



Internship Report
On
General Banking Activities of
Al Arafah Islami Bank Ltd.

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CHAPTER 1
INTRODUCTION

INTRODUCTION

This internship report on Al-ArarahIslami Bank Limited is prepared to fulfill the requirement of MBA degree from Daffodil International University. To fulfill this internship, I was assigned to the Al-ArarahIslami Bank Limited at Branch, Dhaka to take the real banking experience. Daffodil International University all students under MBA program need to complete an internship report. Internship program or Project work for three month of period. After this three month we have to complete a report on the selected topics. For this reason I prepared My Internship report on Al-ArarahIslami Bank Limited. As the classroom discussion alone cannot give proper picture of real business situation, therefore it is as opportunity for the students to know about real life situation through this program. The Al-ArarahIslami Bank Limited at Hamayetpur Branch has given me the opportunity to complete this internship program. The program consists of at least three phases.

1.1 BACKGROUND OF THE STUDY

This report has been prepared as a requirement of my internship program. The report is based upon Al-ArarahIslami Bank Limited. This study is very effective to know the background of the general banking of AIBL. It will also help to evaluate the present scenario of their banking activity. The AIBL Banking division constantly faces challenges and meets them by developing new products and services to fulfill the specific requirements of customers. With the progress of time competition among nationalized private commercial banks is increasing day by day. And banks are emphasizing on more innovative products and services to the respective customers. In order to survive in the competitive field of the banking sector all organizations are looking for better service opportunities to provide their fellow clients. So in this study I tried to find out how they perform of their daily banking activities, how they faces the newly emerge challenges of giving service to their client also how effectively they introduced new product for their client. This paper will give us a comprehensive scenario of banking activities of AIBL.

1.2 SCOPE OF STYDY

Internship experience plays a vital role for every student to implement their theoretical knowledge and get a practical knowledge from any organization. A student can implement this internship experience in his future work area. Islamic bank Bangladesh Limited (IBBL) gives me opportunity for gathering practical experience and preparation of the report. I prepared this report under the super supervision of Professor Dr. Mostofa Kamal, Department of Business Administration, and Daffodil International University. In this report, the overall view of the banking system, its history and mechanism, policies and appraisal of Islamic bank Bangladesh Limited (IBBL) and other areas of activity is extensively analyzed and the finding is clarified along with the depth study.

1.3 Objectives of the Study

The first objective of preparing this report is to fulfill the partial requirements of the MBA program. In this report, I have attempted to give an overview of Al-Arafah Islami Bank Limited in general. Also in the major part, I have shown the practical approach of Foreign Exchange. Some following objectives of the report are as shown.

To gain or achieve the practical Idea of banking System of AIBL.

To explain the general banking activities of AIBL.

To identify the problems of AIBL prevailing in its banking system

To suggest some possible recommendations to overcome the problems.

1.4 METHODOLOGY

- As internal source I have collected data from banks annual report and from the Management Information System Division and Finance Division of the Al-Arafah Islami Bank Limited.
- As external source I have collected data from Bangladesh Bank and collected theoretical ideas about foreign trade and foreign exchange from different books related to foreign exchange business.
- In current scenario analysis, related data were taken from Head Office & of Hamayetpur Branch Al-Arafah Islami Bank Limited.

SOURCES OF INFORMATION

Data regarding the completion of this report are collected:

1.4.1 PRIMARY SOURCES

- Direct interviews with relevant personnel.
- Experts opinion
- Direct observation of daily activities

1.4.2 SECONDARY SOURCES

- Relevant books, publications, articles and references.
- Official records of Al-ArafahIslami Bank Limited.
- Annual reports of Al-ArafahIslami Bank Limited.

1.5 LIMITATIONS OF THE STUDY

The study has been conducted on the subject of A Report on “**General Banking Activities of Hamayetpur Branch** of Al-ArafahIslami Bank Limited.” Key limitations of the study are as follows:

- Time was the most important limitation in preparation of the internship Report; that was very limited which disable many opportunities for a comprehensive study.
- Sufficient books, publications, facts and figures are not available; these constraints narrowed the scope of accurate analysis. If these limitations were not been there, the report has been more useful and attractive.
- It was very difficult to collect data from such a big organization. My internship was of Hamayetpur Branch of Al-ArafahIslami Bank Limited.

CHAPTER 2
COMPANY OVERVIEW

2.1 PROFILE OF THE COMPANY

With the objective of achieving success here & hereafter by pursuing the way directed by Allah and the path shown by His Rasul (SM), Al-ArafahIslami Bank Ltd was established (registered) as a private limited company on 18 June 1995. The inaugural ceremony took place on 27 September 1995. The authorized capital of the Bank is TK. 5000.00 million and the paid up capital is TK. 4677.88 million as on 31.12.2010. Renowned Islamic Scholars and pious businessmen of the country are the sponsors of the Bank. 100% of paid up capital is being owned by indigenous shareholders.

2.2 VISION

To be a pioneer in Islami Banking in Bangladesh and contribute significantly to the growth of the national economy

2.3 MISSION

- Achieving the satisfaction of Almighty Allah both here & hereafter.
- Proliferation of Shariah Based Banking Practices.
- Quality financial services adopting the latest technology
- Fast and efficient customer service.
- Maintaining high standard of business ethics.
- Balanced growth.
- Steady & competitive return on shareholders' equity
- Innovative banking at a competitive price.
- Attract and retain quality human resources.
- Extending competitive compensation packages to the employees.
- Firm commitment to the growth of national economy.
- Involving more in micro and SME financing.

2.4 BOARD OF DIRECTORS

Name	Designation
Alhaji Abdus Samad	Chairman
Alhaji Abdus Salam	Vice Chairman
Alhaji Md. Harun-ar-Rashid Khan	Director
Alhaji Nazmul Ahsan Khaled	Director
Alhaji Abdul Malek Mollah	Director
Alhaji Hafez Md. Enayetullah	Director
Alhaji Abdul Moktadir	Director
Alhaji Abdus Samad	Director
Alhaji Abu Naser Mohammad Yeahea	Director
Alhaji Abdus Salam	Director
Alhaji Niaz Ahmed	Director
Md. Ashik Hossain	Director
Engr. Kh. Mesbahuddin Ahmed	Director
Mohammed Emadur Rahman	Director
Md. Rafiqul Islam	Director
Anwar Hossain	Director
Dr. Momtaz Uddin Ahmed	Director
Brigadier General M A Malek (Retd)	Director
Habibur Rahman	Ex-Officio Director

CORPORATE SOCIAL RESPONSIBILITIES

Al-Arafah Islami Bank Foundation

The Bank has a Foundation launching philanthropic activities. Al-Arafah Islami International School & college and Al-Arafah Islami Bank Library are major two wings for launching philanthropic activities.

SERVICE OF THE BANK

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

- The Bank believes in social and philanthropic activities and has established AIBL English Medium Madrasha and AIBL library. More endeavors will inshallah follow in future.
- The bank upholds the Islamic values of establishment of a justified economic system through social emancipation and equitable distribution of wealth.

CHAPTER 3

SWOT ANALYSIS

Strengths:**Capital adequacy ratio:**

As per Bangladesh bank requirement bank has to maintain capital adequacy ratio 10.62%. AIBL maintain an average CAR ratio of 14.4% over the year.

Banking Software:

AIBL use software named ABABIL reached 9th position in global ranking for Islamic Banking Software.

Geographical Business position:

AIBL has wide network of branches in all over Bangladesh. Currently the bank has 148 branches in 7 divisions of Bangladesh.

Good will:

AIBL already earned customer loyalty. The customers of AIBL are highly committed to the Bank.

Quality Human Resource:

AIBL has skilled and quality human resource currently the bank has 3070 employee including 181 executives among them 321 employees is nominated for outside training course viz.

Weakness:

Centralized Management: The major decisions in AIBL are making by the top authority without counseling with the lower level managers.

Non-performing loan: AIBL non-performing loan was increased over the year.

Lack of human recourses: AIBL lack human recourses in the GB and Remittance department as a result customer feel irritated during the rush hour.

Operating system: AIBL still using windows xp in most of their computers.

Lack of ATM booth: AIBL lacks number of ATM booths in all over Bangladesh as a result customer are not satisfied with ATM service provide by the bank.

Lack of promotional activities: AIBL lacks marketing activities compare to other Islamibanksin Bangladesh.

CHAPTER 4

GENERAL BANKING ACTIVITIES

4.1 GENERAL BANKING FUNCTION

General banking is the starting point of all the banking operations. It is the department, which provides da-to-day services to the customers. During my internship I was placed in head office, local branch of Al-ArafahIslami Bank Limited (AIBL).The main sections of the general banking of the branch are:

- Dispatch
- Token
- Account opening section
- Deposit section
- Bills section
- Remittance section
- Clearing section
- FDR section
- Cash section
- Establishment section

4.1.1 Dispatch

- Recording of in ward and out ward mails in the register numbering.
- Affixing appropriate postage stamps,
- Maintenance of postage accounts and telegram charges register etc.
- Advance for P&T charges.
- Return of balance amount and passing of entries at the end of the month.
- Arrangement of post bags etc., their renewal.
- Franking Machine facilities etc.

4.1.3 Accounts Opening Section

4.1.3.1 The salient features of the accounts

- All local and foreign banks in Bangladesh, who are authorized by Bangladesh Bank (BB) to deal in foreign exchange.
- Before opening F.C A/Cs Authorized Dealers will satisfy themselves that the prospective account holder-

- Bangladesh origin

- Neither initial foreign exchange deposit nor introduction is needed for opening the A/C
- The funds in the account can be used for financing import of permitted goods into the country.
- By importers registered with the Licensing Authority.

4.1.3.2 Types of Accounts

There are different types of Accounts of Al-ArafahIslami Bank Limited (AIBL) which are:

- Mudaraba saving A/Cs
- Mudaraba term Deposit A/Cs
- Mudaraba Hajj Saving A/Cs
- Mudaraba Saving Bond A/Cs
- Mudaraba Special Deposit (pension) scheme.
- Mudaraba Special Notice Deposit A/Cs
- Al-Wadeeah Current A/Cs

4.1.3.3 Accounts Opening

- Writing of account opening Registers
- Insurance of monthly statement and cheque book
- Maintenance of Al- Wadeeah Current A/Cs
- Maintenance of MSD, MSS, etc.
- Writing of Transfer of Scroll.
- Preparation of Statement of current A/Cs and MSA A/Cs.

Generally, opening of an account (A/C) by the customer/client begins the contractual relationship between the banker and the customer. In MBL-KBB, when a person desires to open an account, at first he has to confirm the banker that he has an introducer to introduce his A/C.

4.1.3.4 General Account Opening Procedures

- Bank provides “A/C opening form” to the customers
- Applicant fills up the form
- Applicant submits the form dully signed by on introducer and along with necessary documents.
- The authorized officer scrutinizes the application forms and documents submitted.
- Bank preserves the specimen signature card to verify the signature of the applicant.

- Account is opened.

The procedure shown above, are described below:

Introducer

Introducer is a person, who is a valid customer of that particular or any other branch of the Bank maintaining current or saving account. The account opening form and two PP size photographs must be introduced and attested by the introducer who is running/continuing the account at least one year.

Declaration of Nominee:

The applicant will give a declaration about the nominee in the Nomination form by stating the name and father's name, age, address, relation and percentage of share of the nominee (if more than one).

Specimen Signature:

The following particulars to be disclosed by the person who wants to open an A/C before opening of an account

- Name
- Father's Name
- Mother's Name
- Profession (Detail Description with all possible sources of incomes)
- Expected maximum amount of deposit in the account
- Expected minimum amount of deposit in the account
- Copies of passport is to be enclosed
- Copies of TIN certificate, VAT Registration certificates (if any) are to be enclosed.

This form must be properly signed by the person before opening an account.

Initial Deposits:

It is always a common practice among the bankers to allow a new customer to open an account only in cash and MBL-KBB takes Tk. 300 as initial deposit for saving account and Tk.1000 for current deposit A/C.

Operation Instruction/Mandate in writing:

If any party wants his A/C to be operated by somebody else, he will provide the banker in writing statement about the operator.

Verification of documents:

The banker should verify some of the important documents, like TIN (Tax Identification Number, VAT Registration certificate, passport, Memorandum of Association, Articles of Association, Board of Directors Resolution, certificate of Commencement of business, partnership deed (where applicable).

4.1.3.5 Deposit Book, Check Book

The customer is supplied with a deposit book to use for depositing cash or check of bill in to A/C. the customer is also supplied with a check book for drawing money or transferring money from the A/C to other account.

Bankers and customers relationship begins by the opening of an account. The banker must keep on his record the particulars of each account holder and his introducer. Individual or firm intended to open account in the branch applies for opening account in a prescribed form. The applicant himself duly fills in the form and the specimen signature card. Application must submit required documents with application form. Different kinds of documents are needed for different kinds of account.

4.1.2.6 Cheque Book Issue

When a new account is opened and the customer deposits the minimum required money in the account opening form is sent for issuance of a cheque book.

4.1.3.7 Closing of an Account

If any customers want to close his/her account then they can do it easily by submitting an application to the manager or to the branch in charge. The account of the customer is then checked to see how much money is still in it. The customer is then asked to draw a final cheque for the credit amount in the account excluding account close charge and other incidental charges. The customer then surrenders remaining cheques to the respected officer who tear of this cheque.

4.1.3.8 DEPOSIT OR ACCOUNT OPENING PROCESS IN AIBL:

Proceed to open an Al-Wahida current account

The customer will apply through the form supplied by the bank where he has to attach the following paper and documents:

1. Two copy of photograph
2. An introducer, who will verify and identify him,
3. In account of small business firm, Trade License.

4. In case of partnership business, copy of the partnership agreement.
5. In case of public limited company, the certificate of commencement will attach with the application form.

Proceed to open a Mudaraba savings account

It is an easy process where a client has to apply on the form supplied by the bank with

1. Two copy of photo.
2. An introducer, who will verify and identify him,
3. Certificate from commissioner or UP Chairman.

4.1.4 Deposit section

Deposit is the most vital point for any bank. AIBL is not behind it and always searching for deposit. Basically banking business is to collect deposit and borrow it. AIBL collect deposit from different modes and scheme. According to mode and scheme profit rate will differ. Deposit depends on savings. Al-ArafahIslami Bank limited gives special importance on saving.

CHAPTER 5
DISCUSSION AND ANALYSIS

5.0 What Things I have to learn?

In my internship period I have to learn some important things. I have tried to analysis what are factors behind where customers are reliable. Assured and actually they give proper response to the AIBL Factors are given below:

5.1 Various Deposit Scheme of AIBL

AIBL is continuing to encourage increasing the saving habit of the people and trying to increase the deposit by offering different type of profitable scheme.

- Al- Wahida current deposit
- Mudaraba saving deposit
- Mudaraba short term deposit
- Mudaraba monthly term deposit
- Mudaraba Term Deposit for 3 month
- Mudaraba Term Deposit for 6 month
- Mudaraba Term Deposit for 12 month
- Mudaraba Term Deposit for 24 month
- Mudaraba Term Deposit for 36 month
- Mudaraba monthly hajj deposit
- Mudaraba term hajj deposit
- Mudaraba investment term deposit
- Mudaraba profit payable term deposit
- Mudaraba monthly saving investment deposit
- Mudaraba marriage saving and investment scheme
- Al-Arafah saving bond
- Convertible taka deposit

5.2 Available services of AIBL

1. **Cash Deposit:** customer will be able to deposit cash in any branch of AIBL for credit to any account in any branch of the bank.
2. **Cash withdrawal:** customers will be able to withdrawal cash from any branch of AIBL from any account in any branch of the bank.

3. **Fund Transfer:** customers will be able to transfer fund from his account of any branch of AIBL to an account of another branch.
4. **Balance of Inquiry and statement of account:** customers will be able to check balance & get statement of that is maintained at any branch from any other branch.

5.3 INVESTMENT PROCEDURE OF AIBL

The investment of the bank has stood at TK.53, 582.96 million as on 31st December 2010 As against Tk.36, 134.08 (Net off PR) million in the previous year showing an increase by 48.29%.

5.4 SMS BANKING

These services have been introduced to serve the valued clients of the bank. Under this system, the following services are available:

1. **Balance Inquiry:** customers will be able to check balance that is maintained at any branch.
2. **Last few transactions of the account:** customers will be able to get last few transactions of account that is maintained at any branch.
3. **One stop service:** these services customer will be able to get one stop services.

CHAPTER 6
FINDING,
RECOMMENDATION,
AND CONCLUSION

6.1 Findings of the Study

Since I have been working in AIBL since three months last, I have gained much closed experience about the overall activities of the Bank. Though study the investment performance of AIBL I found the following factors:

1. The biggest problem area for Islamic Banks in general & the AIBL in particular is the failure to implement the Islamic modes of investment in its truest sense.
2. AIBL has no investment in public sector as against set plan of 5% of their total investment
3. Al-ArafahIslami Bank is the pioneer of private banking sector.
4. It provides of high quality service to the customer in all area.
5. By virtue of high customer satisfaction bank build strong goodwill.
6. It provides excellence service at comparatively lower charge.
7. Both interest rate on deposit and interest rate on various loans is comparatively lower
8. Special schemes like Monthly saving scheme, Al- ArafahIslami Bank Ltd. Saving scheme are very popular.
9. Modern banking services like online banking, wide range of ATM services is not available.
10. Contemporary security arrangement does not exist.
11. Lack of new feature deposit and loan product.
12. Loan assessment and approval procedure is lingering.

6.2 Recommendations

Through conducting this study I have acquired some practical knowledge about general banking, credit and export import business in Bangladesh and other relevant matters. Now I would like to provide some recommendation, which may be some helpful to promote the export import business of Al-ArafahIslami Bank limited as well as Bangladesh. As per earnest observation some suggestion for improvement of the situation are given below:

- For attracting more clients Al- ArafahIslami Bank Limited (AIBL) has to create a new marketing strategy which will increase deposits and the total export import business.
- It is necessary to start credit card & Online Banking system.
- In case of cash withdrawn by cheque, the cheque has to pass 3 hands, which takes time of the valuable customers. So one stop banking should immediately be launched.
- The employees are cordial enough to help each other when one is overburdened
- The honorable clients should show more patience in getting bank services from the bankers because they deal with dangerous thing-like money.
- Sanctioning loan to the sponsor's carefully through proper making feasibility report.
- Employees of all departments should be smart who can able to give dynamic and timely training to the employees.
- Computer system has already been installed but more internet facilities to be introduced.
- Preserving of documents of different departments to be kept in separately.
- The policy made for implementation to be made until project is completed.
- Mortgaged of loan should be sufficient to recover the sanctioned money.
- The time to prepare a feasibility report should be followed strictly.
- Both primary secondary database of the Al-ArafahIslami Bank limited (AIBL), should be improved and strengthen.

Last of all it can be said that in spite of having some barriers, obstacles as well as limitations Al-ArafahIslami Bank Limited (AIBL) is still growth –oriented, feasible as well as sustainable in the long run.

6.3 Conclusions

Over the year Al- ArafahIslami Bank Limited (AIBL) had Shawn commendable improvement. It was great pleasure for me to do my practical orientation in a bank like Al- ArafahIslami Bank Limited (AIBL), local Branch provides me a wide range of scope to observe the different functions of bank through the cordial assistance of its employee. I had the scope of general banking department. They usually used to give the optimum service to their customers though they have some limitations. If these limitations turn positively by the management the branch may attain the ultimate goal. I am certain that my three months experience of sharing works in the Al- ArafahIslami Bank Limited (AIBL) will help me a lot in my professional life as a banker.

Now the time for Al- ArafahIslami Bank Limited (AIBL). To build in success they have achieved and go on with its mission.

**“Our Goal is
To be the Bank You Choose
To Bank With,
Today, Tomorrow, Every day,
Always Working for You.”**

So, the Economic Development is not only facilitated but its pace is quickened by the appropriate development of the Investment Management system of financial institutions & financial intermediaries in the country.

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ACRONYMS

BB	Bangladesh Bank
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AIBL	Al-Arafah Islamic Bank Limited
BL	Bill of Landing
CC	Cash Credit
C&F	Clearing & Forwarding
CIB	Credit Information Bureau
CRF	Clean Report Findings
EPB	Export Promotion Bureau
ERC	Export Registration Certificate
EXP	Export Form
SB	Saving Deposit
CD	Current Deposit
IBDA	Inter Branch Debit Advice
ID	International Division
IMP	Import Form
IRC	Import Registration Certificate
LIM	Loan against Imported Merchandise
MBM	Masters In Bank Management
OBC	Outward Bills for Collection
PAD	Payment Against Document
DD	Demand Draft
TIN	Tax Identification Number
WAN	Wide Area Network
NGO	Non-Government Organization