‘An Internship Report

on

“Foreign Exchange Operation of Social Islami Bank Public Limited Company”

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Submitted to:

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Submitted by:

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Date of Submission: **26/12/2024**

Letter of Transmittal

Professor Dr. Mostafa Kamal

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

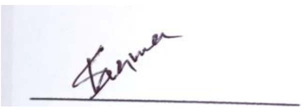
Subject: Submission of an Internship report on **“Foreign Exchange Operation of Social Islami Bank Public Limited Company”**

Sir,

It is a privilege to deliver my internship report on "**Foreign Exchange Operation of Social Islami Bank Public Limited Company"** as a requirement for completing my **BBA** program. I'm fortunate to have a knowledgeable and effective team of professionals who can help me master banking procedures and processes quickly.

Working and living in the financial industry was, in my opinion, an intriguing experience that enhanced my knowledge and expertise. I did my best to demonstrate my abilities, which is accomplished with the help of this Report. Lastly, you have my sincere gratitude for your ongoing oversight and direction during the report's preparation.

Yours Sincerely,



Shamsiya Tun Shama

ID: 201-11-6385

Program: BBA

Major: Finance

Department of Business Administration

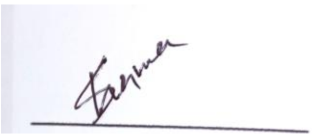
Daffodil International University

Student’s Declaration

I, Shamsiya tun shama hereby declares that the internship report titled **“Foreign Exchange Operation of Social Islami Bank Public Limited Company”**. After completing a thorough analysis of SIBPLC's foreign exchange operation and a 90-day internship at the **Dhanmondi Branch**, I completed a paper on the branch on my own. There is no duplication or use of information that is extremely confidential to I SIBPLC, and the material contained in this report does not violate any national laws.

Additionally, I would like to state that the report was written just for academic purposes and not for any other purpose.

Yours Sincerely,



Shamsiya Tun Shama
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Program: BBA
Major: Finance
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Approval Certificate

This certifies that Shamsiya Tun Shama, ID number 201-11-6385, BBA (Finance Major), is enrolled regularly in Daffodil International University's Department of Business Administration, Faculty of Business & Entrepreneurship. She prepared for her internship under my close supervision after completing her internship at **Social Islami Bank Public Limited Company**. **"Foreign Exchange Operation of Social Islami Bank Public Limited Company (2018 to 2022)"** is the theme of her internship.

After reading the report, I thought it was good. She worked alone to finish the report. I hope she finds success.

Professor Dr. Mostafa Kamal
Department of Business Administration
Faculty of Business & Entrepreneurship
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Acknowledgment

For giving me the chance to start this unique career path, I would want to sincerely thank the Almighty Allah, the universe's highest authority. I also want to express my sincere gratitude to my parents for their constant encouragement, support, and direction during my academic and professional career. Preparing this report has benefited much from my internship experience, and I sincerely appreciate the knowledge and abilities I acquired during this time.

Above all, I would like to express my sincere gratitude to my respected instructor and internship supervisor, Professor Dr. Mostafa Kamal, who is also the Dean (Academic Affairs) of the Department of Business Administration at the Daffodil International University Faculty of Business & Entrepreneurship. The advancement and seamless operation of my internship program were greatly aided by the supervisor's guidance and support.

Additionally, I would like to thank Mostafa Ismoth Pasa, SAVP & OM of Social Islami Bank Public Limited Company, Dhanmondi Branch, Dhaka, and Md. Wali Ullah, EVP & Manager, for their essential contributions. They gave me the help and direction I needed to put this report together in addition to introducing me to Social Islami Bank.

My profound appreciation is extended to Md. Shakil Mir, the SPO and General Banking In charge. For their constant supervision, direction, and collaboration meanwhile my internship, I would like to thank Md. Ziaur Rahman, the AVP and the Foreign Exchange In charge of Social Islami Bank, Dhanmondi Branch.

Finally, I would want to thank everyone whose constant support and encouragement enabled me to finish this report.

Acronyms

SIBPBL- Social Islami Bank Public Limited Company

AWCD- Al Wadiah Current Deposit

MSD- Mudaraba Savings Deposit

MND- Mudaraba Notice Deposit

MTDR- Mudaraba Term Deposit Receipt

MMPDR- Mudaraba Monthly Profit Deposit

DPS- Deposit Pension Scheme

KYC- Known Your Customer

STR- Suspicious Transaction Report

I banking= Internet banking

MICR- Magnetic Ink Character Recognition

BACH- Bangladesh Automated Clearing House

BACPS- Bangladesh Automated Cheque processing System

BEFTIN- Bangladesh Electronic Funds Transfer Network

RTGS- Real Time Gross Settlement

NPSB- National Payment Switch Bangladesh

ATM= Automated Teller Machine

CIB- Credit Information Borrower

LC= Letter of Credit

BIN- Business Identification Number

SWIFT- Society For the worldwide Interbank Financial Telecommunication

PI- Proforma Invoice

CI- Commercial Invoice

Executive Summary

This report discusses the application of theoretical knowledge in the work setting, particularly at Social Islami Bank Public Limited Company, thus providing an understanding of the banking industry. It contains many fundamental factors such as core banking, forex business, risk management, Islamic banking, and decision making based on the empirical data. This report provides banking institutions with the scope and benefit areas of operations that need to be improved such as the extent of cost minimization through optimum utilization of economic resources. There are fluctuations in Social Islami Bank Public Limited Company's forex business between 2018 and 2020 which was followed by up surging performance in the year 2022 where it recorded the maximum growth at Tk. 242,893.8 million. The report works on identifying and measuring the risks associated with the foreign exchange market whether exchange rate risk, liquidity risk or counterparty credit risk and recommends appropriate measures which include hedging, risk management measures, forex process automation and management of currency risk. In addition, Social Islami Bank Public Limited Company did come under the effect of COVID-19 during some time of its import business. Nevertheless, by 2022 this had been reinstated, and the volume was above the previous year level by 26.4 percent. Reporting on this matter draws attention to such problems as volatility of foreign exchange rates, sufficiency and quality of documentation as well as disruptions of supplies. Social Islami Bank Public Limited Company has implemented greater procurement management and enhanced credit risk analysis as a means to address the aforementioned issues. The report concludes with how Social Islami Bank Public Limited Company should be regarding the recommendations such as changes in hedging strategies, further strengthening of the risk management systems, better training of the personnel, and better automation of foreign exchange operations in order to become more adaptable to the change in the environment in which the bank operates.

Social Islami Bank Public Limited Company managed to further strengthen its control over foreign liabilities, its capital structure and its trade balance but on the other hand was subjected to a very high foreign exchange risk exposure in the year 2022 which means that there should be stricter methods in place to curb these risks.

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Chapter: 1- Introduction

1.1 Introduction

The foreign exchange market is developing into a highly complex and competitive sector. However, considering Bangladesh's external sector's phenomenal growth, the foreign exchange business presents a great opportunity as well as a challenge to accelerate the bank's own commercial growth. The foreign exchange department of Social Islami Bank Ltd. is the subject of this study. It makes an effort to manage the foreign exchange business's present state by holding nearly all of the activities that are normally handled by the bank's foreign exchange department and doing some analysis. The bank provides a range of services to make exports and remittances abroad easier. In order to facilitate import and export, it provides LC services. It typically gives irretrievable letters of credit, which include sight and delayed letters of credit, back-to-back LCs, etc. It offers Murabaha Post Import services as well as payment against documents or Murabaha bills of exchange. Additionally, Social Islami Bank Ltd. facilitates the immigrants' remittance allocation process. In the report's analytical section, has a SWOT analysis to evaluate the foreign exchange department's opportunities, threats, and strengths and weaknesses. Also has a trend analysis on a few interconnected foreign exchange variables to determine their relationships. To assess and gauge this bank's performance, it also has a performance study of its foreign exchange operation. After that, the comparison of the analysis to that of other banks has been shown.

1.2 Origin of the study

This report is the outcome of the Three-month-long internship program undertaken with Social Islami Bank. The preparation and submission of this report is a fundamental requirement for the fulfilment of the Bachelor of Business Administration (BBA) course curriculum of Daffodil International University.

1.3 Background of the study

The only body in Bangladesh that regulates the banking industry is Bangladesh Bank, the nation's national bank. However, each bank has its own set of rules, management systems, and operational procedures. It displays the opinions of other banks on the same topics and terms. The central bank finds it challenging to regulate the various practices of banks. It was decided by Bangladesh Bank to develop unique rules that would be classified as "INDUSTRY BEST PRACTICE" and apply to all banks. The Foreign Exchange Division was the primary focus of this study, meaning that it particularly covers managing import and export procedures to support company logistics.

1.4 Objectives of the study

General Objective:

Gaining a good understanding of the functions and operations of the Foreign Exchange Division is the primary goal of the study. Consistent with the overarching goal, the specific aim of the research may be expressed as follows from competition of BBA:

Specific Objectives:

1. To relate theoretical knowledge with practical experience at Social Islami Bank Public Limited Company.
2. To determine the level of risk associated with foreign exchange transactions at Social Islami Bank Public Limited Company.
3. To identify the issues surrounding imports, identify any discrepancies, and determine how to mitigate the risk associated with import operations.
4. To analyse the Ratios in terms of Foreign Exchange.

1.5 Methodology and data collection

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

Primary Source-

The information is obtained by the researcher themselves through face to face surveys, interviews, experiments, observations or questionnaires. Primary data is one that researcher collect by itself to fulfil the requirement of their study and it delivers specific answers for Research questions. However, it is among the primary data and can be very time consuming and costly as compared to secondary data.

Methods of data collection when conducting primary research-

- In-person discussions with the relevant officers and staff members.
- Disseminating officials' practical expertise.
- Three months of internship in Social Islami Bank PLC.

Secondary source-

Secondary data are collection and analysis of information that has already been collected, compiled, processed and published by others for purposes other than the current research. This information is usually collected from already existing sources e.g. governmental reports, academic studies, industry reports, books or online databases. Secondary Data Researchers use secondary data to further build on what is already known, see if their findings compare with trends or complement primary research. While primary data (collected for the specific study) may not always be immediately available, it is typically more difficult to obtain and costlier to collect but secondary data (pre-existing data) are generally easier, and cheaper, but may not always specifically meet the requirements of a particular study.

Methods of data collection when conducting secondary research-

• Social Islami Bank Public Limited Company Annual Report.

• Audit Reports.

• A pertinent file study that the involved officers have submitted.

• Online platform.

• Books, journals, research articles, and pertinent newspapers.

• Select reports from studies and the Internet.

1.6 Limitations of the study:

From the beginning to the end, the study has aimed to be as thorough and accurate as possible. However, other problems surfaced throughout the study. Financial statements and other pertinent information were considered, even though it was not feasible to visit every location the bank covered during the study. The research takes into account certain limitations:

- **Missed Locations:** It is likely impossible to go around all of the bank's locations, but we reviewed financials and other information.
- **Data Range Constraints:** The range of available data also puts constraints on the analysis and limits the depth to which the study goes.
- **No Employee Interviews:** there were too few interviews with bank employees to deliver information so just taps their experience
- **Time Constraints:** The study was time-bound hence limited the area of study.
- **Limited and Unavailable Data:** The study would have benefitted from both more accurate and up-to-date information, which was not available.

Chapter-02: Overview of Social Islami Bank PLC

2.1 Introduction

As a second-generation Islamic bank, it was founded in 1995 with the help and close cooperation of prominent Islamic leaders. Investors like H.E. Prof. Dr. Ahmed El-Naggar (Egypt), H.E. Ahmed M. Salah Jamjoom, the Saudi government's EX-Commerce Minister, and H.E. Hamid Al Gabid, the prime minister of Nigar and the ex-secretary general of OCI, sponsored this wonderful enterprise. With an emphasis on deprivation, Social Islami Bank Ltd. is fundamentally a concept of the participatory three-area-in-one financial model of the twenty-first century.

There are two subsidiaries in Bangladesh:

- Social Islami Bank Public Limited Company Securities limited
- Social Islami Bank Public Limited Company investment Limited

It functions as a Participatory Islamic Commercial Bank when properly divided, humanely handling loans and relying on profit-loss sharing. With its focus on looking for alternative delivery channels under which SMS banking and mobile-based settlement instalment frameworks can be used, Social Islami Bank Limited has redoubled its drive to reassure customers that its business is expanding into areas covering SME banking and Argo accounts. The bank will gradually introduce the equivalent with the goal of delivering Social Islami Bank Public Limited Company services to customers' doorsteps. To strengthen its operations, Social Islami Bank Public Limited Company has introduced web banking and introduced a few new products. Social Islami Bank Public Limited Company has refocused its efforts to reassure clients that its business is progressively growing into SME Banking, Agricultural Finance, and Banking, with an emphasis on scanning replacement conveyance channels under SMS Banking and mobile-based settlement instalment frameworks. Social Islami Bank Public Limited Company will also be able to provide its services to clients' doorsteps by progressively introducing the comparable.

The schemes of Social Islami Bank Public Limited Company:

- Sonali Din
- Shukher Thikana
- Sabuj Chaya
- Sabuj Shayanho

- Subarnalata Subornalekha
- Sanchita

2.2 History of Social Islami Bank PLC

Social Islami Bank Limited (SIBL), a financial institution with its headquarters located at 15 Dilkusha C/A, Dhaka-1000, is registered under the Companies Act of 1994. The bank has been given financial authority to function as a planned bank by the Bangladesh Bank, which is the nation's central bank. Operationally, the Bank began on November 22, 1995. Social Islami Bank Public Limited Company is a promoted new producing bank with Taka 585 million in approved capital and paid-up capital in 2007 and another 585 million in December 2006. Currently, the bank has 95 offices in Bangladesh. The bank accepts a wide range of banking transactions in order to promote the expansion of trade and commerce across the nation. Entrepreneurs can also use the services of Social Islami Bank Public Limited Company to start new projects and BMRE of modern units. It has developed strong financial ties with both domestic and foreign banks, as well as budgeted premium firms, to offer its customers services associated with international commerce. Since its inception, Social Islami Bank Ltd. has operated under the principle of offering its citizens a first-rate and faultless financial institution. Each association has a few specific goals.

The primary goal of Social Islami Bank Ltd. is to generate profits while fulfilling its obligation to contribute financially to the growth of the nation's mechanical and economic sectors. It is anticipated that Social Islami Bank Public Limited Company will have an incredible year in 2012.

2.3 Mission of Social Islami Bank PLC

- Establishing Three Sector Banking Model
- Turning to a service-oriented, technology-driven, profitable Bank
- Fast, accurate and appropriate customer service
- Balanced & maintainable development strategy
- Optimum return on equity for shareholders
- Introducing innovative Islamic Banking Products
- Attracting and retaining high quality human resources
- Empowering real poor families and creating local income opportunities
- Providing support for social advantage associations by method of mobilizing funds and social service.

2.4 Vision of Social Islami Bank PLC

Through the development of a proactive organizational culture based on sound solidarity, decency, common understanding, and even-minded initiative, Social Islami Bank Public Limited Company is working to become the nation's leading Islamic bank, providing one-stop administration of a vast array of significant value-added items and services that address the needs of its clients. It is also conducting its business in an ethical manner in accordance with Shariah laws, while making the best use of the most cutting-edge innovative arrangements available today.

2.5 Functions of Social Islami Bank PLC

The following are SIBPLC's functions:

- The mobilization of the nation's idle resources through the acceptance of public deposits.
- Providing loans and advances to certain businesses in order to stimulate and grow the nation's industries, trade, commerce, and other constructive endeavors.
- To provide loans and advances to individual businesses in order to stimulate and expand trade, industries, and other prosperous endeavors inside the nation.
- To provide facilities to shareholders and clients in a methodical manner.
- Encourage individuals to save money.

- To boost financial commitment.
- To facilitate a simple foreign exchange transaction.
- To determine their client's desires and provide funds to fulfill them. to borrow the financial facility in order to boost the economy.
- Aiding the capital market.
- Borrowing financial facilities to improve economy.

2.6 Product and services of Social Islami Bank PLC

2.6.1 Deposit Products

- Al-Wadeeah Current Deposit (AWCD) Account
- Mudaraba Savings Deposit Account
- Mudaraba Super Savings Account
- Mudaraba. Notice Deposit Account
- Mudaraba Term Deposit Account
- Mudaraba Monthly Profit Deposit Scheme
- Mudaraba Millionaire Savings Scheme
- Mudaraba Education Savings Scheme
- Sonali Din Special Deposit Scheme
- Mudaraba Special Deposit Pension Scheme
- Mudaraba Bashastan Deposit Scheme
- Mudaraba Hajj/Umrah Savings Deposit (Kafela)
- Mudaraba Marriage Deposit Scheme
- Sanchita Special Deposit Scheme
- Subarna Rekha Special Deposit Scheme
- Shabuj Chaya Special Deposit Scheme
- Shabuj Shayanna Special Deposit Scheme
- Sukher Thikana Special Deposit Scheme

2.6.2 Investment Modes

- Bai-Muazzal
- Bai- Murabaha
- Musharaka
- Bai- Salam
- Quard
- Hire Purchase under Shirkatul Melk (HPSM)
- Documentary Bill Purchase
- Social Islami Bank Public Limited Company Employees' House Building
- Women Enterprise Finance
- Retail Finance
- SME and Agricultural Finance
- Family Empowerment Islamic Micro Finance

2.6.3 Service products

- Online Banking
- ATM 24/7
- Automated Clearing
- Electronic Fund Transfer
- CARD (Local & Foreign)
- Internet Banking (Social Islami Bank Public Limited Company NOW)
- Centralized Trade Processing Services
- Remittance
- Locker
- SWIFT
- Alternate Delivery Channel

- Agent Banking
- Real Time Gross Settlement (RTGS)
- Edu Pay (Student)

2.7 Special features of Social Islami Bank PLC

- Based on the Quran and Sunnah, the bank's investing policy adheres to various Islamic Shariah-approved methodologies.
- All activities of the bank are conducted according to Islamic Shariah where profit is the legal alternative to interest.
- The bank is committed to establishing welfare oriented banking system, economic development of the low-income group of people, create employment opportunities.

2.8 Departments of Social Islami Bank PLC

Social Islamic Bank PLC has three departments:

1) General Banking Department
2) Foreign Exchange Department
3) Investment Department

1.General Banking Department

One of the main and most crucial divisions of every bank, including Social Islami Bank PLC, is the general banking division. This section primarily guarantees that the bank provides the necessary services to the client.

2.Foreign Exchange Department

In a country's international dealings, banks play a significant role. mainly during the scheduled import, export, and foreign remittance operations with other countries.

The foreign exchange department oversees these transactions. Every foreign exchange transaction made by other banks in a nation is gathered and documented by the central bank of that nation. Since the other banks are required to report on a daily, monthly, quarterly, and annual basis, Bangladesh Bank handles these foreign exchange transactions.

3.Investment Department

The technique of generating a profit through borrowing and lending is known as banking. The bank serves as a bridge connecting economic units with surpluses and deficits.

The bank first gathers deposits from a wide number of clients before making loans to people in need. As a result of this process, banks profit when borrowers repay their loans. In the absence of lending and borrowing, banks provide a wide range of profitable goods.

Chapter-03: Theoretical Analysis

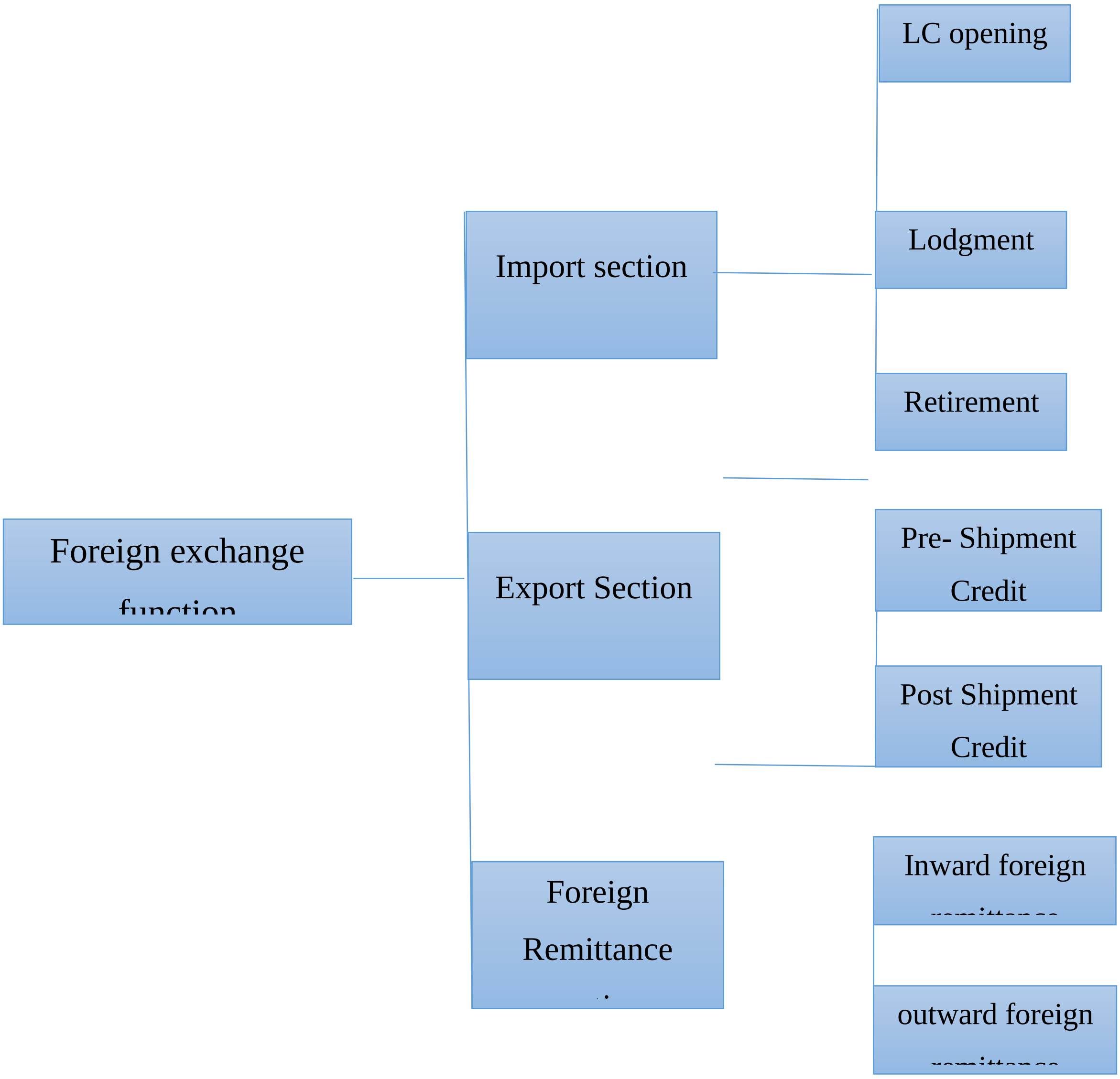
3.1 Introduction

Any business that deals with imports, exports, incoming and outgoing remittances, and currency buying and selling is considered a foreign exchange business. One of the biggest activities of a commercial bank is thought to be international trading. The flow of commodities from seller to buyer is the demand of international commerce, and payment from the buyer to seller is necessary to finalize the transaction between multiple parties from various countries. When different nations and its parties attempt to trade products and services with one another, this happens. Banks are an essential middleman between the vendor and the buyer.

The Basic tasks of the foreign exchange department of SIBPLC are:

- Facilitating import and export trade,
- Offering funded and non-funded loan facilities,
- Facilitating non-commercial remittances,
- Maintaining foreign currency accounts,
- And selling foreign currency.

3.2 Function of foreign exchange



3.2.1 Import section

SIBPLC supports the importation of capital machinery, industrial raw materials, food grains (rice, wheat, sugar, dal, onion, spices, and garlic), oil (soy bean, lubricant, palm), automobiles, spare parts, sports accessories, clothing accessories, perfumery products, chemicals, and milk products, among other things. A person must be competent to import in accordance with the Import and Export Control Act of 1950. The importer receives the registration (IRC) from the office of the chief controller of import and export. In the event that the buyer defaults, the bank guarantees the export by paying for the goods on the buyer's behalf. This assurance is known as a letter of credit. Thus the contract between importer and exporter is given a legal shape by the banker by 'letter of credit'.

There are three main function of import section –

- LC opening
- Lodgement
- Retirement

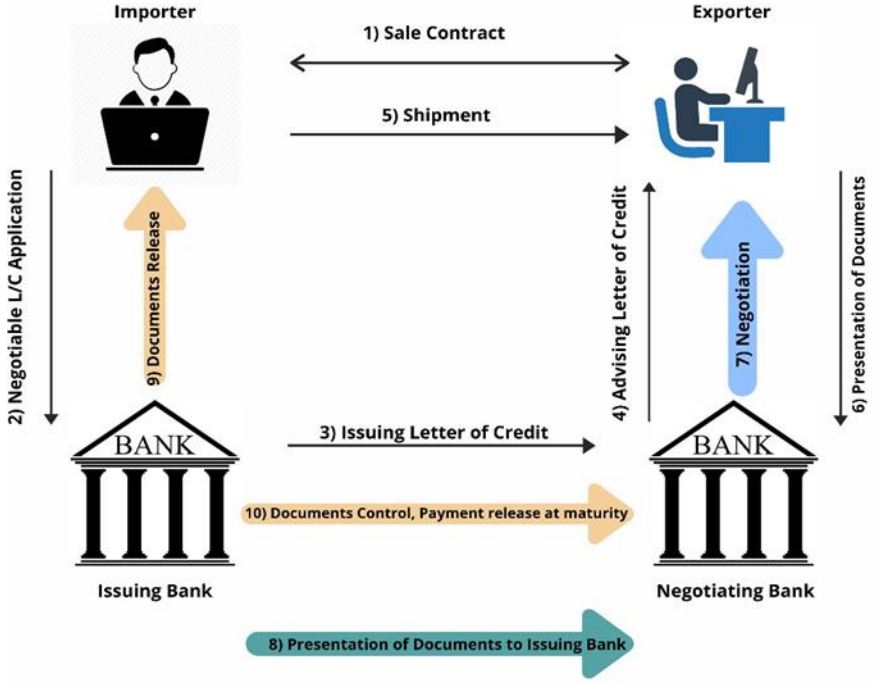
3.2.2 Margin and charges

Social Islami Bank PLC requests that the applicant deposit a letter of credit margin that covers the terms of sanction and any additional fees that may be required, such as commission, handling fees, telex/SWIFT fees, etc., before to granting the letter of credit. Margin ranges from zero to one hundred percent. Generally speaking, a bigger margin indicates that Bangladesh Bank discourages the import of those goods or items. At a 100% margin, some products are imported.

Letter of credit Margin & commission	**As per Government circular**
Commission	As per internal policy (Letter of Credit) value .40% for first quarter
Printing & Stationary	500
SWIFT Charge	750
VAT	15% on commission & SWIFT charge

Table 1. Margin and Other charges

3.2.3 Transaction Process of Negotiable Letter of Credit



3.2.4 Issuing LC for Import

A letter of credit is a formal instrument that a bank (also known as the opening or issuing bank) issues on behalf of one of its clients (also known as the opener) agreeing to pay the bills that the beneficiary has drawn, provided that the terms specified in the letter are fulfilled. The bank must adhere to the following protocols while issuing import LCs.:

Registration with CCI&E:

- Every trader who wants to participate in international trade must first register with the chief controller of import and export.
- The trader can obtain an Import/Export Registration Certificate (IRC/ERC) by paying the CCI&E the required registration costs. This certificate is necessary in order to open an LC with a bank.

3.2.5 Import for LC Financing

SOCIAL ISLAMI BANK PUBLIC LIMITED COMPANY offers two options for LC sponsorship: Murabaha Post Import and Bai-Muzzal trust receipt. These are comparable to traditional bank loans against trust receipts (LTR) and loans against imported merchandise (LIM).

Bai – Muzzal Trust Receipt:

- Only first-class tested parties are permitted to advance against a trust receipt obtained from clients when documentation covering an import shipment or other goods committed to the bank as security is provided without payment. However, prior approval from the top office is required for such advances.
- The goods are held in trust for the bank by the customer until the loan approved based on the trust receipts is completely settled.
- The instrument known as the trust receipt essentially places the banker's hands on the goods by hypothecating the selling proceeds to satisfy the lien.

Murbaha post-import: Depending on the goods' categories and the credit section that Bangladesh Bank has imposed, advances made against the security of goods imported through the bank may be permitted upon initiating or hypothecating the goods, keeping the margin that has been prescribed or their landed cost. Prior to receiving the products through this account that are unoccupied, Bank must also get from the parties a letter of undertaking and insurance.

When it comes to export financing, there are primarily two types of financing where exporters need funding services at distinct times.

1. Pre-shipment credit.

2. Post-Shipment Credit.

3.3 Section of Remittances

This department offers the foreign currency services that a bank is required to give to its clients as an authorized dealer. This department's primary duties include sending and receiving foreign exchange from one nation to another. In the process of offering this remittance service, foreign money is bought and sold. An established rate of exchange is used to convert one currency into another; the banker provides two rates: one for buying and one for selling. The buyer pays the seller in legal money, which is their home currency, and the foreign currencies are treated like any other commodity up for sale or purchase in these kinds of transactions.

Chapter-04: Performance Analysis of Social Islami Bank PLC (2018-2022)

4.1 Theoretical knowledge with practical experience at SIBL

The linkage between theoretical knowledge and practical experiences at Social Islami Bank (SIBL) gives an enlightening perception of the banking sector. They are:

1.Core Banking Functions: Providing theoretical learning of subjects such as financial management and banking regulations for understanding the workings of a bank. One is able to observe how the bank approaches asset-liability management, liquidity control, and compliance with regulatory frameworks at Social Islami Bank Public Limited Company.

2. Forex (Foreign Exchange) Operations: Theoretical knowledge includes the basics of Forex, such as exchange rates and risk management. The exposure to handling forex operations with real-time currency fluctuation, international trade financing, and risk mitigation gives a better understanding of the complications associated with Forex Services at SOCIAL ISLAMI BANK PUBLIC LIMITED COMPANY.

3. Risk Management and Compliance: Among other aspects, banking is all about risk management. Risk assessment and compliance are wise, hence they have developed the maintaining system such that chair and market risk programs in a great way to demonstrate how banks play with these risks ensuring their financial healthiness, as well as shows regulating bodies like Basel III.

4. Islamic Banking: Social Islami Bank Public Limited Company performs as an Islamic bank where principles of Shariah are practiced in the management of its financial transactions and provides modalities like Murabaha, Mudaraba, and Ijara for the general public.

5. Decision Making with Data Analysis: Finance and statistics are no longer theoretical—most decision-making relies on data-driven decisions via applying analytical models like credit assessments and market predictions. It shows how data-driven decision-making drives bank operations.

6. Digital Banking: Digital platforms are transforming the banking sector in record time as can be observed at Social Islami Bank Public Limited Company through a touch experience of innovative services such as Mobile Banking, Fintech Solutions, and Digital Payment Systems. This illustrates a strong drive showing how banks respond more effectively due to the fast technological adoption required by customers.

Lastly, the combination of theory and practice learned at Social Islami Bank Public Limited Company provides a complete image of the world of banking, and prepares them to adjust to this rapidly transforming banking industry.

4.2 The level of risk associated with foreign exchange transactions at SIBL

4.2.1 Foreign Exchange Trend Analysis

Particular	2018 (Million Tk)	2019 (Million Tk)	2020 (Million Tk)	2021 (Million Tk)	2022 (Million Tk)
Foreign exchange business	178590.5	159583.03	140824.28	177092.79	242893.8

Table 2. Foreign Exchange Trend Analysis

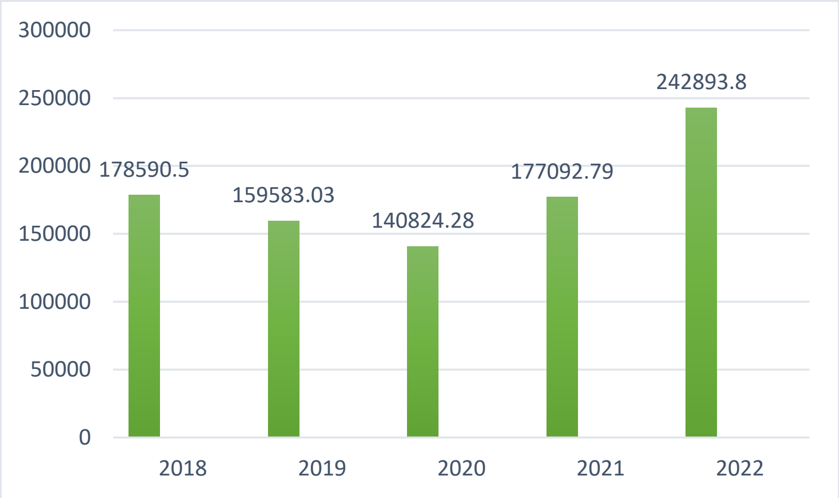


Figure 1. Graphical Presentation of Foreign Exchange of SIBPLC

This bar chat graph above shows the trend of foreign exchange of Social Islami Bank Public Limited Company over past 5 years. From 2018 to 2022, there is an increasing trend showing the growth and gain in 2022 but in 2020 there are slightly decrease from 2019. In 2018, the business was 178590.00 million taka which increased to 242893.00 million in taka in 2022.

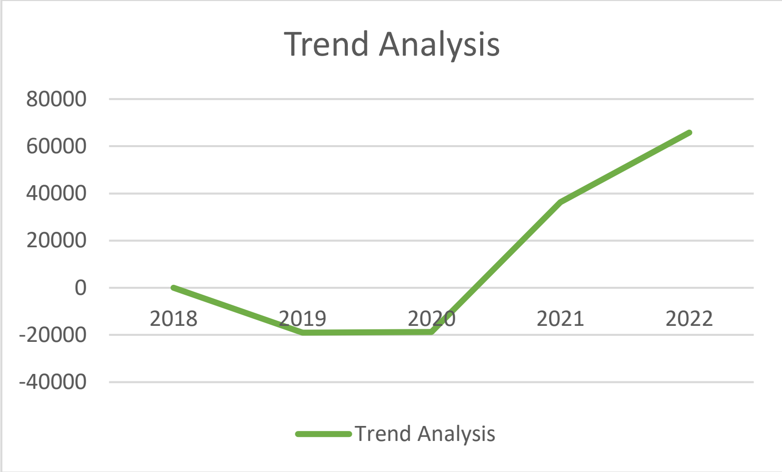


Figure 2. Trend analysis of Foreign Exchange of SIBPLC

Interpretation- This trend graph above shows the trend of foreign exchange of Social Islami Bank Public Limited Company over past 5 years. From 2018 to 2022. Here- The foreign exchange business in 2018 used to be at Tk 178,590.5 million. However, in 2019 and 2020, there was a clear fall off. For instance, in 2019, it was working at `Tk 159,583.03 million, and in the subsequent year it again fell to Tk 140,824.28 million. This means there is a negative change over those two years which could be attributed to poor economic performance or global market instability. During the course of the year 2021, the foreign exchange business recorded significant turnaround and increased to Tk 177,092.79 million. It then means that it was nearly almost back to where it was in the year 2018, perhaps the economy had gotten relatively better or the market had undergone positive changes. However, in the year 2022, the foreign exchange business reached its peak turnover of Tk 242,893.8 million from among all other four years in this period.

4.2.2 Foreign Exchange Income Ratio analysis

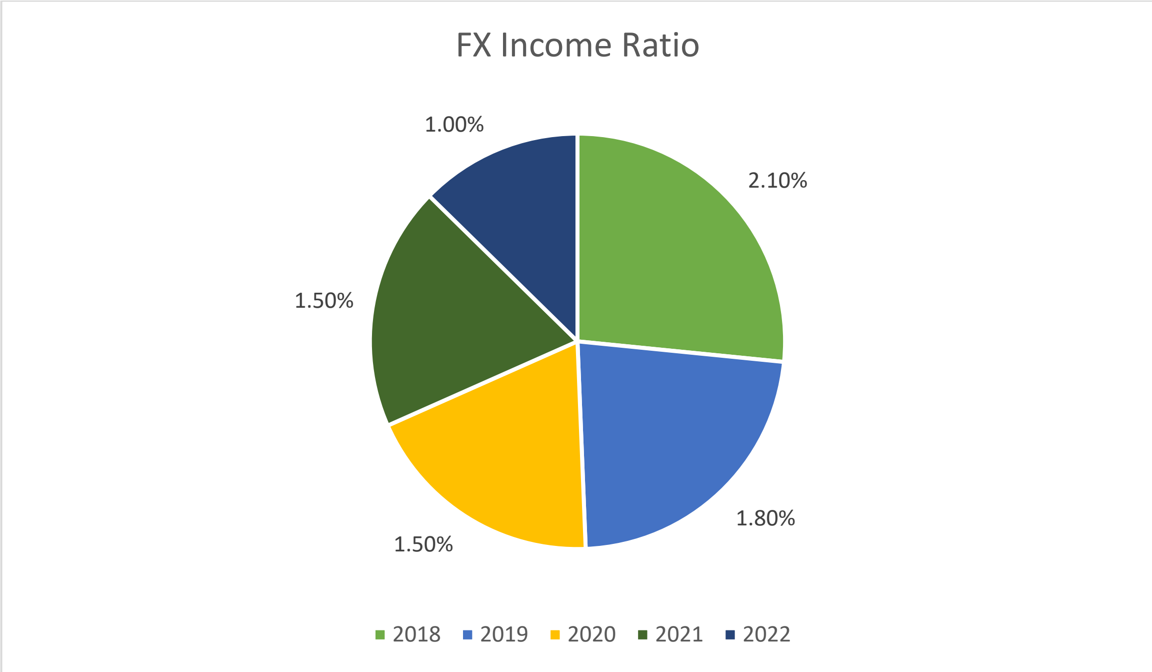


Figure 3. Foreign Exchange Income Ratio of SIBPLC

Interpretation- Here the pie chart indicates that Social Islami Bank Public Limited Company's big portion of income was generated from foreign exchange in 2018 and 2019, but other years its less. So in 2018 and 2019 Social Islami Bank Public Limited Company was more reliant on currency market but other years its significantly less.

4.2.3 Foreign Exchange Growth Rate analysis

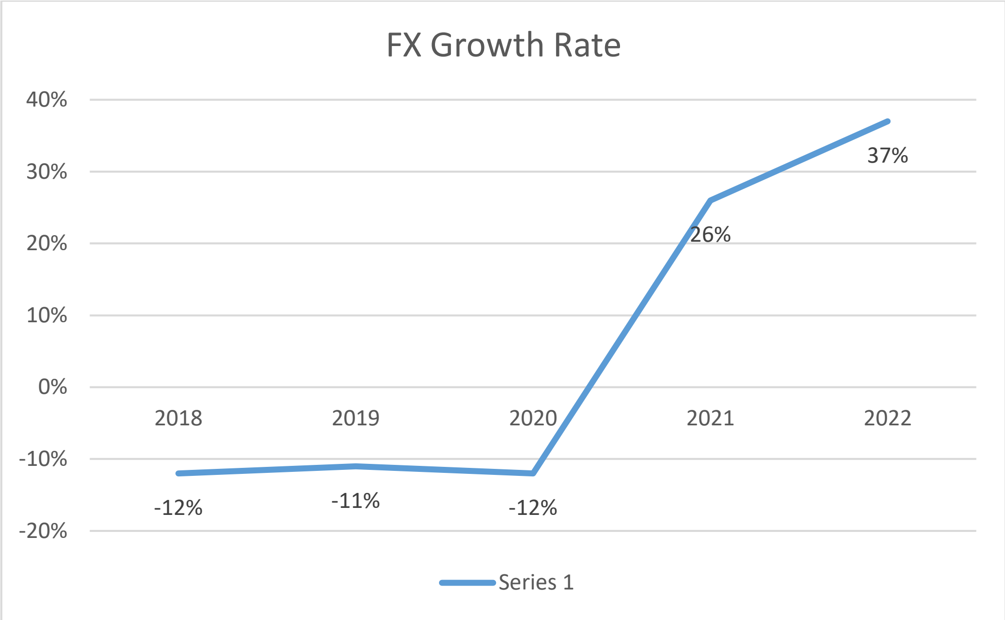


Figure 4. Foreign Exchange Growth Rate of SIBPLC

Interpretation- Here the line graph shows that Social Islami Bank Public Limited Company from 2018 to 2020 are the years when they had less foreign exchange trading volume and market operation inefficiencies. But in 2021 and 2022 it changes significantly; indicates Social Islami Bank Public Limited Company's improved performance in foreign exchange related operations.

This indicates robust creation over the period and perhaps reflects high volume of international business activities, ample foreign reserves or heightened forex activities.

4.3 Import Analysis of SIBL

Year	2018	2019	2020	2021	2022
Total in Million Taka	93002.80	88911.60	76966.50	93545.80	118210.00

Table 3..Import Trend Analysis

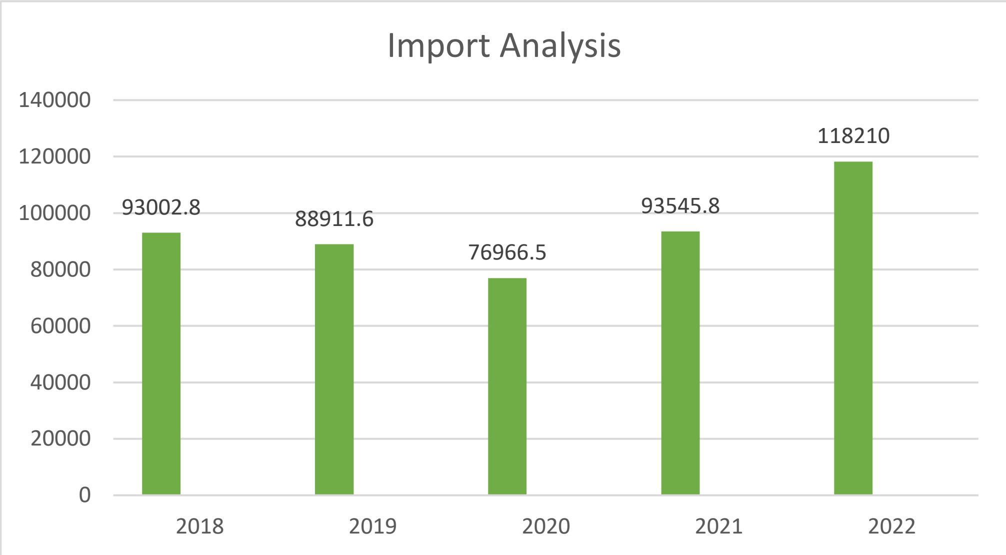


Figure 5. Graphical Presentation of Imports of SIBPLC

Interpretation- Based on the importing analysis of Social Islami Bank Public Limited Company during 2018 to 2022, it can be seen that the dynamics of SOCIAL ISLAMI BANK PUBLIC LIMITED COMPANY are also susceptible due to both national and global economics, where events such as COVID-19 took place. In import business in 2018, Social Islami Bank Public Limited Company had an import of Tk 93,002.80 million and the bank's performance in import financing was mysterious enough for the whole. This implies that imports are being placed on good orders for what looks like a vibrant economy, alongside economic acceleration in Bangladesh, trade circumstances improving.

The bank's import business was slightly lower at Tk 88,911.60 million during the year of 2019 which decreased by about 4.4% year on year basis. This may be a result of some modest moderation in import demand or trade-side pressures but the overall performance was strong highlighting the robustness of Social Islami Bank Public Limited Company's import portfolio for the period.

This is reflected most clearly in 2020, when imports fell by 13.5% from the previous year to Tk 76,966.50 million. That fall was due to COVID-19: the pandemic cut virtually all global supply chain links, stopped road traffic in its tracks, and paralyzed international trade; demand for imports shrank amid economic uncertainty and containment policies. Nearly all companies struggled to keep running, while imports shrank across sectors as countries battled a public health crisis.

By contrast, Social Islami Bank Public Limited Company has made a strong rebound on its import front in 2021 with an import figure of Tk 93,545. This new equilibrium is evidenced in growing demand and economic reopening throughout the world as supply chains reboot. This was supported by the recovery in global trade, which was apparent in a 16% surge in import volumes (SIBL).

In 2022, Social Islami Bank Public Limited Company's import activities increased substantially with imports worth Tk 118,210.00 million registering a growth of 26.4% from the previous year. The robust growth is an indication of the recovery in economic activities and imports, on account of gradual improvement both globally and locally. It also emphasizes the improved role of Social Islami Bank Public Limited Company in promoting international trade. The sharp surge could be related to an upswing in global inflationary pressures, higher commodity prices and growth in trade transactions channeled via the bank.

4.4 Ratios in terms of Foreign Exchange (Fx)

4.4.1 Net Profit Margin Ratio Analysis

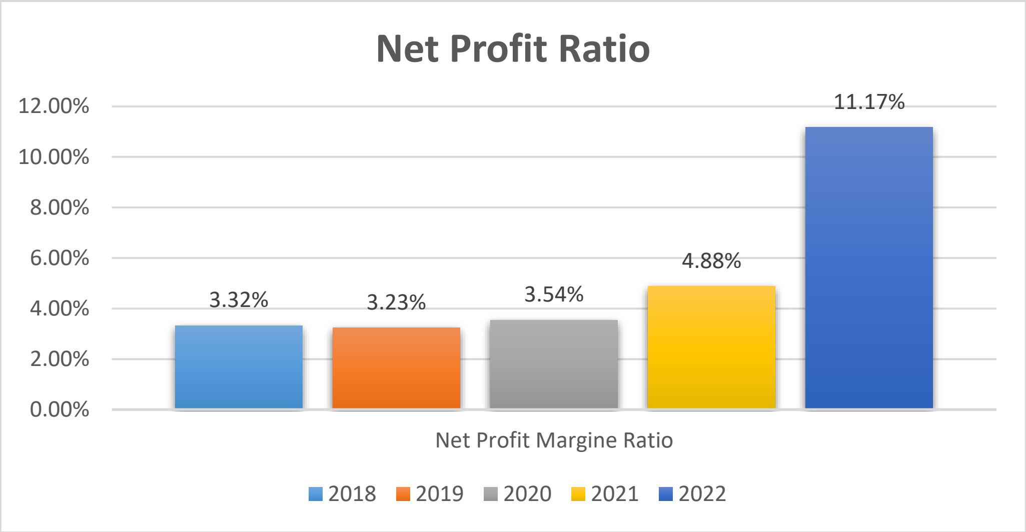


Figure 6. Graphical Presentation of net profit margin ratio of SIBPLC

Interpretation: This chart shows the increasing percentage of net profit margin of Social Islami Bank Public Limited Company. It is a 5 years' graphical representation of their profitably, in 2022 it is at its peak. As they are making good profit gradually they are able to afford Advanced Hedging Strategies.

Strengthen Risk Management Systems: As for the practical part of the commission, the bank should seek ways of improving the risk management structure with regards to forex activities by incorporating real-time monitoring systems with automatic alerts for sudden changes in the market. Social Islami Bank Public Limited Company may establish a geopolitics and economics risk monitoring team to track changes in key trading regions to ensure timely interventions. The improved monitoring and risk assessment tools would thereby enable Social Islami Bank Public Limited Company to take rapid corrective action and reduce the level of exposure to both exchange rate and liquidity risks.

4.4.2 Foreign Exchange Net Margin Ratio Analysis

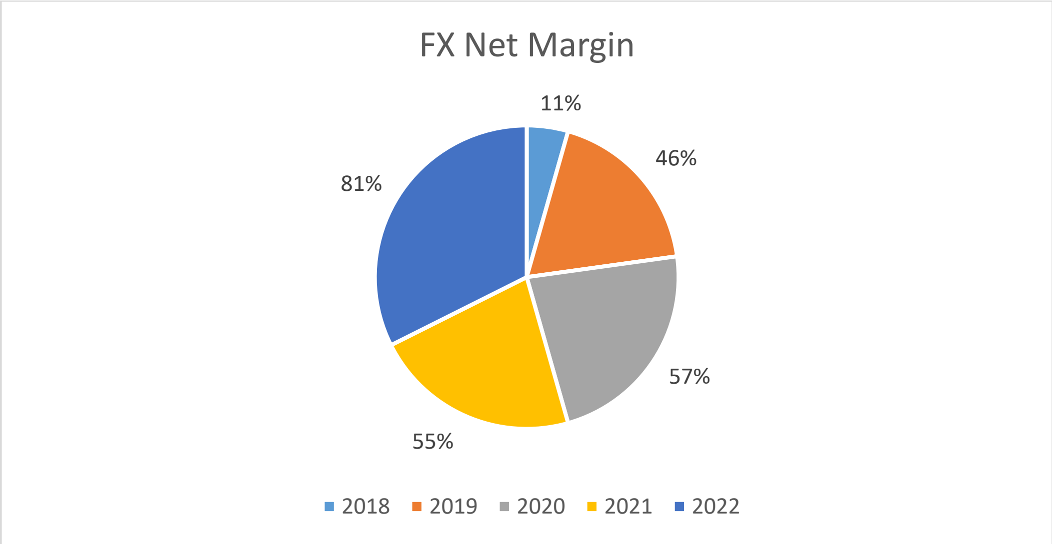


Figure 7. Graphical Presentation of FX net margin of SIBPLC

Interpretation- Here the pie chart indicates that Social Islami Bank Public Limited Company has high capacity to manage cost of foreign exchange in 2019 to 2022, but in 2018 its less. So Social Islami Bank Public Limited Company was generated more profit from foreign exchange from other sources.

There are some tasks that necessitate the presence of some levels of operational risk, and to limit this risk, Social Islami Bank Public Limited Company should put efforts in transacting and automating the process of forex transactions. Automation may include a system that does cross-currency transactions along with documentation for compliance and verification. Automating the forex would smoothen the forex process, reducing operation bottlenecks and errors to their barest minimum, hence increasing speed and efficiency at transaction settlements. As they have profit from foreign exchange shown in fig 4.4.2 so they can go for more automation.

4.4.3 Fx Reserves to FX Liabilities Ratio:

Year	2018	2019	2020	2021	2022
Fx Reserves Ratio	0.24%	3.44%	0.41%	0.40%	2.52%

Table 4.Fx Reserves to FX Liabilities Ratio

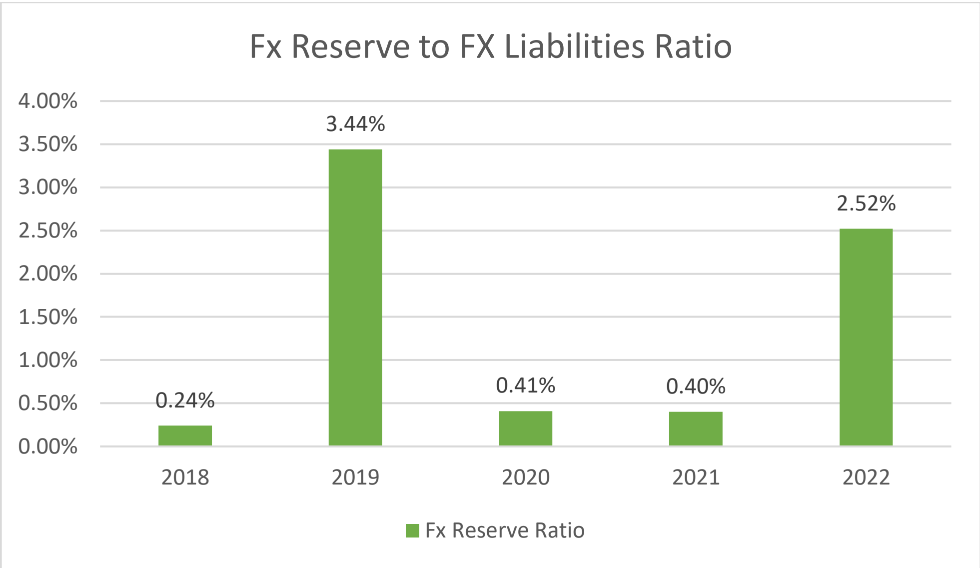


Figure 8. Fx Reserves to FX Liabilities Ratio

Interpretation: This bar chart shows 5 years of foreign exchange reserve ratio of the bank, where 2018, 2020 and 2021 showed less ability to cover foreign liability. But in 2019 and 2022 showed the high ability of covering foreign liability.

4.4.4 Capital Adequacy Ratios (CAR):

Year	2018	2019	2020	2021	2022
Capital Adequacy Ratios (CAR)	12.64%	13.78%	13.50%	14.20%	14.52%

Table 5. Capital Adequacy Ratios (CAR):

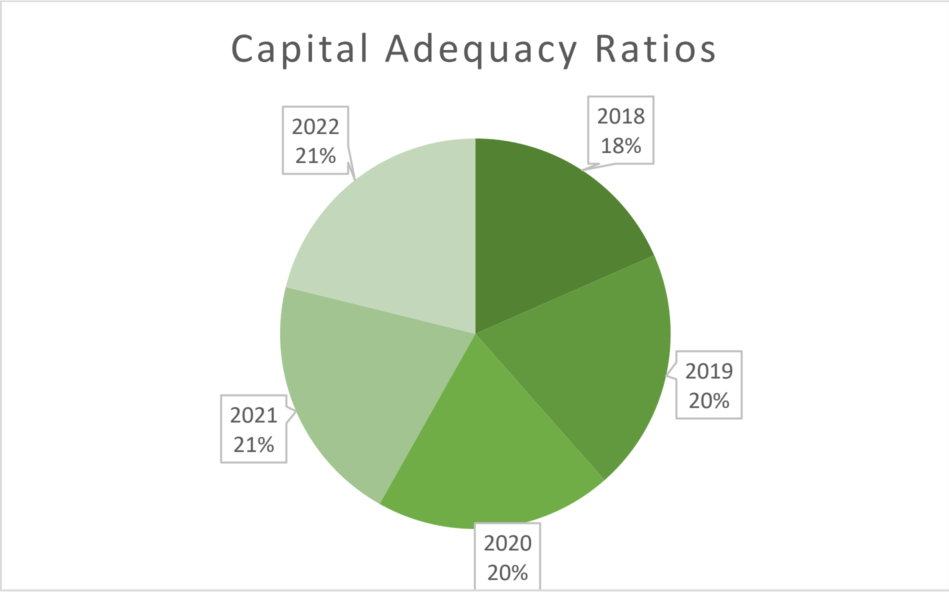


Figure 9. Capital Adequacy Ratios (CAR):

Interpretation: This graph chart shows 5 years of capital adequacy ratio of Social Islami Bank. In 2018 the CAD is at the lowest and in 2022 it the highest. It indicates that the bank is gradually become more capable to withstand with losses.

4.4.5 Import to Export Ratio:

Year	2018	2019	2020	2021	2022
Import to Export Ratio	1.47	1.48	1.50	1.39	1.42

Table 6. Import to Export Ratio

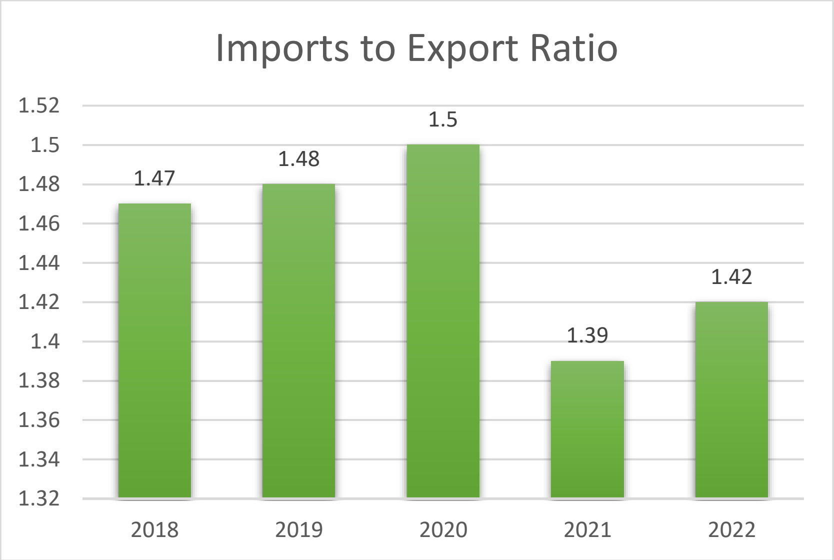


Figure 10. Import to Export Ratio

Interpretation: This graph chart shows 5 years of import to export ratio of Social Islami Bank. In first 3 years 2018,2019 and 2020 shows that import is high which indicates imbalance trade, import is the focus here. But in 2021 and 2022 import is becoming less focused and the trade is going on to the balance path.

4.4.6 Foreign Exchange Risk Ratio:

Year	2018	2019	2020	2021	2022
FX Risk Ratio	10.00%	7.24%	8.95%	9.08%	64.74%

Table 7. Foreign Exchange Risk Ratio

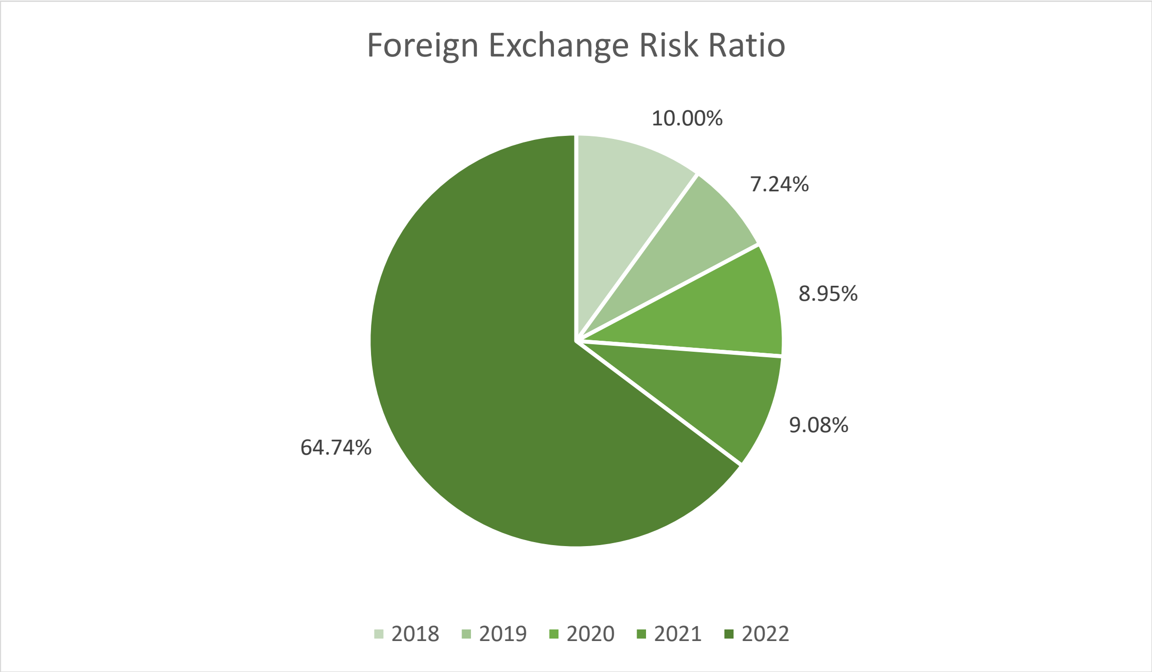


Figure 11. Foreign Exchange Risk Ratio

Interpretation: This pie chart shows 5 years of FX risk management ratio of Social Islami Bank. In first 4 years 2018,2019, 2020 and 2021 shows that bank has low risk rate which indicates that bank needed to use less risk mitigation tools, rather than in 2022 the risk is very much high. So it can be concluded that bank faces great pressure to deal with the risks.

Chapter-05: Findings, Recommendation & Conclusion

5.1 Findings

1. **Theoretical knowledge with practical experience at SIBL**:

Based on my educational experience with Social Islami Bank Public Limited Company I can get some clarity about the banking sector because this institution has in its focus international operations such as forex, commodities, Islamic banking, and online banking. It keeps in mind the practical side as well such as the volatility of forex rates against the Islamic economic prohibitions and the integration of modern technology such as e-payments.

2. **The level of risk associated with foreign exchange transactions at SIBL:**

During the year 2022, Social Islami Bank Public Limited Company's foreign exchange business reached its highest volume standing at Tk 242,893.8 million. Banks incurred losses from foreign exchange operations between the years 2018 and 2020 but on 2021 and 2022 the bank gained profit. Measures like shallow risk compliance rules, liquidity measures, and effective risk management all contribute to successful forex transactions.

3. **Import to Export Analysis of SIBL:**

Due to the effects of COVID-19, and inflation, Social Islami Bank Public Limited Company's import business in the years 2018 to 2022 was uncertain. In 2019, the import value fell but it jumped robustly by the year 2022, hitting around Tk 118,210 million. Such issues like supplier issues or market fluctuations are mitigated through proper documentation, supplier relations management, and other necessary steps.

4. **Ratios in terms of Foreign Exchange of SIBL:**

The measures that Social Islami Bank Limited could adopt to increase foreign exchange operations are use of modern hedging tools; automated processes; diversify currency portfolios; and develop liquidity plans as well as real-time risk monitoring. All these improvements will reduce risks and increase efficiency and effectiveness in terms of foreign exchange and import management. The bank showed improved foreign liability management in 2019 and 2022, with a steady rise in its Capital Adequacy Ratio (2018–2022), indicating financial stability. Despite balanced import-export ratios in 2021-2022, a surge in foreign exchange risk in 2022 highlights the need for stronger risk mitigation strategies.

5.2 Recommendations

Although Social Islami Bank offers several effective banking services, its foreign exchange business has not been doing well lately. So the recommendations to SIBPLC are-

1. **Enhance Practical Knowledge Integration:**

SIBL should enhance training programs with substantial theoretical and practical aspects of Islamic banking, forex, commodities, online banking, etc. This will help employees and stakeholders understand better the challenges such as forex rate volatility and the involvement of modern technologies like e-payment.

2. **Strengthen Foreign Exchange Risk Management:**

To deal with the increased foreign exchange risk that was seen in 2022, SIBL needs to put in place better hedging tools available in the market such as forwards, futures with real-time risk monitoring systems, and a strong framework for risk management that must also consider compliance with liquidity and risk rules.

3. **Optimize Import-Export Operations:**

SIBL should improve documentation and supplier relationship management toward devising contingency strategies to address market changes because of factors such as COVID-19 and inflation for which import-export growth will be ultimately sustained.

4. **Leverage Technology for Efficiency:**

If there is automation of processes and the diversification of currency portfolios, with modern technology adoption, the efficiency and lower operational risks are expected to be maximized. Confirm real-time systems for monitoring liquidity and risk as these will ensure rapid and informed decision-making.

5. **Improve Financial Ratios and Stability:**

Increasingly maintain the Capital Adequacy Ratio at a steady pace, coupled with efficient foreign liability management. Thus, the financial stability and resilience of SIBL in a fluctuating market environment increases.

Once these recommendations are adopted, the operational efficiency of SIBL would improve, accompany a decrease in associated risk as well save time.

5.3 Conclusion

This research examines lessons from Social Islami Bank Limited (SIBL) in areas such as Risk Management, Islamic Finance, Core Banking, Foreign Exchange, and Business Intelligence. It highlights the importance of asset-liability management and regulatory compliance for banking operations.

Despite fluctuations in SIBL's foreign exchange business during the COVID-19 period (2018-2020), the bank achieved impressive growth in 2022, with a Tk. 242,893.8 million increase and a 26.4% rise in import volume.

The study emphasizes mitigating credit and counterparty risks through improved risk management, process automation, and stronger hedging policies. Addressing issues like exchange rate changes and documentation shortages is crucial to enhance resilience. Strengthened risk strategies will ensure SIBL's continued growth in a dynamic financial environment.

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Foreign Exchange Operation of Social Islami Bank Public Limited Company

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