit under the scheme is accepted by monthly installment and after expiry of the term; double amount of such saving is given as investment in feasible sectors by the bank as per choice of the depositors without any collateral security. Any one by saving under the scheme can take business venture on utilization the amount saved under the scheme as well as availing bank investment.

c) Al-Arafah Savings Bond

Under this scheme, the bank has introduced saving bonds for tk. 10,000/ tk. 25,000/- and tk. 100,000/- for 3, 5 and 8 years. After the completion of the tenure the deposited money may increase by 1.5 or even double.

d) Al-Arafah Islami Bank Regular Deposit Program

RDP is a special services plan that follows to save a monthly basic and get a handsome amount at maturity. RDP account gives you the convenience of saving regularly in the time with cherished dream RDP in the right solution

To open RDP account all you need is to be over 18 years of age and a Bangladesh citizen you can open an RDP account within 10 days of the month by filling up a prescribed account opening form at any branch of Al-Arafah Islami Bank PLC.

e) Term of Al-Arafah Islami Bank Regular Deposit Program

You need to open an RDP Account for 2 or 12 Years i.e. 24 and 144equal monthly deposits respectively.

f) Minimum and maximum monthly deposit Amount

Under the RDP you can chose between a minimum monthly deposit amount of TK 200 and Maximum amount of TK. 5000.

Table 2.8.5: Monthly amount & Receivable after 2 to 12 years

Tenor	2 years	3 years	5 years	8 years	10 years	12 years
Deposit	**Gross return (Deposit + Profit) at maturity (Projected)**					
200	5125/-	7937/-	14343/-	25252/-	34320/-	44278/-
300	7688/-	11905/-	21524/-	38288/-	51420/-	66355/-
500	12813/-	19957/-	35960/-	63920/-	85842/-	110784/-
1000	25932/-	39648/-	71753/-	127753/-	171632/-	221673/-
1500	38641/-	59742/-	107648/-	191607/-	257473/-	332574/-
2000	51394/-	79563/-	143598/-	255372/-	343536/-	443749/-
3000	77155/-	119477/-	215295/-	383320/-	515225/-	665632/-
4000	102916/-	159391/-	287010/-	511125/-	687093/-	887721/-
5000	128677/-	199166/-	358696/-	638930/-	858867/-	1109811/-

Source: Al-Arafah Islami Bank website

g) Grameen & small Investment Scheme

Al-Arafah Islami Bank has introduced a new investment project as Grameen and small investment. The objective of this project is to introduced Shariah based banking system in rural and village area, creating employment through financing in low-income group, build up savings attitude, improvement of living standard of rural low-income mass people, creating opportunity to carry out Islamic lifestyle by way of alleviating poverty and at the same time financially establish career men/women by investing in small investment projects. Initially, this scheme is introduced in two branches of Al-Arafah Islami Bank I.e. Gallai, comilla and ruposhpur, srimongol. There is a plan to expand gradually this project in other rural branches, thus, within the scope of Grameen and small investment scheme, the following sectors have been invested:

Figure: Grameen & small Investment Scheme

1. Fisheries	**10. vegetables business**
2. Poultry	**11. Cultivation of battle leaf**
3. cattle	**12. tailoring business**
4. Goat	**13. Work of bamboo and cane**
5.cow	**14 cultivations of pineapple**
6. poultry farm	**15. earthen ware**
7. preparing muree	**16. purchasing rickshaw**
8. preparing sweets	**17. cultivation of lemon**
9. cosmetics items	

Source: Annual report of Al-Arafah Islami Bank

- Under this method, after getting the demand and the giving assurance of credit payment the customer, bank takes the authority to purchase the specific goods on behalf of its customer and after that sells them to that customer.
- In this case bank obviously has to purchase the goods form a third party and has to keep them under its authority for an instance. After that, a sale agreement is accomplished between the bank and the customer.
- Here, goods are firstly delivered to the customer and payment is made on a specific future time. It is clear that in this method, goods are reached under the authority before payment is done
- In this method, bank is not liable to inform about the buying price and the amount of profit respectively to the customer. This only tiling mat is mentioned to that client is the selling price of those goods.
- If the customer fails to pay the payment of the goods on a specific time and therefore if that customer takes some extra time to pay it fully, then in that sort of case, bank cannot charge any more profit due to that overtime period.

2.9 Management of Al-Arafah Islami Bank

Management is the process of planning leading and controlling the work of organizations numbers and of using all available organizational resources to reach stated organizational goals. The strength of a bank depends on the strength of its management's team. Al-Arafah Islami Bank PLC is proud to have a team of highly motivated, well- educated and experienced executives who have been contributing substantially to the continued progress of the bank. The management is ably supported and assisted by well-motivated and experienced officers and members of staff.

2.10 Human Resource Department of Al-Arafah Islami Bank

In today's aggressive business environment, only the quality of human recourses makes the difference. The bank's assurance to attract the best persons to work for it and the adoption of the latest information technologies is reflected in the efforts of the bank in the in the development of its human resources. In the faces of today's global competition bank envisages to develop highly motivated workforce and to equip them with latest skills and technologies.
Al-Arafah Islami bank has a training center to develop its employees. Al-Arafah Islami bank sent number of officers to Bangladesh institute of Bank Management and other training institutes for specialized training on various aspects of banking. The bank has set up a training institute for providing training facilities of its executive's officers. The training institute has already conducted a number of courses. A number of officers have been sent for foreign training. Al-Arafah Islami bank believes in professional excellence and considers its working force as its most valuable assets and the basis of its competence and power.

2.11 Commitments of Al-Arafah Islami Bank

- Al-Arafah Islami bank is customer focused modern Islamic bank, sound and steady growth in both mobilizing deposit and making quality investment to keep their position as a leading Islami bank in Bangladesh.
- To deliver financial services to retail, small and medium scale enterprise, as well as corporate client through brunches across the country.
- Al-Arafah Islami bank's business initiatives are designed to match the changing trade and industrial needs of the clients.

2.12 Organogram of Al-Arafah Islami Bank

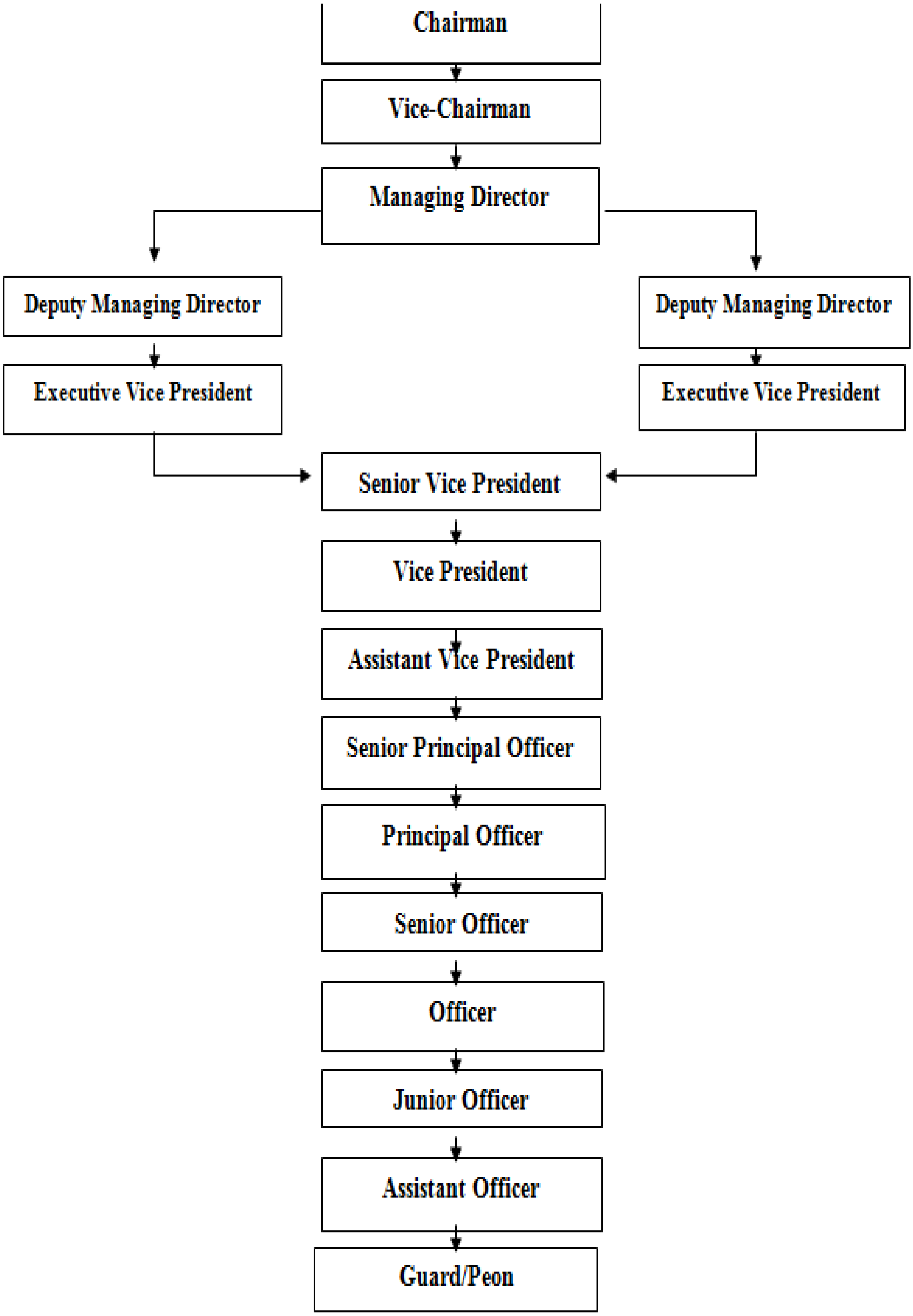


Figure 1: Organizational Flow chart of AIBL.

2.13 Financial Performance of Al-Arafah Islami Bank

Figure in Million

Particulars	2020	2021	2022	2023	2024	Growth %
Income Statement						
Investment Income	26,331.28	23,446.01	25,221.42	31,299.69	42,370.52	35.37
Profit paid on Deposit	16,556.64	13,072.79	16,109.65	21,201.23	30,525.47	43.98
Net Investment Income	**9,774.64**	**10,373.22**	**9,111.77**	**10,098.46**	**11,845.05**	**17.30**
Non-Investment Income	3,655.46	4,250.17	7,516.92	7,798.92	8,191.64	5.04
Non-Investment Expenses	6,742.33	7,129.25	8,135.17	9,662.99	11,511.51	19.13
Net Non- Investment Income	**(3,086.87)**	**(2,879.08)**	**(618.25)**	**(1,864.07)**	**(3,319.87)**	**78.10**
Profit Before Tax & Provision	**6,687.77**	**7,494.14**	**8,493.52**	**8,234.39**	**8,525.18**	**3.53**
Provision For Investment	1,887.90	2,655.58	3,229.51	2,752.74	4,416.42	60.44
Profit Before Tax	**4,799.87**	**4,838.56**	**5,264.01**	**5,481.65**	**4,108.76**	**(25.05)**
Provision For Tax (including Deferred Tax)	2,228.06	2,712.12	3,157.38	3,125.17	3,344.07	7.00
Profit After Tax	**2,571.81**	**2,126.44**	**2,106.63**	**2,356.48**	**764.69**	**(67.55)**
Balance Sheet						
Authorized Capital	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	-
Paid up Capital	10,649.02	10,649.02	10,649.02	10,968.49	11,516.92	5.00
Reserve Funds & Other Reserves	11,418.96	11,733.35	11,733.99	12,052.66	12,324.74	2.26
Shareholders' Equity (Capital & Reserve)	25,455.85	25,900.33	25,917.49	26,497.62	25,696.08	(3.02)
Deposits	326,023.41	353,287.97	394,045.83	419,395.25	454,507.46	8.37
Investment	308,620.66	336,890.72	406,787.79	447,121.45	476,981.29	6.68
Investment in Shares & Securities	21,563.67	30,156.14	36,946.92	47,316.26	58,089.16	22.77
Fixed Assets	5,833.88	5,470.27	5,144.43	5,010.42	5,575.43	11.28
Total Assets (Excluding off-balance sheet items)	418,298.65	462,687.05	534,756.11	573,308.83	621,743.57	8.45
Foreign Exchange Business						
Import Business	169,378.90	261,566.10	300,430.90	269,322.70	343,840.00	27.67
Export Business	104,939.40	135,786.90	181,070.20	200,352.30	255,800.00	27.68
Guarantee Business	10,511.21	13,673.41	17,155.97	18,675.06	16,501.45	(11.64)
Inward Foreign Remittance	43,807.00	52,662.10	88,531.70	113,797.20	90,140.60	(20.79)
Capital Measures						
Core Capital (Tier-l)	23,930.89	29,301.30	29,640.35	30,245.15	29,163.23	(3.58)
Supplementary Capital (Tier-ll)	15,327.20	14,359.58	14,916.76	15,244.75	13,819.54	(9.35)
Tier-l Capital Ratio	9.59	10.37	9.43	9.34	8.44	(9.63)
Tier-ll Capital Ratio	6.14	5.08	4.75	4.71	4.00	(15.04)
Total Capital	39,258.09	43660.88	44,557.11	45,489.90	42,982.77	(5.51)
Total Capital Ratio	15.74	15.46	14.17	14.05	12.44	(11.44)
Investment Quality						
Volume of non-performing investment	11,769.58	16,566.84	22,437.37	30,866.19	74,055.37	139.92
% of NPIs to Total Investment	3.80	4.81	5.41	6.76	15.14	123.96
Provision for Unclassified Investment	2,787.10	3,084.10	3,372.47	3,483.95	3,475.70	(0.24)
Provision for Classified Investment	6,436.96	8,173.23	10,973.86	14,133.02	17,681.70	25.11
Provision for Off Balance sheet Exposures	935.50	1,093.40	1,221.13	1,203.62	1,398.90	16.22
Share Information						
Number of Shares Outstanding	1,064,902,185	1,064,902,185	1,064,902,185	1,096,849,251	1,151,691,713	5.00
Earnings per Share (Taka)	2.41	1.96	1.95	2.14	0.66	(67.89)
Book Value per Share (Taka)	22.35	22.73	22.75	22.63	20.85	(7.87)
Market Price per Share (Taka)	22.20	26.60	23.60	23.70	19.50	(17.72)
Price Earnings Ratio (Times)	9.22	13.57	12.10	11.06	29.75	156.23
Price Equity Ratio (Times)	0.99	1.17	1.04	1.05	0.94	(10.69)
Dividend per Share						
Cash Dividend (%)	15.00	15.00	12.00	10.00	-	(100.00)
Bonus Share	-	-	3.00	5.00	-	(100.00)
Operating Performance Ratio						
Net Profit Margin%	3.45	3.26	2.11	1.95	2.17	11.40
Investment /Deposit Ratio	86.92	87.57	90.25	91.34	91.55	0.23
Return on Equity (ROE)%	10.10	8.21	8.13	8.89	2.98	(66.54)
Return on Assets (ROA)%	0.61	0.46	0.39	0.41	0.12	(70.08)
Cost of fund %	7.50	6.00	6.46	7.28	9.12	25.27
Cost /Income ratio in operating business (%)	50.20	48.75	48.92	53.99	57.45	6.41
Other Information						
Number of Branches	184	201	208	215	226	5.12
Number of Employees	3,866	4,247	5,184	5,768	6,026	4.47
Number of Shareholders	22,142	19,146	17,186	16,293	15,766	(3.23)

2.14 SWOT Analysis of Al-Arafah Islami Bank

In SWOT analysis two factors act as prime movers:

Internal factors which are prevailing inside the concern which include Strength and weakness. On the other hand, another factor is external factors which act as opportunity and threat.

i. **Strengths:**

- Al-Arafah Islami Bank feels responsible for providing its customer quality service in manner.
- Al-Arafah Islami Bank has good financial backup and it uses the latest technology to operate daily.
- Al-Arafah Islami Bank has good working environment for both staffs and client
- Al-Arafah Islami Bank holds a good reputation in the banking markets.

ii. **Weaknesses:**

- Al-Arafah Islami Bank doesn’t have enough promotional campaigns like other banks.
- Staffs feels they are paid less compared to other banks.
- Staff management schedule is week.

iii. **Opportunities:**

- Demand for Islami bank is increasing day by day.
- Increasing new products and services.
- Modern technologies are getting handy.

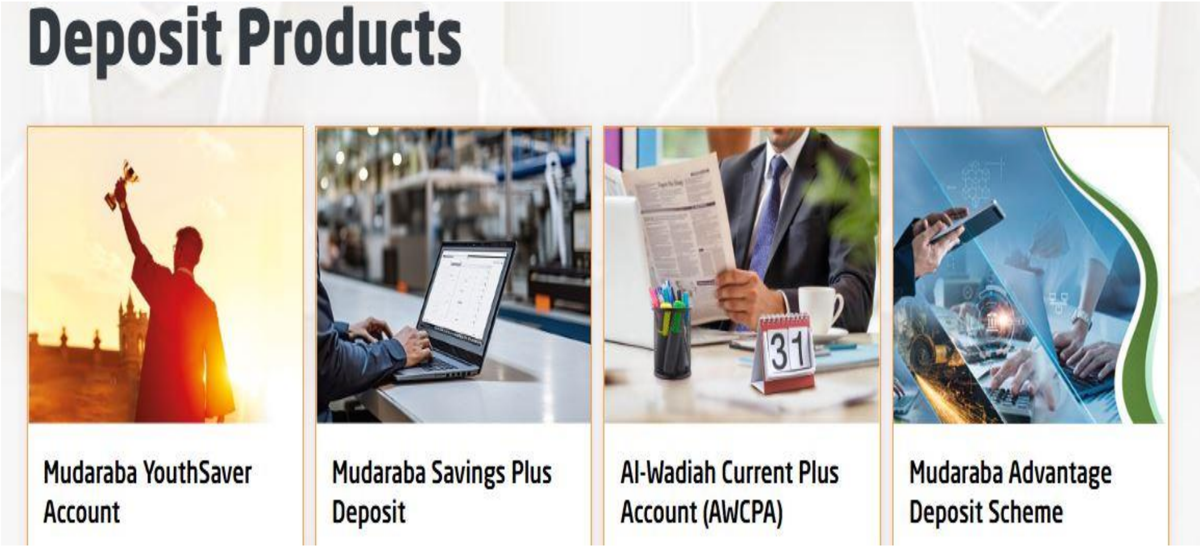
iv. **Threats:**

- Other banks have far better technology to service their customers.
- Other commercial banks are also opening Islami branches.
- The rates of profit reduced due use of 9% profit quota.

Chapter-3

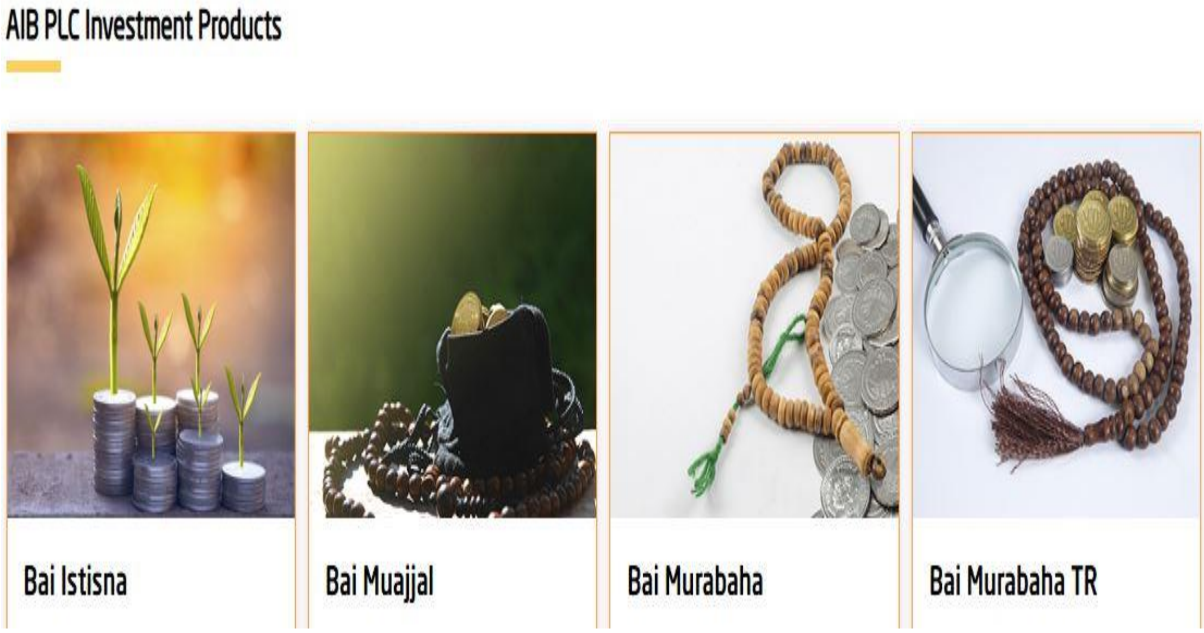
New Product Development

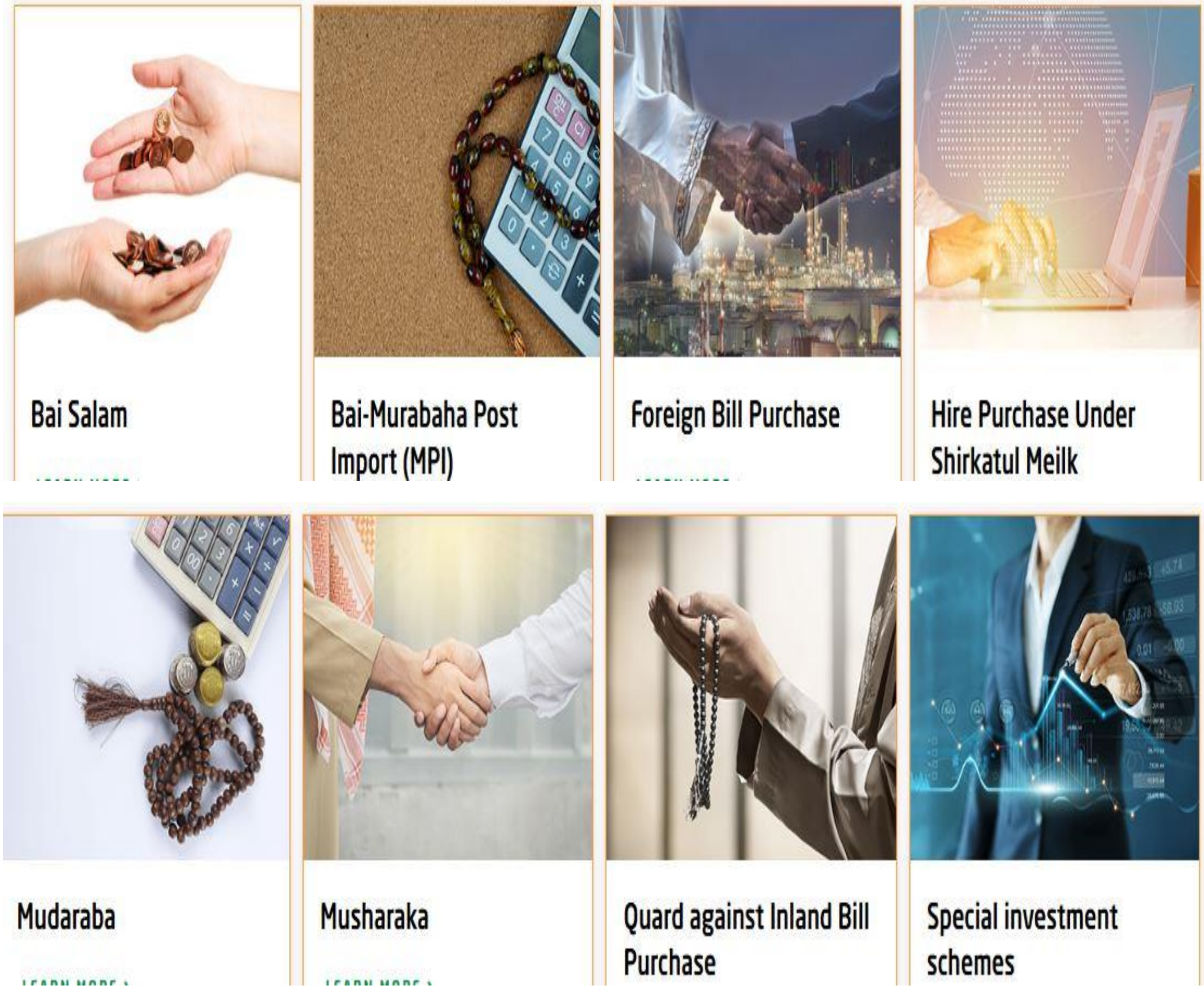
3.1 Deposit Products of Al-Arafah Islami Bank



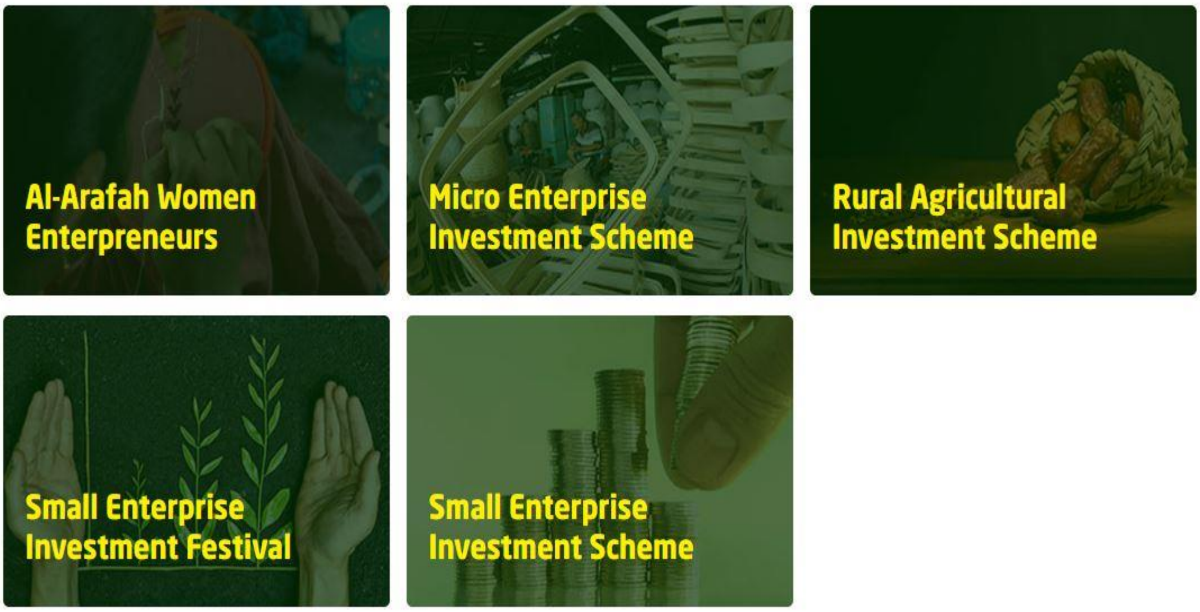

Farmer & Freedom Fighters Account
LEARN MORE ›
Al Wadiah Current Deposit (CD)
LEARN MORE ›
Locker Account
LEARN MORE ›
Monthly Installment Based Marriage Savings Investment Scheme (MIS)
Monthly Installment Based Term Deposit (ITD)
Monthly Profit Based Term Deposit (PTD)
Mudaraba (Special) Pension Deposit Scheme (MSPDS)
Mudaraba Ahsan Deposit Scheme
Mudaraba Ahsan Plus Deposit Scheme
Mudaraba Aman Deposit Scheme
Mudaraba Excellent Benefit Deposit Scheme
Mudaraba Foreign Currency Deposit AC

3.2 Investments Products of Al-Arafah Islami Bank





3.3 CMSME Products of Al-Arafah Islami Bank



3.4 Innovation Method of New Product Development of Al-Arafah Islami Bank PLC

Al-Arafah Islami Bank PLC adopts a structured and Shariah-compliant innovation method for its new product development (NPD), combining traditional Islamic banking principles with modern banking technologies and customer-focused strategies. The bank's innovation approach aims to ensure that all new products meet the financial needs of customers while strictly adhering to Islamic law (Shariah). The following are the key components of the bank’s innovation method in NPD:

1. Customer-Centric Idea Generation

Innovation begins with gathering insights from customers, market research, and frontline employees. The bank collects feedback from existing clients and analyzes emerging needs, particularly for digital and SME banking solutions. This helps in identifying gaps and opportunities in the market.

2. Benchmarking and Market Analysis

Al-Arafah Islami Bank conducts benchmarking with both local and international Islamic banks to stay updated on global trends. This comparative analysis helps the bank to design competitive and unique products that align with both customer expectations and Islamic values.

3. Shariah-Based Product Design

All product concepts undergo thorough review by the Shariah Supervisory Committee. The bank uses Islamic financial contracts such as Murabaha, Mudarabah, Ijara, and Musharakah as the foundation for developing products. This ensures religious compliance from the early stages of product development.

4. Cross-Functional Collaboration

Product development involves collaboration among multiple departments, including product design, IT, risk management, and Shariah compliance. This integrated approach encourages innovation and ensures that products are feasible, compliant, and technologically adaptable.

5. Use of Fintech and Digital Integration

Al-Arafah Islami Bank has been adopting digital tools and technologies to enhance service delivery. Recent innovations include Islamic mobile banking, online account opening, and digital investment platforms, all designed to provide Shariah-compliant convenience.

6. Pilot Testing and Feedback Loop

Before full-scale launch, new products are often introduced as pilot projects in selected branches. Customer feedback and performance data from these pilots are analyzed and used to refine the product before mass rollout.

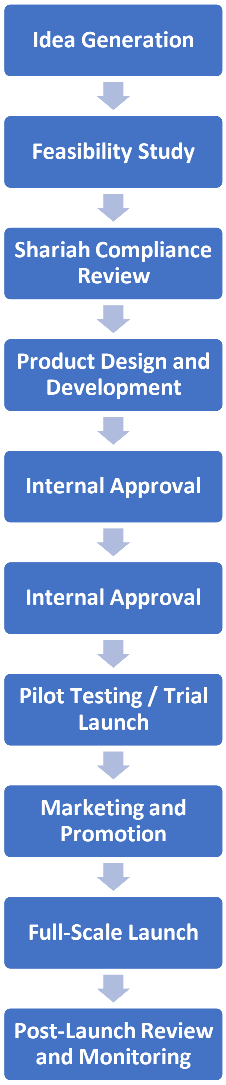
7. Continuous Improvement and Innovation Culture

The bank encourages continuous innovation by organizing training, workshops, and knowledge-sharing sessions among employees. This builds a culture where innovation is part of everyday operations.

Al-Arafah Islami Bank PLC's innovation method in new product development reflects a balanced approach between religious compliance and modern financial innovation. By combining customer needs, market trends, and digital technologies with Islamic banking principles, the bank continues to launch innovative, ethical, and competitive products in the market.

3.5 Process of Launching Product of Al-Arafah Islami Bank

The process of launching a new product at Al-Arafah Islami Bank PLC begins with identifying customer needs and developing a concept aligned with Islamic banking principles. The proposed idea is then reviewed and approved by the Shariah Supervisory Committee to ensure full Shariah compliance. Afterward, detailed feasibility studies are conducted covering market potential, financial viability, risk assessment, and operational requirements. Once internal approvals are obtained from management and, if necessary, regulatory clearance from Bangladesh Bank, the bank prepares product documentation, updates IT systems, and trains staff for proper execution. Marketing activities are then initiated, followed by a pilot launch to test performance. After incorporating feedback, the product is rolled out across all branches, and continuous monitoring ensures efficiency, customer satisfaction, and ongoing Shariah compliance. Al-Arafah Islami Bank PLC follows a structured and Shariah-compliant approach when launching new products. The process ensures that every product meets customer needs, complies with Islamic principles, and aligns with the bank's strategic goals. Below is the key steps involved in the product launch process:



1. Idea Generation

- Ideas for new products are collected from various sources such as customer feedback, employee suggestions, competitor analysis, and market research.
- The bank identifies unmet needs in the market, especially in sectors like SME financing, digital banking, and rural banking.

2. Feasibility Study

- A detailed analysis is conducted to assess the technical, financial, legal, and Shariah feasibility of the proposed product.
- Risk factors, profitability, and customer demand are evaluated during this stage.

3. Shariah Compliance Review

- The proposed product structure is submitted to the **Shariah Supervisory Committee**.

- The committee reviews the product to ensure full compliance with Islamic banking principles (e.g., avoiding interest, ensuring fairness, transparency, and risk sharing).
- Modifications are made if any non-compliant elements are found.

4. Product Design and Development

- Based on feedback from the feasibility study and Shariah review, the product is designed in detail.
- This includes defining features, pricing, service channels, target customer segments, and required resources.
- The IT department may be involved for digital or tech-based products.

5. Internal Approval

- The final product design is submitted for approval by senior management and the board of directors.
- Approval includes budgeting, resource allocation, and setting KPIs (Key Performance Indicators).

6. Pilot Testing / Trial Launch

- The new product is launched in selected branches or regions on a pilot basis.
- Customer feedback, technical performance, and operational efficiency are monitored closely.
- Adjustments are made based on trial results.

7. Marketing and Promotion

- A comprehensive marketing campaign is developed to promote the product across all channels (branches, online, media).
- Training programs are conducted for front-line staff to ensure they can effectively explain and offer the product to customers.

8. Full-Scale Launch

- After successful pilot testing, the product is launched across all branches and platforms.
- Marketing is intensified, and all operational systems are fully integrated to support the new product.

9. Post-Launch Review and Monitoring

- The performance of the product is continuously monitored based on customer response, financial performance, and compliance.
- Feedback is collected and used to improve the product or develop future offerings.

3.6 Development Process of Al-Arafah Islami Bank

Al-Arafah Islami Bank PLC follows a structured development process to design, implement, and offer innovative Islamic banking products and services. This process is guided by three core principles: Shariah compliance, customer needs, and market relevance. The development process involves several key stages:

1. Market Research and Idea Generation

- The process starts with identifying new opportunities based on:
  - Customer feedback
  - Market demand
  - Technological trends
  - Competitor offerings
- Ideas are collected from staff, management, customer surveys, and branch-level insights.

2. Feasibility Study

- Initial ideas are evaluated based on:
  - Financial viability
  - Operational feasibility
  - Shariah compliance
  - Strategic alignment with the bank's mission
- This stage helps select only the most promising concepts for development.

3. Shariah Review and Approval

- All proposed products or services are submitted to the **Shariah Supervisory Committee** for review.
- The committee ensures that the product is fully compliant with Islamic principles (avoiding interest, speculation, and unethical practices).
- Modifications are made, if necessary, before proceeding.

4. Product Design and Planning

- The bank defines the product features, terms, profit-sharing ratios, and delivery channels.
- It also involves the IT department if the product has a digital component (e.g., mobile banking, online services).
- Internal policies, forms, and user guides are prepared at this stage.

5. Internal Approval and Resource Allocation

- Senior management and relevant departments give final approval.
- Required budgets, human resources, and infrastructure are allocated.

6. Pilot Testing

- The product or service is launched in a few selected branches or regions.
- Real-time customer usage, feedback, and system performance are monitored.
- Any technical or operational issues are resolved before full rollout.

7. Full-Scale Launch

- After successful testing, the product is launched throughout the bank's network.
- Marketing campaigns and promotional activities are conducted to raise awareness.
- Staff across branches are trained to handle and promote the product effectively.

8. Post-Launch Monitoring and Evaluation

- The bank monitors product performance using:
    - Customer feedback
    - Sales data
    - Compliance reviews
    - Risk analysis
- Necessary improvements or updates are made based on these evaluations.

The development process of Al-Arafah Islami Bank PLC is a systematic, Shariah-compliant, and customer-driven approach. It ensures that all products and services are:

- Ethically sound,
- Technologically relevant, and
- Financially beneficial for both the bank and its clients.

By following this process, the bank maintains its reputation as a leading Islamic financial institution in Bangladesh.

3.7 Success Rate and Performance of Al-Arafah Islami Bank

1. Al-Wadiah Current Plus Account (AWCPA)

Maximizing Wealth through Shariah-Based Transactions

Experience effortless banking with the Al-Wadiah Current Plus Account a non-profit-bearing, Shariah-compliant current account designed for convenient and flexible day-to-day transactions. Whether it's managing your expenses or making payments, AWCPA offers a seamless and hassle-free banking experience.

Key Features:

- Zero Account Maintenance Fee
- Free First Cheque Book
- Free Dual Currency Debit Card (1st Year)
- Free SMS Alert Service (1st Year)
- Free Pay Order – One per Month
- Free Internet Banking, AIB i-Banking, Islamic Wallet
- Free Online Fund Transfer
- Specially designed Debit Card

Eligibility:

- Bangladeshi citizens aged 18 years and above
- All individuals/retail, Corporates & SMEs can open this account

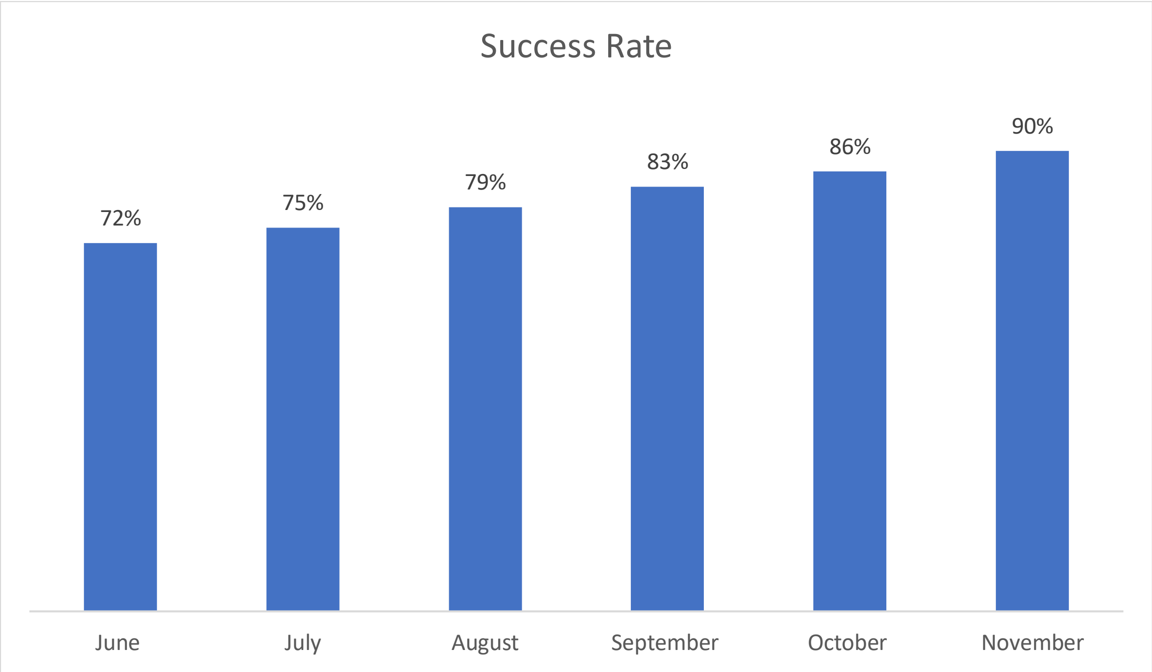


Figure: Success Rate of 2025

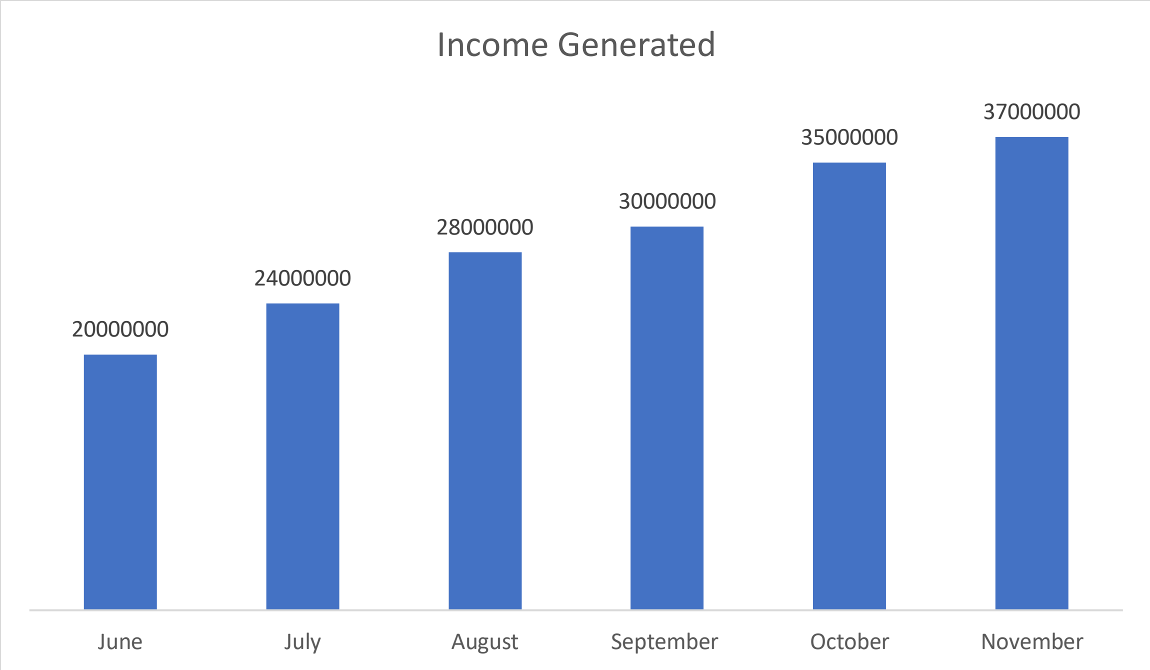


Figure: Income Generated of 2025

Client Feedback

1. Smooth & Convenient Banking Experience

"As a small business owner, I needed an account that allows quick payments and easy fund transfers. The AWCPA offers exactly that. The free internet banking and real-time SMS alerts keep me fully in control of my transactions."

2. Great Value with No Hidden Costs

"What impressed me the most is the zero account maintenance fee. Most banks charge quite a bit, but AWCPA gives so many services free of cost—cheque book, debit card, SMS alert, and online transfers. Truly cost-effective!"

3. Ideal for Shariah-Conscious Customers

"I prefer Shariah-based banking for my personal transactions. The Al-Wadiah structure is transparent and reassuring. This account perfectly aligns with my financial principles."

4. Excellent for Corporate Use

"We opened AWCPA accounts for our company's operational expenses. The process was simple, and the free pay order every month is very useful. Great support for SMEs and corporates."

5. User-Friendly Digital Services

"The AIB i-Banking app and Islamic Wallet are extremely convenient. I can pay bills, transfer funds, and manage my banking from anywhere. It saves me a lot of time."

2. Mudaraba Savings Plus Deposit

Shariah Compliant Higher Monthly Profit with Attractive Benefits

Mudaraba Savings Plus Deposit is a Shariah-based, specialized savings account that offers monthly profit on deposits, tailored for retail clients. Designed to help you achieve your financial goals through consistent growth—while staying true to Islamic values.

Key Features:

- Attractive higher provisional profit rate
- Profit will be calculated on monthly minimum balance and will be paid on monthly basis
- Free first cheque book
- 25% Discount on Locker Charges (1st Year), applicable for customers of Locker holding branches
- Free Dual Currency Debit Card (1st Year)
- Free Online Fund Transfer
- Free SMS Alert Service (1st Year)
- Specially designed Debit Card
- Free Internet Banking, i-Banking and Islamic Wallet
- Discounts in selected shops, merchants, restaurants, shops, etc. using Debit Card
- No profit forfeiture rule will apply for number of withdrawals, deposits, and transactional volume

Eligibility:

- Bangladeshi citizens aged 18 years and above
- All retail / individual customers only

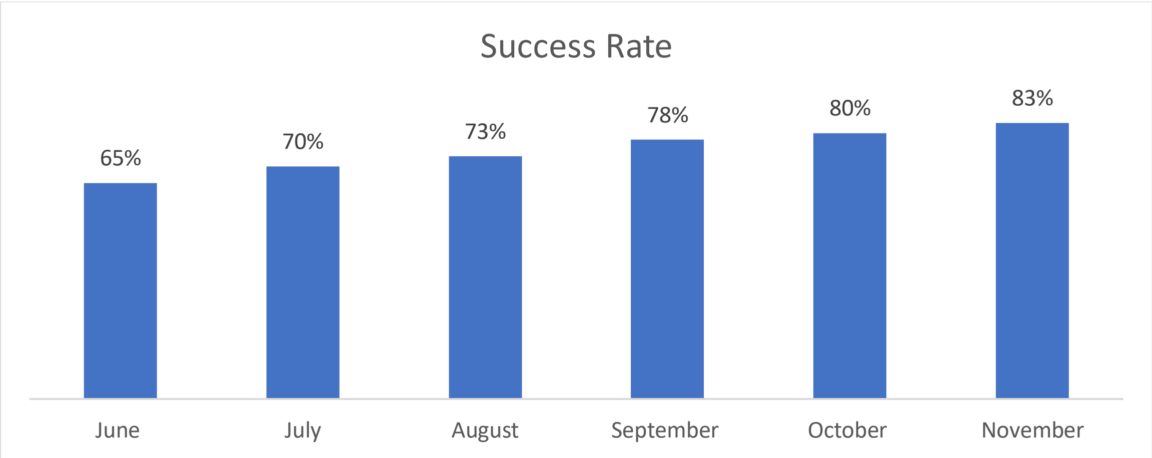


Figure: Success Rate of 2025

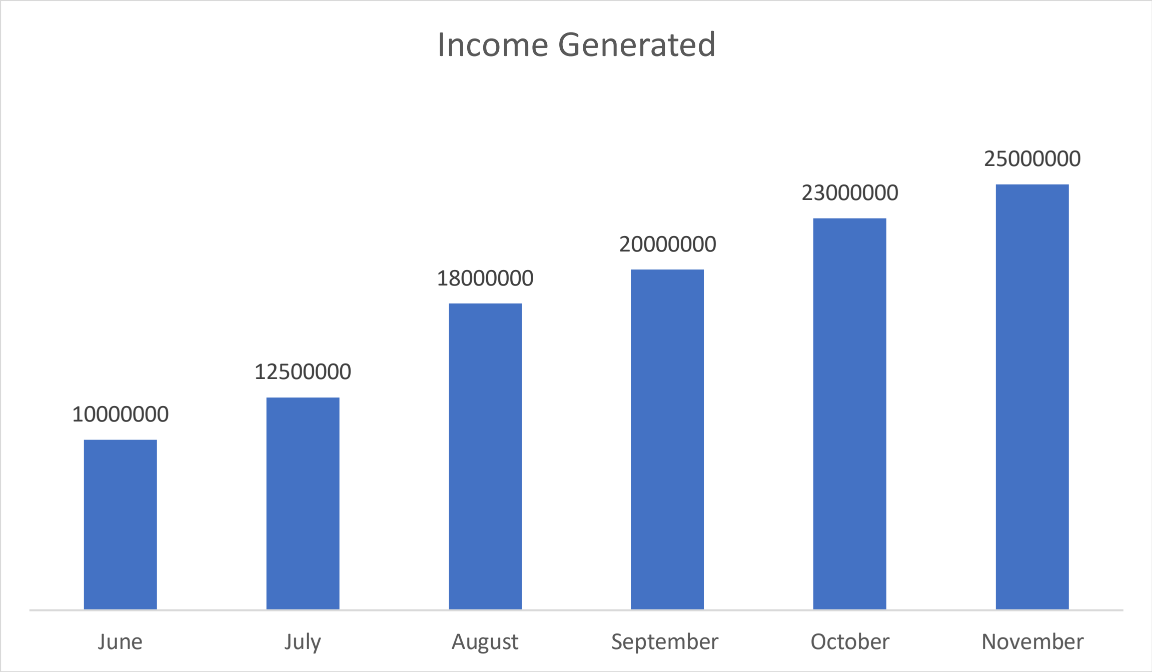


Figure: Income Generated of 2025

Client Feedback

1. Monthly Profit & Shariah Compliance Provide Peace of Mind

"I opened the Mudaraba Savings Plus Deposit because I wanted my savings to grow steadily while remaining compliant with Islamic principles. Receiving profit every month motivates me to save more, and the process feels truly Shariah-aligned."

2. Great Value with Lots of Free Services

"It's rare to find a savings account that offers so many free services—dual currency debit card, cheque book, SMS alerts, and online transfers. These features save me time and money. It's definitely one of the most customer-friendly saving options."

3. Clear, Fair & Flexible Deposit Rules

"I really like that there's no penalty for withdrawals or deposits. I can manage my finances freely without worrying about losing profit. The flexibility makes it perfect for modern-day savings needs."

4. Excellent Digital Experience

"AIB's i-Banking and Islamic Wallet are incredibly smooth. I can track my profit, transfer funds, and make payments instantly. It makes managing my savings much easier."

5. Extra Perks That Make a Difference

"The 25% discount on locker charges and the merchant discounts using the debit card are very useful. It feels like the bank truly values its customers by offering practical benefits."

3. Mudaraba Youth Saver Account

Shape a Better Future with Shariah Compliant Savings

A Shariah-compliant Mudaraba savings account with attractive profits and exclusive benefits, designed especially for youth aged 18 to 25.

Key Features:

- Attractive higher provisional profit rate
- Daily profit calculation and profit payment on half yearly basis
- Free 10-pages Cheque Book (1st Year)
- Zero account maintenance fee
- No minimum balance requirement
- 20% discount on student file handling charges
- Dual Currency Debit card: Free 1st year and 50% waiver on renewal
- Free Internet Banking, i-Banking and Islamic Wallet Access
- Free online fund transfer
- No profit forfeiture rule will apply for number of withdrawals, deposits, and transactional volume

Eligibility:

- Bangladeshi Citizen aged 18 years to 25 years
- This account cannot be opened join

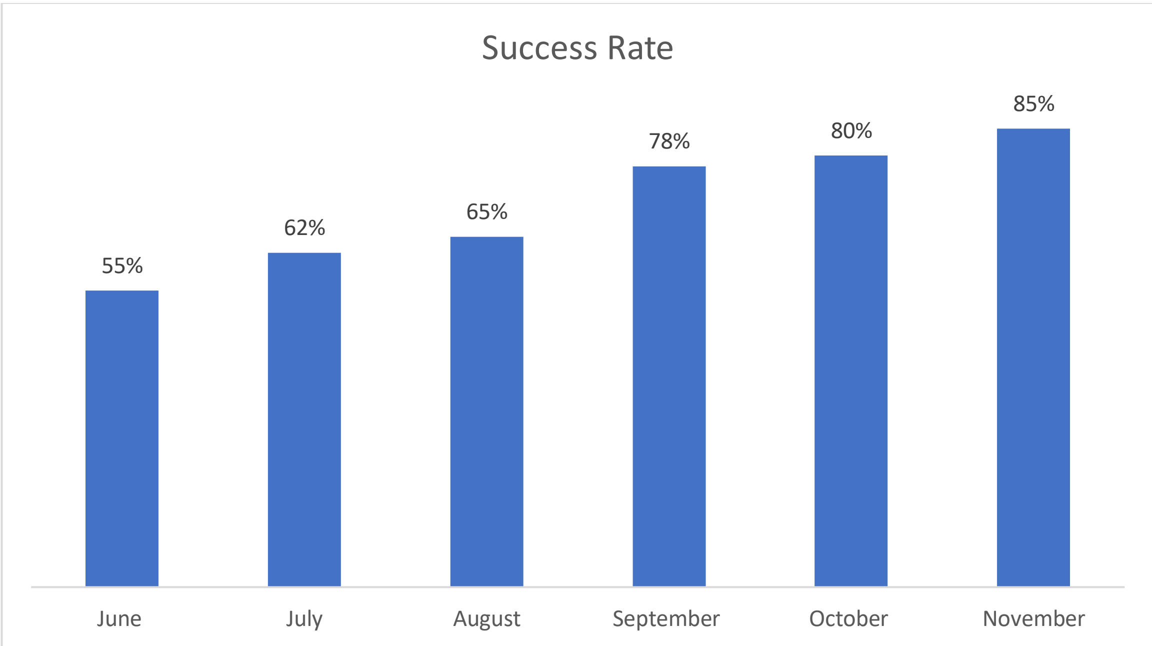


Figure: Success Rate of 2025

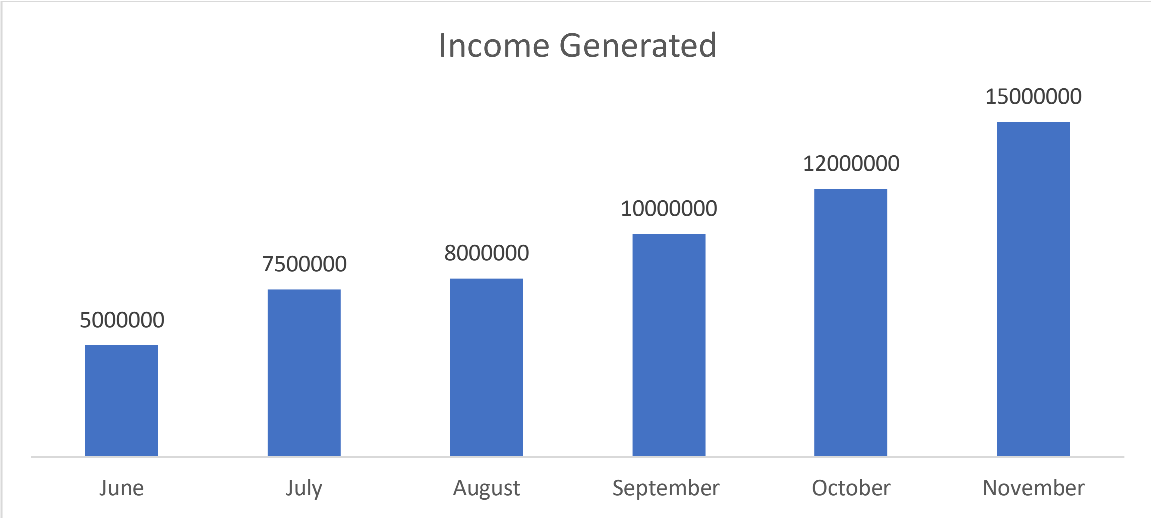


Figure: Income Generated of 2025

Client Feedback

1. Perfect Starter Account for Young Adults

“As a university student, I needed an account that wouldn’t charge extra fees or require a high balance. The Mudaraba Youth Saver Account is perfect—free account maintenance, no minimum balance, and benefits tailored for young people. It made saving for my future much easier.”

2. Shariah-Compliant Savings with Real Growth

“I wanted a savings product that aligned with my values. The daily profit calculation and half-yearly payout allow my money to grow consistently while being fully Shariah-compliant. It feels like a smart and ethical choice.”

3. Great Financial Flexibility with No Penalties

“I love that I can deposit and withdraw whenever I want without losing profit. As a student, my income is irregular, so this flexibility really helps me manage my budget.”

4. Digital Services That Make Banking Simple

“The free internet banking, i-Banking, and Islamic Wallet access make everything so convenient. I can transfer money, track my savings, and make payments easily from my phone.”

5. Extra Benefits for Students

“The 20% discount on student file handling and the free dual currency debit card are extremely useful. It feels like the account truly understands the needs of students and young professionals.”

Chapter-04

Findings, Recommendations and Conclusion

4.1 Findings of the Study

1) Al-Arafah Islami Bank PLC follows a highly structured, Shariah-compliant product development process, ensuring every new offering aligns with Islamic banking principles while meeting evolving customer needs.

2) The bank places strong emphasis on customer-centric idea generation, using market research, client feedback, and branch-level insights to identify new product opportunities, especially in digital and SME banking.

3) Shariah Supervisory Committee involvement is central to product development, ensuring all products are compliant with Islamic contracts such as Mudaraba, Murabaha, Ijara, and Musharakah from the initial design stage.

4) The study reveals that cross-functional collaboration between departments IT, risk management, product design, and Shariah compliance enhances innovation, enabling the bank to develop modern, technology-integrated Islamic financial products.

5) It is found that Al-Arafah Islami Bank increasingly integrates digital solutions, such as i-Banking, Islamic Wallet, and online account opening, demonstrating a shift toward fintech-driven Shariah-compliant banking services.

6) The research shows that pilot testing plays a crucial role in product refinement, allowing the bank to gather real customer feedback, resolve operational issues, and ensure each product is ready for successful market deployment.

7) The bank maintains a continuous improvement culture, offering ongoing staff training, innovation workshops, and performance reviews to enhance product effectiveness and customer satisfaction.

8) The bank's deposit products such as AWCPA, Mudaraba Savings Plus Deposit, and Mudaraba Youth Saver Account have high success rates, driven by free services, flexible rules, and customer-oriented benefits.

9) Customer feedback collected in the study shows strong satisfaction with digital services, transparency, and cost-effectiveness, especially appreciating features like free debit cards, zero maintenance fees, and no profit forfeiture rules.

10) Finally, the study finds that the bank's product portfolio performs well financially, generating significant income and attracting diverse customer segments including youth, SMEs, corporates, and Shariah-conscious individuals, thereby strengthening the bank's competitive position.

4.2 Recommendations

1) To build on its structured and Shariah-compliant product development process, the bank should continue investing in advanced digital platforms, ensuring faster service delivery and improved user experience for both retail and corporate customers.

2) Since customer-centric idea generation is vital, the bank should introduce more systematic tools such as digital surveys, user analytics, and customer behavior tracking to identify market gaps more accurately and develop need-based products.

3) As the Shariah Supervisory Committee plays a crucial role, regular training for staff across branches can enhance their understanding of Islamic financial principles, ensuring better implementation and communication with customers.

4) To strengthen cross-functional collaboration, the bank should adopt project management software and structured workflow systems, enabling smoother communication among IT, risk, product development, and Shariah compliance teams.

5) With digital integration becoming a key strength, the bank should collaborate with fintech companies to introduce innovative Shariah-compliant solutions such as AI-based customer service, automated investment tools, and enhanced cybersecurity measures.

6) While pilot testing is effective, expanding pilot branches across rural and semi-urban areas can help the bank capture diverse customer feedback and identify region-specific needs before launching products nationwide.

7) To support continuous improvement, the bank may establish reward programs for employees who contribute innovative ideas, fostering a stronger culture of creativity and proactive problem-solving.

8) Given the strong performance of AWCPA, Mudaraba Savings Plus, and Youth Saver Accounts, the bank could introduce more specialized deposit products for senior citizens, women entrepreneurs, expatriates, and rural clients to attract new segments.

9) To further improve customer satisfaction, the bank should conduct regular awareness campaigns both online and in branches educating customers about digital services, Shariah compliance benefits, and cost-saving features.

10) As the bank's product portfolio shows promising financial results, implementing advanced analytics tools can help monitor product performance in real time, forecast demand, and identify opportunities for improvement, ensuring sustainable competitiveness.

4.3 Conclusion

The banking sector in any country plays an important role in economic activities. Bangladesh is no exception of that. Financial development and economic development are closely related. That's why the private commercial banks are playing significant role in this regard.

This report focused and analyzed on modes of investment of Al-Arafah Islami Bank PLC. Throughout its life its contribution to socio-economic prospect of Bangladesh has the greater significance. AIB PLC is offering special deposit scheme with higher profit which is a crying for long term position in financial market. Because of the entrance of more banks in the financial market, deposits will split over.

The bank is committed to run its activities as per Islamic Shariah and thus it has different investment modes, different repayment schedule, different disbursement procedure, and different mark-up system. And it has also a different credit policy. People are getting more benefits from the dealings of Islamic banking. But it needs to mention here that Islamic Banks like AIB PLC incurred huge loss in case of default cases. Islamic Banks can't charge extra amount on the residual principal of the overdue accounts like other conventional banks. But some compensation is imposed on the account's tom protect huge accounts to be overdue/classified. It cannot take part in call money market. But here honesty is the only pre-requisite for ensuring g more benefit. AL-Arafah Islami Bank PLC can take the initiative to make people aware about Islamic banking and let them to be AIB PLC's valued client.

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