Internship Report On

"The Application & Effectiveness of Different Islamic Investment Instruments: A Study on Islami Bank Bangladesh PLC."

Supervised by:

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Submitted By

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Major: Finance

Department of Business Administration

Submission Date:

Letter of Endorsement

This is to certify that Mst. Daulatun Nesa prepared the Internship Report on **"The Application & Effectiveness of Different Islamic Investment Instruments: A study on Islami Bank Bangladesh PLC"** under my supervision. This is submitted to Daffodil International University for the degree of Bachelor of Business Administration (BBA), major in Finance. I recommend that the report may be sent for the evaluation.

Supervisor Name & Signature:

Md. Anhar Sharif Mollah

Assistant Professor & Head

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Declaration

It is expressly declared that the internship report generated is my own work while carrying out my BBA degree at Daffodil International University. The report does not feature material previously published or authored by others except where this has been duly acknowledged by full and accurate referencing and I have appropriately acknowledged all important sources from which I have been assisted.

Student Name and Signature:

Mst. Daulatun Nesa

Student ID: 212-11-6672

Major: Finance

Department of Business Administration

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Letter of Submission

Md. Anhar Sharif Mollah

Assistant Professor & Head

Department of Finance & Banking

Daffodil International University

Subject: Submission of Internship Report.

Dear Sir,

I am presenting my internship report **“The Application & Effectiveness of Different Islamic Investment Instruments: A Study on Islami Bank Bangladesh PLC”,** as partial fulfillment for the degree of BBA. It was an honor to work under your guidance. I was assigned at the Corporate Branch, Head Office Complex of IBBL, for my internship under the assistance of Executive Vice Precident Mohammad Kutub Uddin and Ms. Zakia Akter Khanam (FAVP), IBTRA. This has provided me with extensive practical experience and familiarity with IBBL's corporate culture.

I would be grateful if you would accept my report and provide your valuable feedback.

With sincere regards,

Mst. Daulatun Nesa
212-11-6672
BBA major in Finance, DIU

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Acknowledgement

A comprehensive type report is not possible without the help of significant others. First, I thank Almighty Allah for giving me the strength, patience, and knowledge to complete this report on time. Then I would like to show my sincere gratitude and warm thanks to some certain people who helped me to make this report and for their kind opinion, suggestions. Most importantly, I would like to extend my thanks to my internship Supervisor **Md. Anhar Sharif Mollah** for his continuous supervision and assistance in preparing the report on **"The Application & Effectiveness of Different Islamic Investment Instruments: A study on Islami Bank Bangladesh PLC."** His helpful recommendations have contributed immensely towards preparing this report. I especially appreciate him for his counsel while interning.

Thereafter, I want to extend my gratitude towards my organizational manager at Islami Bank Bangladesh PLC, Executive Vice President Mohammad Kutub Uddin-Branch in Operation Manager-of Head Office Complex Corporate Branch for directing me towards the proper information and examining my progress regularly in anticipation of this report.

Lastly, this report could never be done without the efforts and devotion of all the bank's staff who have helped me by leading me through all the works. Their valuable contribution helped to made this report.

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Executive Summary

This report evaluates both the application & effectiveness of different islamic investment instruments of Islami Bank Bangladesh PLC. This report aims at quantitative analysis based on the financial data available from the year 2018 to the year 2022 for analysis with the help of descriptive analysis.

This research starts with an introduction to the banking sector the performance of Islami Bank in the last financial year. It reveals that Islami Bank's NPL ratio has been increasing in the subsequent years and the year 2022 targeted investment which is a matter of concern regarding loan recovery. At the same time, the loss of the profitability coefficients including the rate of return on assets and use of equity has been observed very proficiently.

The analysis exposes that adequate disclosure and risk management practices, especially capital adequacy and provisioning, are central to the mitigation of risk and the maintenance of long-term stability. Additionally, technology is presented as an important means of enhancing the efficiency of CRM to better manage risks and make decisions. The implication is that the report highlights areas where CRM strategies should focus, including; improving on the loan recovery, using the capital adequacy ratio optimally, and managing credit risk through organizational use of technology.

Finally, the findings of this study conclude that effective investment is vital in sustaining both financial profitability and operational business sustainability. Therefore, proper strategic management by identifying core areas of operational concern and ensuring probity between investment and returns could help improve Islami Bank Bangladesh PLC's economic competitiveness.

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Chapter: 1

INTRODUCTION

1.1 Background of the Study

For the BBA students planning to pursue a career in the corporate world, bank internships are a treasure trove of learning and skills. The precise benefits of an intern reap will differ based on the nature of the internship, the bank I choose, and I personal effort. But by being proactive in seeking learning opportunities and networking in the field, a bank internship can definitely make my BBA degree a stepping stone for a fruitful financial or other career. All students of BBA are compelled by their curriculum at Daffodil International University's Faculty of Business & Entrepreneurship to undergo an internship for gaining workplace exposure and acquaintance with corporate culture.

It is obligatory for all students to submit an internship report reflecting their work experience during the time of the internship program. I finished my internship in Islami Bank Bangladesh PLC. I am submitting my internship report after finishing the program under the guidance of Md. Anhar Sharif Mollah, Assistant Professor, Department of Business Administration, Daffodil International University, maintaining emphasis on the overall process & analysis of investment of the bank. According to OIC- "An Islamic bank is a bank whose status, rules and procedures expressly state that it is in compliance with the principles of Islamic Shariah and the ban on receipt and payment of interest on any of its operations." It undertakes all banking and financial transactions on the principle of a profit-loss sharing system through the use of interest fees. By doing so, it has opened up a new horizon and a new ray of hope for the people of Bangladesh, who have been waiting anxiously to perform their financial operations in strict compliance with the Islamic law.

The distinguishing feature of the Investment Policy of Islami Bank is to invest on the basis of profit-loss sharing system in accordance with the principles and precepts of Islamic Shari'ah. Profit making is not the only motive and intention of the Bank's Investment Policy rather emphasis is placed on serving social goal and objective of creating employment.

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1.1.2 Objectives

The primary objective of the study-

- ⇒ To understand the investment instruments and the application & effectiveness of various investment instruments.
- ⇒ To evaluate IBBPLC's investment instruments performance from 2018 to 2022.
- ⇒ To propose suggestions on IBBPLC's investment issue.

1.1.3 Significance

This project determines significant investment tools and how effective they are, critical to the bank's financial success by virtue of a unique investment plan. Accordingly, completion of the projects will help to a certain extent identify how IBBL investment works across different sectors of Bangladesh and the perception of their investment plans from their customers.

1.2 Methodology

Sources of collecting information

- ⇒ IBBL Website
- ⇒ IBBL Annual Report
- ⇒ Online news and articles

1.3 Study Limitations

I face many obstacles faced on the job in the bank & needed to bridle these issues.

- ⇒ Since Islamic banking is not traditional, it might be challenging to comprehend.
- ⇒ The financial system is made challenging by a few Arabic words.
- ⇒ All the branches of the bank were not physically visited and all the concerned personnel of the bank have not been interviewed & banker's do not disclose all information for secrecy.
- ⇒ Differentiating and comprehending interest and profit for new clients takes time.
- ⇒ Lack of proper analysis and analytical ability for preparing this report.

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Chapter: 2

OVERVIEW OF ISLAMI BANK BANGLADESH PLC

2.1 Background OF IBBPLC

Islami Bank Bangladesh PLC is a bank whose statute rules and procedure explicitly state its commitment to the principles of Islamic shariah and to forbidding receiving and paying any form of interest on any of its operations. Islami banking's reputation has been blossomed out of the urge of forming a society based on justice according to basic socio-economic principles of Islam. Islami Bank follow sharia'h-based banking system which is probation of interest. Bangladesh inherited an interest-based banking system at the time of independence as brought in by the British government during the colonial period. Today, there are 04 nationalized banks, 04 specialized banks, 09 foreign banks and 31 private commercial banks in the banking sector of Bangladesh. Nonetheless, the Islamic banking of Bangladesh began from 1983 when the Islami Bank Bangladesh PLC was established with a vision to conduct its banking business based on Islamic Shariah. Islami Bank Bangladesh PLC came into existence as the first Shariah based interest free bank in South East Asia on the 13th March 1983 as a public company limited by shares.

The first branch of the Bank was Local Office at Motijheel, Dhaka which started operation in an informal way on 30th March 1983. It was formally inaugurated on 12th August 1983. Islami Bank of Bangladesh PLC has achieved the first position among all private banks in terms of deposits, investment, export and import and remittance collection. Having the widest branch network (covering 394 Branches, 228 Sub-Branches, and 2694 Agent Outlets) in Bangladesh's private banking industry, Islami Bank Bangladesh PLC is a joint venture public limited company engaged in commercial banking business on the principles of Islamic Shari'ah.

2.2 Mission

- ⇒ To establish an inclusive-oriented banking sector that will promote impartiality in every aspect of the economy.
- ⇒ To uphold justice and equality in diverse sectors of the economy.
- ⇒ To support balanced and inclusive development economic progress through investing in less developed and progressive areas throughout Bangladesh.

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⇒ To support socioeconomic development, particularly in rural areas, with inclusive financial services.

2.3 Vision

⇒ To be a world-class halal banking institution in efficiency, supporting sustainable economic development.

⇒ To uphold and establish banking practices that strengthen the Islamic Shariah-based economic system and enhance people's confidence.

⇒ To grow into a sustainable, effective, and productive institution driven by a dedicated and motivated workforce.

⇒ To promote a culture of savings and encourage direct investment.

⇒ To enable investment activities that result in employment creation and economic empowerment.

2.4 Core Values of IBBPLC

⇒ Faith in Almighty Allah

⇒ Unwavering compliance with Islamic Shariah

⇒ Utmost degree rooted in honesty, integrity, and high morale

⇒ Ethical Banking

⇒ Justice and fair treatment

2.5 Strategic Objectives

⇒ To develop a banking system that enhances the welfare of society & client satisfaction.

⇒ To adopt contemporary technologies and implement effective succession management strategies to transform the Islamic bank into a reliable and progressive financial institution.

⇒ To accord top priority to the welfare and interests of clients in all banking activities.

⇒ To encourage employees to perform their tasks with seriousness and responsibility.

⇒ To help develop a healthy and productive next generation.

⇒ To constantly develop human resources and provide adequate logistic support to meet and exceed client expectations.

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2.6 Services Provided by IBBPLC

⇒ NRB (Non-Resident Bangladeshi) Entrepreneurs Services

⇒ RDS, UPDS Services

⇒ Digital Banking Services

⇒ Foreign Exchange Business Service

⇒ Locker Service

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Chapter: 3

INTERNSHIP ROLE & RESPONSIBILITIES

3.1 Personal Information (Student)

I'm Mst. Daulatun Nesa, Student ID: 212-11-6672, pursuing a Bachelor of Business Administration (BBA) from Daffodil International University focused on Finance.

3.2 Internship overview

3.2.1 Internship Assignment

⇒ I did my internship in **Islami Bank Bangladesh Limited (IBBL)** under the Islami Bank Training Research Academy (IBTRA) which was set up in 1984 shortly after the establishment of IBBL.

⇒ The internship was a 13-week-long program which was divided into three segments: 2 weeks theoretical training at IBTRA, 10 weeks practical training at a branch allocated, and the remaining week for an exam, submission of report, presentation, and attendance at a cultural program.

⇒ During the theory sessions, I came across the principles of Islamic banking, including its avoidance of Riba (interest), and Shariah law-based. The disparity among Islamic and traditional banks, Islamic financial instruments, investment modes of IBBL and their Corporate Social Responsibility (CSR) initiatives were imparted to us.

⇒ There were over 112 interns from 36 universities who attended the same program, making it diverse and dynamic to learn from.

3.2.2 Head Office Complex Corporate Branch

I have to work 10 weeks of internship responsibilities at Islami Bank Head Office Complex Corporate Branch, according to IBTRA instructions. I work along with 50 officiary in the branch. It's the busiest corporate branch. The branch employees had to deal with many clients & I had to join with them, which strengthened my practical branch. Here all of employee were extremely amicable, excellent and accommodating to me. They welcomed me as a guest. Executive Vice President Mohammad Kutub Uddin, the branch manager, served as my supervisor.

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3.2.3 Employment Opportunity

As a student of Department of Business Administration major in Finance, I was allowed to work in various departments of the branch, and that allowed me to know about several banking operations. I had to work six hours a day from 10 AM to 4 PM with Fridays and Saturdays off. I used to switch desks for 50 days.

3.2.4 General Banking

3.2.4.1 Help Desk

I was assigned to the help desk, the most crowded section of customer services, for five days. I attended customers by verifying balances and issuing various vouchers. I helped in filling cheques and handled customers politely and cheerfully to make them leave the bank smiling.

3.2.4.2 Account Opening Department

I worked 16 days on the account opening department, the longest time spent in any department. I was proficient in opening different kinds of accounts are:

- ⇒ Mudaraba Savings Accounts (MSA)
- ⇒ Al-Wadeah Current Accounts (AWCA)
- ⇒ Mudaraba Student Accounts
- ⇒ Mudaraba Term Deposit Accounts

I collected important documents (photos, ID card copies, bills) and completed forms manually and online using the Cellfin app. Due to my work, more tasks were assigned to me for this part and even being an introducer for many students and customers.

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3.2.4.3 Cheque Issue Desk

I worked 3 days working here. I issued MICR and non-MICR cheque books. I maintained records of issued books, accepted clients' signatures, and cross-checked records were rightly updated before handing over the cheques.

3.2.4.4 Clearing Desk

Clearing is settlement of inter-bank cheques. I worked on cheques, confirmed all the fields required (account number, name, amount, date) and prepared them for submission.

3.2.4.5 Cash Counter

Although interns normally aren't posted here, I did manage to support and check cheque information. I checked for signatures, overwrites, and phone numbers at the back of the cheques and affixed seals where necessary.

3.2.4.6 Remittance Desk

I devoted for 3 days on how to process international remittances. I facilitated clients to receive money sent from abroad through PIN-based channels. I verified NID cards, helped in form filling, and accompanied clients with the use of Cellfin for receipt of remittances.

3.2.5 Alternative Delivery Channels (ADC)

ADC refers to technology-based services that allow customers to access banking 24/7. I managed the following services:

- ⇒ **Cellfin:** Opened and maintained accounts, showed clients how to use the application for transfers, remittances, and PIN changes.
- ⇒ **ibanking:** Helped clients apply, occasionally created email addresses for them and instructed them on how to use online banking.
- ⇒ **Debit/Credit Cards:** Collected necessary documents and handed out debit (Silver, Gold, Platinum with different limits) and Khidmah (credit) cards.
- ⇒ **POS and mCash:** Helped understand and sell these services.
- ⇒ **WhatsApp Banking:** Used to communicate with foreign customers.

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⇒ **Dollar Endorsement:** Verified documents and assisted in the application for dollar endorsements used in education, medical tourism, etc.

3.2.6 Investments

I learned about IBBL's Shariah-based investment strategy which focuses on profit-sharing and employment generation. I observed the identification and documentation process of investment customers. The investing process at an Islamic bank is distinct from that of regular banks; Islamic banks don't offer loans because they come with interest. Hence, Islamic banks uphold Islamic law and carry out investment processes that involve profit and loss.

3.3 Internship Effect

3.3.1 Impact on the Bank

I was being treated as a regular employee. I was assigned a similar workload to my colleagues. The team really counted on me depending on my performance at the opening desk account. I provided quality, courteous customer service that contributed to enhancing the branch's reputation.

3.3.2 Advantages of Internship journey

It gave me constructive professional exposure and experience in banking operations. I improved my professionalism, communication, and time management skills. It changed my career interest to banking, which I wasn't even considering at first. I was commended by the supervisor and branch manager, which boosted my confidence.

3.3.3 My Internship Obstacles

Despite being a positive experience overall, there were some challenges that I faced:

⇒ Dumping their pending work (e.g., KYC forms) by regular staff.

⇒ All staff are not equally cooperative.

⇒ Interns earned significantly lower amounts than permanent employees despite working at the same volume.

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Chapter: 4

AN OVERVIEW OF INVESTMENT MANAGEMENT PROCESS OF ISLAMI BANK BANGLADESH PLC

4.1 Investment

Islamic investment is based on sharia'h principles that focus on justice, fairness and equitable wealth distribution. Islam prohibits "**riba"** (interest), "**gharar"** (excessive uncertainty), "**maysir"** (gambling), short selling & harmful activities. IBBL avoids interest-based securities like conventional bonds & instead IBBL use sukuk, which can generate profits from asset-backed income.

Investments are two types: real assets (e.g., setting up a manufacturing factory) and financial assets (e.g., shares mudaraba bonds). Islamic financial institutions offer different sharia'h compliant investment products/services, including Islamic investment funds, where money invested according to different Islamic law. According to **AAOIFI**, these capitals are exclusive and used in mudaraba contracts.

The process of investment management comes to conclusions that balance the risk and return. Financier seek return which can justify the risk & also consider indicators like economic stability, capital growth, liquidity, safety and tax proficiency (Jones et al., 2009; Rubinstein, 2006).

4.2 Investment objectives of IBBPLC

The investing process at an Islamic bank is distinct from that of regular banks; Islamic banks don't offer loans because they come with interest. Hence, Islamic banks uphold Islamic law and carry out investment processes that involve profit and loss. In the interest of upholding Islamic law, banks make all customers' deposits and invest them in various approved investments by Islamic law for profit realization. Islamic investment techniques can be utilized by someone or an organization to make money for wealth maximization. Due to its profit-loss sharing structure, Islamic banking has emerged as being more growth- and production-oriented than traditional banks. The key driver of this increase is that the Islami banks' profits are closely correlated with the profits made by the ventures the bank has funded. The most crucial component is the expansion

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of investment opportunities by replacing interest with the profit-loss sharing concept in an economy.

- ⇒ Halal finance
- ⇒ Growth of the real economy
- ⇒ Welfare of the society

4.3 Investment Process of IBBPLC

Bank use depositor's funds, so they have to be careful in evaluation to avoid failure. IBBL follows a structured approach in making investment decisions. When a customer came to a branch for funds collection, they consult with the branch's investment manager. Then bank evaluates the customer's **5C's** (Character, Capacity, Capital, Collateral & Conditions) before making any investment. Customer have to follow the bank's rules & regulations.

4.4 Investment Instruments Modes & Mechanism of IBBPLC

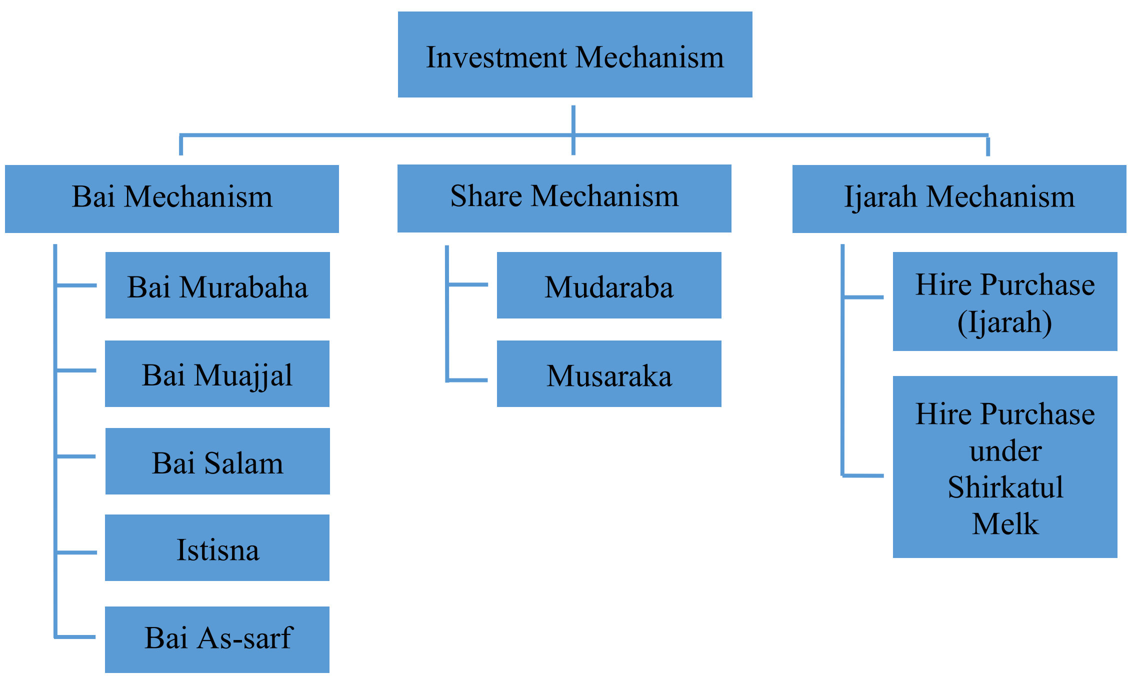

Figure 4.1: Modes & Mechanism of Investment Instruments

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4.4.1 Bai-Modes

Bai means buy and sell. These modes are based on buying and selling mechanism. The client does not get money directly from the IBBPLC. They purchase the goods and then market them to the customer.

Bai-Murabaha

Bai-Murabaha comes from the Arabic words “bai” (sale) and “ribhun” (profit), meaning a sale on agreed profit. It is a contract where the bank sells Shari’ah-compliant goods to a client at a charge including a unanimous benefit, payable either upfront or later, paid in full or in multiple payments. The return can remain constant amount or a percentage. Client may request the bank to purchase specific goods and then buy them on Murabaha terms.

Example: In Bai-Murabaha, the bank trades in commodities at cost plus a fixed profit. Additional costs on guarantees or insurance to protect against loss are allowed. The bank must deliver the commodities by the date and place agreed upon. The cost and profit must be clearly specified in the contract and cannot be increased after agreement.

Bai-Muajjal:

Bai-Muajjal means a sale on credit, where the buyer pays at a fixed future date or in installments. It is a contract where the seller sells Shari’ah-permissible goods at an agreed price, which includes a profit margin. Payment is made later, either in a lump sum or through fixed installments. The seller may also purchase goods as per the buyer's order.

Example: SME Banking of IBBPLC are generally done by Bai-Muajjal mechanism. Islami Bank provide financial solution to the growth of small businesses in various sectors like trade, manufacturing and services. This type of Investment is known as **Small Business Investment Scheme (SBIS)** of IBBPLC. These schemes aim to facilitate self-employment, especially for educated youths and boost the overall business environment.

Target groups are jobless young people, small trader, small & cottage industries etc. The amount of investment is maximum Tk. 0.30 million without collateral & up to Tk.1.00 million with collateral. Bank’s rate of return is 9% or the rate shall be set by the bank periodically. Here entrepreneur & bank’s investment engagement will be in 80:20 ratio for the maximum time limit of 1 year.

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Bai-Salam:

Bai-Salam is sale and purchase on advance payment by the buyer against stipulated goods to be supplied by the seller at a future date. The goods must fulfill the conditions of Islamic law and local laws. It is normally extended to agricultural or industrial products for advance financing of production. The bank may accept collateral to hedge against risks of delayed, partial, or substandard delivery.

Istisna:

Istisna is an agreement where a seller (Sani) agrees to manufacture and supply goods to the specifications of the buyer (Mustasni) at an agreed price. The manufactured product is referred to as Masnu. It allows the seller to receive advance payment to be used as working capital and the buyer to pay later or in installments. Once work has started or when payment is made (partial or complete), the agreement cannot be terminated by both parties.

Bai-As-Sarf:

Bai-As-Sarf is an Islamic finance contract which involves exchange between currencies for immediate delivery at the time of contract. It is also known as currency exchange or foreign exchange contract. **Explain**: Customer go to the bank for finance then bank contract with customer the bank purchases the required items for leasing then bank receive ownership of the products from the vendor. Bank makes payment of purchase price to the vendor as well as customer give premium as per the agreement. After contract expiration the bank transfer the items to the customer.

4.4.2 Share Modes

Share means partnership. IBBPLC invest money in client's business. Then take the profit from the business.

Mudaraba

It refers to a partnership between two individuals in which one of them furnishes capital to the other individual for undertaking some trade on the clause regarding profits generated from it are to be divided in a ratio determined beforehand and the entire loss falls on the one who furnished the fund. Mudaraba is a contractual aggrement of the individual with fund and the individual using their skills whereby the former advances fund and the latter advances for earning "halal" (Lawful)

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revenue which will be arranged by them in the proportion as agreed. This helps the business owner (Mudarib).

Musharakah (Partnership)

Musharakah rooted from Arabic word Sharikh which means collaboration or share. In Islamic view address the legality and acceptance of Musharakah are emerged from the instructions based on the Qur'an, Sunnah, and Ijma. It is extensively used because it is a flexible instrument. Profits and losses are shared on a pre-determined ratio, with the bank sharing the risks and rewards of the project.

4.4.3 Ijarah Modes

Hire purchase (Ijarah)

Ijarah has been defined as borrowed derived from Arabic words meaning return, wages, or rent. Ijarah define as a two-party contract, Hire and he hirer, who receives or enjoys a specified service or reward in exchange of an agreed consideration or rent regarding the asset of the Hire.

Hire Purchase under Shirkatul Melk (HPSM)

Shirkatul Melk refers to joint ownership, where two or more individuals invest equity to purchase and hold an asset in common, profit on basis of arrangement and loss on proportion of equity. Under Hire Purchase under Shirkatul Melk, bank and customer purchase an asset (land, machinery, etc.) together, and bank's share is hired to customer for a specific time period at a fixed rent.

4.4.4 Others

Quard:

Quard (Qard) is an interest-free loan by Islamic banks like IBBPLC based on goodwill. The lender is returned the principal alone, nothing by way of profit. IBBPLC offers Qard under schemes like Microfinance, Rural Development Scheme, and Small Business Investment Scheme, benefiting individuals who do not have access to traditional loans.

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4.4 Investment Procedures of IBBPLC

IBBPLC has adequate procedures when investing in industries to minimize risk. Misuse of clients' funds can hurt the bank, its profitability, and its depositors, and therefore it needs careful evaluation and monitoring.

4.6 Investment Analysis

Mode wise investment of IBBPLC throughout the year of 2018-2022(BDT in millions):

Table 4.1: Mode wise investment of IBBPLC throughout the year of 2018-2022

Modes	2022		2021		2020		2019		2018	
	Amount	**Share of Total Investment (%)**	**Amount**	**Share of Total Investment (%)**	**Amount**	**Share of Total Investment (%)**	**Amount**	**Share of Total Investment (%)**	**Amount**	**Share of Total Investment (%)**
Bai - Murabaha	884,038	60.49%	706,178	59.28%	581,358	56.15%	521,229	57.98%	454,252	56.38%
Bai - Muajjal	90,626	6.20%	77,957	6.54%	63,781	6.16%	56,658	6.30%	53,804	6.68%
Hire Purchase under Shirkatul Melk	252,094	17.25%	236,818	19.88%	214,847	20.75%	202,152	22.49%	179,968	22.34%
Bai-Murabaha Import Bills	-	-	9,090	0.76%	10,363	1.00%	5,425	0.60%	3,668	0.46%
Baim- FC Bills	-	-	15,717	1.32%	14,028	1.35%	12,745	1.42%	9,871	1.23%
Musharaka	5000	0.34%	188	0.02%	391	0.04%	588	0.07%	510	0.06%
Mudaraba	188	0.01%	5,000	0.42%	4,800	0.46%	4,700	0.52%	4,700	0.58%
Bai - Salam	19,016	1.30%	16,583	1.39%	15,526	1.50%	11,247	1.25%	10,733	1.33%
Murabaha Foreign Currency Investment	-	-	33,018	2.77%	29,497	2.85%	17,698	1.97%	18,797	2.33%
Quard	42,650	2.92%	35,958	3.02%	44,567	4.30%	33,509	3.73%	27,815	3.45%
Investment in Khidmah Card	1,777	0.13%	1,164	0.10%	655	0.06%	298	0.03%	242	0.03%
Bill Purchase and Discounted	165,976	11.36%	53,502	4.49%	55,477	5.36%	32,764	3.64%	41,400	5.14%
Total	**1,461,865**	**100.00%**	**1,191,173**	**100.00%**	**1,035,288**	**100.00%**	**899,0133**	**100.00%**	**805,760**	**100.00%**

NOTE: The data of 2023 & 2024 are not shown as Bangladesh Bank directs IBBL not to provide any investment for their lack of capital.

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4.7 Sector Wise Investment of IBBPLC

Table 4.2: Economic Purpose Wise Investment

Particulars	2022		2021		2020		2019		2018	
	Amount	Share of Total Investment (%)	Amount	Share of Total Investment (%)	Amount	Share of Total Investment (%)	Amount	Share of Total Investment (%)	Amount	Share of Total Investment (%)
Investment to CEO & Sr. Executives	772,148	52.84%	1,601	0.1%	1,439	0.1%	1,180	0.1%	1,103	0.1%
Trade & Commerce	478,873	32.77%	377,472	31.7%	304,478	29.4%	263,946	29.4%	230,749	28.6%
Real Estate	84,824	5.80%	78,280	6.6%	65,914	6.4%	60,402	6.7%	58,731	7.3%
Transport	9,358	0.64%	9,551	0.8%	8,192	0.8%	7,232	0.8%	8,162	1.0%
Agriculture (including fertilizer & agriculture implements)	46,983	3.22%	35,589	3.0%	29,541	2.9%	25,518	2.8%	20,245	2.5%
Industrial investment	6,918	0.47%	634,313	53.3%	562,743	54.4%	493,102	54.8%	433,192	53.8%
Others										
Total	**1,461,865**	**100.00%**	**1,191,173**	**100.00%**	**1,035,288**	**100.00%**	**899,0133**	**100.00%**	**805,760**	**100.00%**

4.8 Trend Years Return of Investment Growth

Table 4.3: Trend years of investment growth

Year	2018	2019	2020	2021	2022
Total investment	805,760	899,013	1,035,288	1,191,173	1,461,365
Growth rate	-	10.37%	13.16%	13.09%	18.49%

4.9 Recovery Stage of Investment

During my internship in Islami Bank Bangladesh PLC (IBBPLC), I was involved in monitoring and recovery phase of the investment operation. In this process, there is a verification of the documents of the client for utilization of money in a proper way (monitoring) and full repayment within one year (recovery). The disbursing branch is responsible for monitoring loan use, reporting, and minimizing default risks. Efficient monitoring, made possible by qualified staff and policy adherence, guarantees a healthy portfolio of credit.

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4.9.1 Investment Classification of IBBPLC

Investment status may be classified in four categories. These are:

Table 4.4: Classification of Investment

Investment type	Unclassified and special mention account (SMA): (Month)	Substandard (Month)	Doubtful (Month)	Bad & Loss (Month)
Continuous investment Demand investment	Expiry up to 5 months	6 to 8 months	9 to 11 months	12 months+
Term investment up to 5 years	0 to 5 months	6 to 11 months	12 to 17 months	18 months+
Term investment more than 5 years	0 to 11 months	12 to 17 months	18 to 23 months	24 months+
Micro Credit	0 to 11 months	12 to 13 months	36 to 59 months	60 months+

1. **Unclassified Investment (UI):** if the investment installments are not paid for three months than it is considered as unclassified investment.
2. **Special mention account (SMA):** If the installments are not paid more than 3 months but less than 6 months are categories as SMA.
3. **Sub-standard (SS):** If the installments are not paid for 6 months and above are categories as SS.
4. **Doubtful (DF):** If the installments are not paid for more than six months but less than one year are classified as DF.
5. **Bad & Loss:** If the installments are not paid for one year and more are classified as bad & loss.

4.9.2 The process of investment recovery

The process of investment recovery and execution in Bangladesh is an intricate legal domain that involves multiple stages and often necessitates adherence to specific laws and regulations. In this article, Bangladesh bank developed into the comprehensive legal framework governing investment recovery, execution, and related revision/writ in Bangladesh & like others bank Islami Bank have to follow this process of investment recovery.

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Investment Recovery Process in Bangladesh

Investment recovery involves the procedures employed by lending institutions to retrieve unpaid investments from borrowers. Banks and non-banking financial institutions (NBFIs) in Bangladesh have a methodical way of recovering investments.

1. **Demand Notice:** The first process in the recovery of a loan is serving a demand notice to the borrower, asking for the repayment of the loan amount due.
2. **Negotiation and Settlement:** In case the borrower does not adhere to the demand notice, negotiations may take place to arrive at a settlement or restructured payment plan.
3. **Legal Action:** In case negotiations do not work, the lenders take the legal route, filing suit against the defaulting borrower.

Investment recovery process of IBBPLC

Islami Bank have to recover the bank's invested funds as investment is main source of their income. Without this income the bank can't pay shareholder's dividends. That's why they have to make sure that the invested funds do not fall out as default. Bank has to follow some strategies to avoid investment risk.

1. **Monitoring:** To monitor investments, IBBPLC checks the balance and account statements of the customer, makes business operation inquiries, and conducts regular site visits to ensure proper utilization of funds. If any irregularity is found or policies are violated, the bank sends formal letters, and in severe cases, legal notices. If necessary, the bank takes legal actions to protect its investment.

1. **Recovery process:** The bank follows some strategies to recover invested funds.

    - The bank can interview the client, also visit their business site regularly & check the client's accountability for business error etc. this approach gives mental pressure to the customer to give full attention to their business.
    - The bank can provide advice to business and also volunteer to make sure about profitability. To ensure business growth the bank can offer additional investment and provide skilled workforce.

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- Lastly, if the client violets all the bank’s policy, then bank can use the collateral & sell them to avoid losses. This technique can be lengthy because of difference investment modes.

4.9.3 Legal Framework for investment Recovery

The legal framework governing investment recovery in Bangladesh primarily involves statutes and regulations that facilitate the execution and revision processes. Key legal provisions include:

1. **Artha Rin Adalat Ain, 2003:** The Artha Rin Adalat Ain, Money Loan Court Act, 2003, governs the mechanism and procedure of recovery of loans in special courts known as Artha Rin Adalats.
2. **Bank Companies Act, 1991:** The Bank Companies Act gives banking companies legislation and investment recovery and legal proceedings against defaulting borrowers provisions.
3. **Limitation Act, 1908:** The Limitation Act gives a time limit for legal action for debt recovery to make claims within a stipulated time frame.
4. **Civil Procedure Code, 1908:** The Civil Procedure Code enforces the procedural law in civil cases, including loan recovery and execution cases.

4.9.4 Execution Procedures for Investment Recovery

The execution process involves enforcing court orders for investment recovery. Upon obtaining a judgment from the Artha Rin Adalat or other relevant courts, creditors may seek execution of the judgment to recover the outstanding dues. The execution process includes:

1. **Issuance of Warrants and Orders:** The court issues orders and warrants to enforce the judgment, allowing the creditor to take the necessary action to recover the debt.
2. **Attachment and Sale of Property:** The property or assets of the borrower may be attached and sold by creditors according to court instructions to satisfy the outstanding debt.
3. **Recovery through Bank Accounts:** The courts can order recovery of the loan amounts from the borrower's bank accounts or other financial instruments.

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4.9.5 Revision and Writ in investment Recovery Case:

Where one of the parties is dissatisfied with the decision or order of the trial court, the system of challenging the decision of the revision and writ comes into play. This involves seeking review or lower court from higher judicial authorities.

1. Revision: The temporary jurisdiction allows parties to appeal to higher courts, such as the High Court Division of the Supreme Court, to review and amend judgments made by lower courts.

2. Writ: Writ jurisdiction permits the High Court Division of the Supreme Court to issue writs, such as writs of certiorari, mandamus, or prohibition, to enforce legality and justice in the lower courts' decisions.

The investment recovery, enforcement, and related revision/writ legal landscape in Bangladesh requires an in-depth comprehension of applicable statutes and procedure rules. Efficient negotiation of the investment recovery procedure requires strict observance of the Artha Rin Adalat Ain, Bank Companies Act, and other related acts. Proper adherence to procedure in enforcement and, if necessary, revision or writ via higher courts ensures fair and legal determination of investment recovery issues.

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Chapter: 5

FINDINGS & RECOMMENDATIONS

5.1. Findings

- ⇒ All investment products utilized (Bai, Share, and Ijarah modes) follow Islamic Shariah laws for ethical as well as interest-free banking practices.
- ⇒ Islami Bank Bangladesh PLC (IBBPLC) invests predominantly through Bai-Murabaha and Hire Purchase under Shirkatul Melk (HPSM) that together account for most of their 2018-2022 investment profile.
- ⇒ The bank assigns more significance to industrial, trade, and commerce sectors with a high investment in agro-based and textile industries. The investment focuses mainly on urban areas.
- ⇒ The total portfolio of investment showed a constant growth trend from BDT 805,760 million in 2018 to BDT 1,461,865 million in 2022, but the investment in Musharaka was low.
- ⇒ Although the growth accelerated, return on investment and investment-deposit ratio were going down year by year. But the proportion of classified (non-performing) investments indicates that the risk management system is improving.
- ⇒ Some systemic issues such as long account opening procedures, excessive collateral requirements, and delayed disbursement procedures were pointed out as areas needing improvement.

5.2 Recommendations

With my limited internship experience and understanding, making recommendations is difficult for me, but I am sharing some of my thoughts on some areas where the bank might take action.

- ⇒ IBBPLC may concentrate on making the officials concerned of the basic Islami banking system. IBBPLC training period and training method may be helpful regarding this.

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⇒ IBBPLC can accept charges from customers against delay but that cannot be accounted in bank's works instead used on social welfare without interest. If anything can be done other than charging will be good for Islamic banking system.

⇒ IBBPLC can facilitate account opening. In the majority of the customers, it is said that the process becomes tedious and hassle. Most of the documents like income certificate, utility bill copy makes customers bored to open account in the bank.

⇒ IBBPLC may develop a system to quickly deliver the disbursed amount through pay order.

⇒ IBBPLC may provide pay order quickly to the investment clients.

⇒ Investment process can be minimized and processing time can be made short through increasing efficiency in documentation process.

⇒ IBBPLC requires more securities and collateral. It can reduce it as the commodities or assets bought are owned by IBBPLC.

⇒ IBBPLC may not specify the buying source of goods which will make the clients happy to choose their own source.

⇒ As the competition in the industry is increasing rapidly, IBBPLC needs to develop and make services smooth and fast to get competitive advantage.

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Chapter: 6

CONCLUSION

Throughout my internship in Islami Bank Bangladesh PLC (IBBPLC), I gained fantastic on-job experience and experiences which the life of study could not. Office culture helped me gain responsibility, being on time, and being confident in facing pressure. Initially, I feared to undertake responsibilities, but now I am able to work efficiently and confidently. I also acquired corporate etiquette, working in a team, and communications, which augmented my career progress. The exposure has taught me to confront fear, work cooperatively, and possess confidence for any potential employer.

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Chapter:7

IMPLICATIONS

That's how my bank internship will impact my future career:

1. **Practical Experience:** In my internship I learned how real banking operation performs, especially in islamic banking which is very different from traditional banking.
2. **Knowledge Application:** I used my academic learnings from university in a real work setting, which helped me understand things better.
3. **Career Preparation:** This real work experience will help me to get job in bank and financial institutions in future.
4. **Professional skills:** Working in a bank basically help me to improve my communication skill, teamwork, time management & customer service.
5. **Report Writing:** Also making this internship report helped me to improve my writing & research skills, which are important for my future studies or job tasks.
6. **Understanding Islamic Banking:** This internship helped me to gain knowledge about Shari'ah-based banking, which can help me to build a career in islamic finance & banking.

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