



Daffodil
International
University

Internship Report

On

“General Banking Activities of Al- Arafah Islami Bank”

Submitted To

Dr.Md.Abdur Rouf

Assistant Professor of Accounting

Department of Business Administration

Faculty of Business & Economics

Daffodil International University

Submitted By

Farhana Akhter

ID No: 172-14-018

Program: MBA

Major: Accounting

Department of Business Administration

Daffodil International University

Table of Contents

SL	Particulars	Page No.
	Chapter 1: Introduction	
1.1	Introduction	
1.2	Background of the Study	
1.3	Origin of the Report	
1.4	Scope of the Study	
1.5	Objective of the Report	
1.6	Methodology	
1.7	Limitation of the Report	
	Chapter 2: Overview of the Company	
2.1	Origin & History	
2.2	Vision & Mission	
2.3	Company Profile at a Glance	
2.4	Map Showing Branches of AIBL	
2.5	Products and Benefits of AIBL	
2.6	Performance at a Glance in the Last Five Year of AIBL	
2.7	AIBL Profit Growth	
	Chapter 3: Internship Activity List	
3.1	Actual Task Part	
3.2	Accounts Opening	
3.3	Closing Account	
3.4	Receive Cheque requisition	
3.5	Cash Collection	
3.6	Bills Remittance Department	
3.7	Pay Order Issue	
	Chapter 4: Banking Activities of AIBL	
4.1	General Banking	
4.1.1	Account Opening Section	
4.1.2	Cash Section	
4.1.3	Books maintained by this section	
4.1.4	Cash Receipt & Cash Payment Section	
4.1.5	Cheque Clearing Section	

4.1.6	Remittance	
4.1.7	Foreign Remittance	
4.1.8	Local Remittance	
4.2	Types of Account Opened in AIBL	
4.3	SWOT Analysis of GB	
4.4	Investment	
4.4.1	Investment Styles of AIBL	
4.4.2	Investment Section of AIBL	
	Chapter 5: Findings, Recommendation and Conclusion	
5.1	Findings	
5.2	Recommendation	
5.3	Conclusion	
	References	

CHAPTER 01

INTRODUCTION

Introduction

Banking sector is very essential in a modern society. It plays a big role in the economic development of a country. Now-a-days it is expanding its hand in different financial events. It is becoming faster, easier and the banking arena is becoming wider. Banking systems hold an important place in a nation's economy. Banking is the backbone of an economy. All sorts of economic and financial activities revolve round the axis of the bank.

. Islamic Bank' activity follow on Islamic Shariah and all types of transactions are free from interest. Islami Bank does not pay interest to depositor. Instead depositors participate in the profitability of the bank. Justified profit is the basis of financial transaction of this bank.

Al-Arafah Islami Bank Limited (AIBL) is a financial institution. Its status, rules and procedures show commitment to the principle of Islamic Shariah. It is one of the progressing Islamic banks in Bangladesh. Al-Arafah Islami Bank Limited started its activity in 1995. The bank has opened 154 (till now) branches covering important commercial areas in the country. Due to high demand of better service, all banking organizations are coming with different ideas & products. In order to survive in this competitive sector, all banking organizations are looking for better service opportunities to provide their valuable customers.

Background of the Study

As a Masters of Business Administration (MBA) student, everyone has to work as an intern for three months in any organization. The main purpose of this compulsory internship program is to provide real-world experience that enables student to put everything they have learned into action. The study has been conducted to acquire practical knowledge about general banking operations. Practical experiences make theoretical learning more fruitful. For the requirement of the course, the internship report entitled “**General Banking Activities of AIBL**” has been prepared as an outcome of the internship of 03 months in AIBL, Hemayetpur Branch.

Origin of the Report

To learned scope with the changing world only theoretical knowledge is not enough for a student. They need to learn from real life experience which can be acquired through an internship program. As an internship program provides both theoretical and practical knowledge. It is helpful for handling various problems that would the originated from real life business situation. To know about corporate life, this internship program is mandatory for every student of Master of Business Administration (MBA) at the end of the program as the requirement to Master degree. In this regard, I got a chance to complete my internship program in Al-Arafah Islami Bank Limited, Hemayetpur Branch. My internship tenure started from 21.09.2018 and ended on 21.12.2018. A respective supervisor is assigned for instructing and guiding me during this period. This report has been prepared to explain the theoretical and practical knowledge I acquired from this internship tenure. This report has been prepared on “General Banking Activities of Al-Arafah Islami Bank Limited: A case study on Hemayetpur Branch”. The management of the bank is conducting enough as they help me to prepare this report by giving their suggestions, assistance and information.

Scope of the Study

It was glad to me I was posted as an intern Al- Arafah Islami Bank Limited. My branch supervisor moved to work in General Banking section. Employees are very much caring to their customers. I have in all the desk of general banking department of Al-Arafah Islami Bank Limited. I could get the opportunity to work in foreign exchange department, cash department and investment department.

Objectives of the Report

Primary Objectives

Primary objectives of the report are to understand & describe general Banking activities which are performed by AIBL.

Specific Objectives

Specific objectives of the study are:

- To know about different forms of accounts and schemes that can be opened with AIBL and its benefits.
- To analyze general banking procedure of AIBL.
- To understand various product and services.
- To know the competitive strength and weakness of the bank.
- To identify problems related with general Banking Activities of AIBL
- To make some recommendations based on the findings to overcome the problems.

Methodology

Sources of Data Collection

The report is prepared on basis of information collected from primary and secondary sources. For preparing this report, The secondary information is collected from AIBL archive, annual report, magazines and staff of the bank and primary data collected from Banks official as well as Customers. Major information's was collected from secondary sources.

Primary Sources

- Day to day operation with bank staff
- Direct dealings with customer in the bank
- Personal involvements in the activities of bank
- Observations of the bank and its environment
- Daily activities during internship

Secondary Sources

- Files and documents of the branch.
- Different papers and prescribed forms related to account opening.
- Official website of Al-Arafah Islami Bank Limited
- Google search.
- Prior research report.
- Online articles
- Bank rate sheet

Data Collection Method

- Observation Method.
- Personal Interview Method.

Limitation of the Report

The limitations of the report are

- Internship of three months for gathering much theoretical knowledge & information is not enough.
- Many required data is not presented in the website of the Bank and its website is not that much rich & informative.
- The employees of the bank are so busy that they could hardly provide little time to discuss with.
- Every organization has their own secrecy that is not revealed to others.
- Lack of knowledge, experience and expertise in banking field that's why it becomes hard to understand each and everything during in particular program.

CHAPTER 02

Overview of the Organization

2.1 Origin & History

1. It is a private limited company.
2. It is commercial bank.
3. Opening ceremony held on 27 September, 1995.
4. There are 165 branches in AIBL.
5. The equity of the bank rise at Tk. 9647.50 million.
6. AIBL manpower was 1711 and the number of shareholder was 49486.
7. AIBL strictly avoiding interest.
8. AIBL is not only to earn profit, but to do good and welfare to the customer.
9. AIBL gives a fixed amount of investment income to the customers.
10. AIBL is committed to establish justice in the economy, trade commerce and industry.
11. ABIL remained at Tk. 3415 million, the labors are 1805 and investors are 12461.
12. 100 percent paid up capital is being owned by original shareholder.
13. New product is the instrument of the bank to achieve success.

Capital Structure:

Authorized Capital: Tk.5000.00 crore

Paid Up Capital: Tk.4677.28 crore

Branches of AIBL:

165 branches of AIBL:

Local: 78 branches

Rural: 28 branches

Urban: 34 branches

Regional: 11 offices

Principle: 19 offices

Vision &

Mission Vision

AIBL is to be a pioneer in Islamic banking in Bangladesh and contribute altogether to the growth of the national economy.

Mission

- Use the latest technology to give quality full financial service.
- Provide customer service.
- Maintain business ethics in high standard

Company Profile at a Glance

- **Name of the organization** Al-Arafah Islami Bank Limited
- **Date of Legal Identity** 18th June 1995
- **Head office** Al-Arafah Tower,63 PuranaPaltan
- Dhaka-1100, Bangladesh
- **1st Branch** Motijheel Branch, Dhaka

-
- **Authorized Capital** 15,000.00 Million
 - **Paid-up Capital** 9,943.06 Million
 - **Number of Branches** 154
 - **Number of Employees** 3,446
 - **Number of Shareholders** 30,386
 - **Logo**



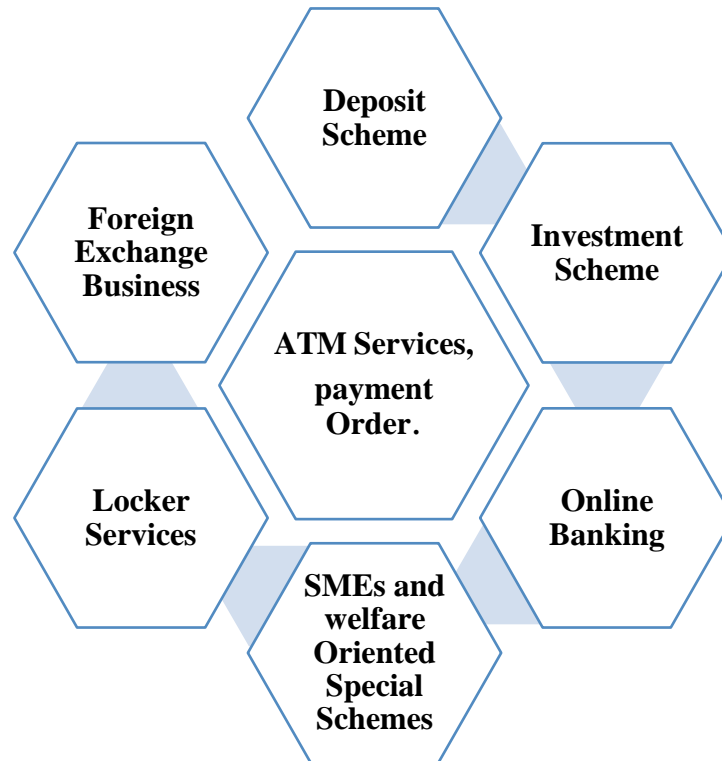
Map Showing Branches of AIBL



Name of Zone	Dhaka	Chittagong	Sylhet	Khulna	Bogura
Branches No.	83	22	11	25	13

Products and Benefit of AIBL

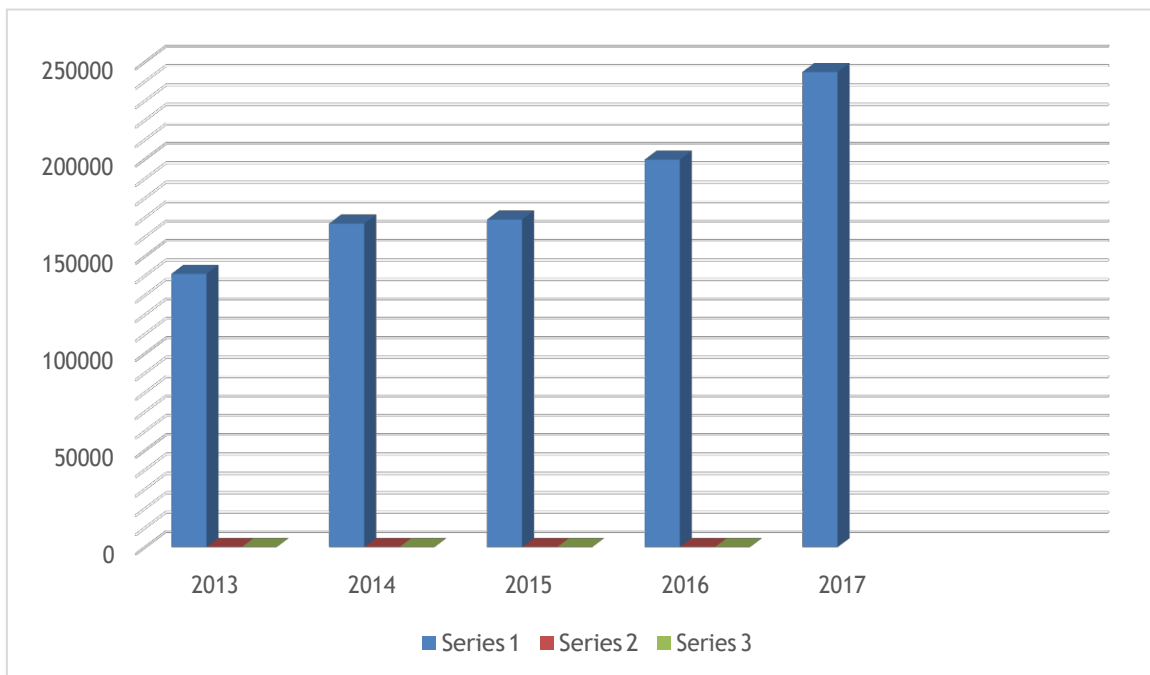
The products & benefits implement by the AIBL are given bellow:



Performance at a Glance in the Last Five Year of AIBL (Figure in Million)

Particulars	2013	2014	2015	2016	2017
Authorized Capital	15000	15000	15000	15000	15000
Paid up Capital	8,343.25	9,469.58	9,469.58	9,943.06	9,943.06
Shareholder's Equity	16,091.17	18,159.52	18,159.52	21,337.48	22,520.68
Deposit	140,980.55	166,851.17	169,887.08	199,703.92	244,806.26
Investment	125,715.39	146,740.37	162,503.14	196,519.38	235,905.23
Import	85,915.00	101,244.70	107,049.80	118,786.60	156,700.00
Export	68,980.30	75,843.90	79,362.90	88,152.20	104,540.00
Total Income	17,966.32	19,725.91	18,568.00	18,830.15	20,491.03
Total Expenditure	2,667.14	3,261.57	3,646.78	4,152.93	5,308.42
Profit bef. Tax and Provision	4,948.56	6,333.45	6,360.15	7,511.03	6,955.77
Profit aft. Tax and Provision	2,276.68	2,324.95	2,465.88	3,349.40	3,169.50
Total Assets	173,161.63	210,439.01	229,106.66	272,900.04	319,255.29
Fixed Assets	2,517.22	2,661.11	3,057.38	3,240.18	3,260.38
Earnings per Share	2.46	2.20	2.25	3.07	3.15
Dividend	13%	14%	10%	20%	15%

2.7 AIBL Profit Growth:



Chapter 3

Internship Activity List

Actual Task Part

Last three month in my internship, I got some duties in AIBL, Hemayetpur Branch. I work in general banking section. General banking has given information about different types of AIBL service like given information about different types deposit and organized rules.

Account Opening

Account opening is the first stage of a customer. By opening account a customer get the service from bank. It is very important issue for AIBL as like commercial bank. Without opening account customers not have any banking services. Every employees of AIBL give his high Quality to his customer.

- MSD
- FDR
- STD/DPS
- CD

I used to help customers to fill up the account opening form. Also provided information the types of papers they need to open a particular account.

Closing Account

Customer who have deposit account but when for some financial reasons they failed to maintain it, they usually break through the account. My duty was to check the papers that they have submitted and forward it to account division. Customer accounts are closed for many reasons.

Cheque Requisition Receive & Providing Cheque

Customers who open new bank account have entitled to receive a cheque book after one week of account opening. I used to collect account number from them, verified it and issue a new cheque for them.

Cash Collection

In cash counter I used to collect cash from customers that they used to deposits in Monthly Saving Accounts.

Bill Remittance Department

It is very important and interesting department. This department work to transfer money from one branch to another branch. Everyday six drafts issued from this department. This department also deals with T.T. transfer of money.

Pay Order Issue

Pay order has been issued for this person who doesn't want money carrying risk. It much secures then cash money.

CHAPTER 04

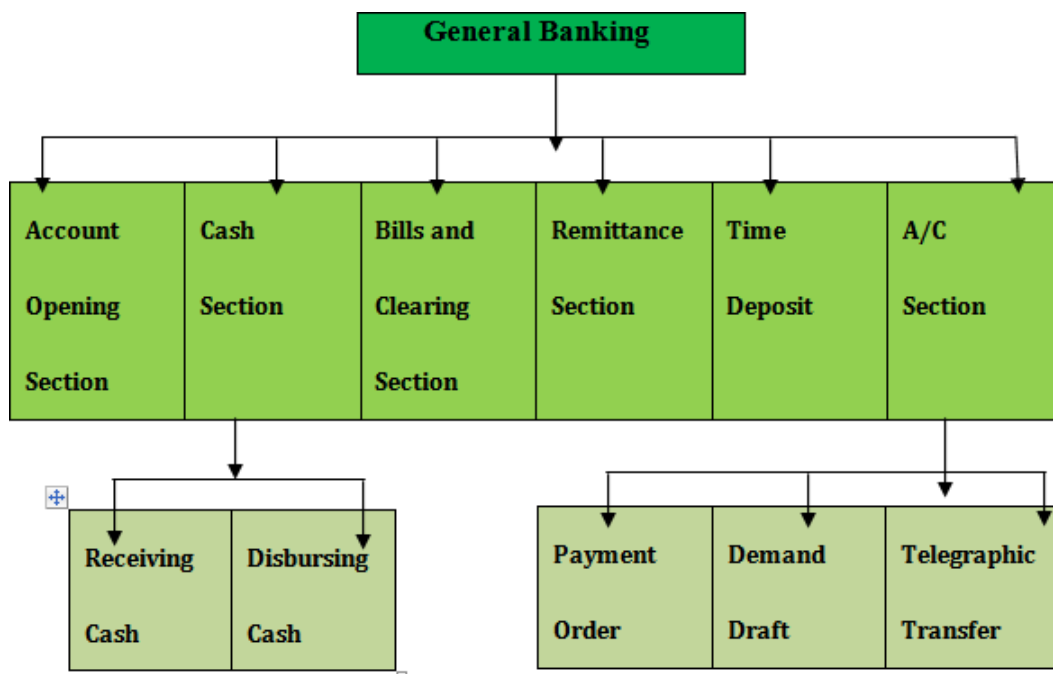
General Banking Activities of AIBL

General Banking

First point of all the banking procedures is general banking. It is considered as the direct customer service center. Through general banking activities, bank provides day-to-day services to the customers. There are many activities involved such as opening various type of accounts, remittance, bank drafts and pay orders, issue and dispatches cheques and so on.

This department aids in taking deposits and in the same time it also provides some ancillaries services. There are different sections in AIBL to handle general banking activities. In AIBL, there are the following sections for handling the general banking activities of the bank.

- Accounts Opening Section
- Cash Section
- Cheque Clearing
- Remittance



Accounts Opening Section

This section opens accounts. When a customer wants to make savings on or take loan from or keep something valuable in the custody of a bank then he/she is required to open an account with that bank. So, Bank is very much conscious in selecting its customer because there are many fraud people dealing with illegal activities through bank. The following functions are done by the account opening section-

- Opening of accounts.
- Transfer of accounts &
- Closing of accounts

Cash Section

The important section of the branch is cash department. It deals with all types of cash transactions. This department starts the deal with cash in vault. Each day some cash that is opening cash amount are sent to the cash officers from the cash vault. Opening cash balance is adjusted by cash receipts and cash payments. This balance is called closing balance. This amount is added to the vault. This is the final cash balance for the bank at the end of the day.

Books maintained by this section

- Vault Register
- Cash Receipt Register
- Cash Payment Register
- Rough Vault Register
- Cash Balance Book

Cash Receipt & Cash Payment Section:

Cash Receipt:

- ✚ Deposits Received in form of cash
- ✚ Money Collection done only by receipts forms.

Cash Payment:

- ✚ Against cheque cash payment performed.
- ✚ Printed valid cheque required for payment.

Cheque Clearing Section

Cheque clearing section of AIBL following three steps:

- 1) Receives cheque
- 2) Demand draft
- 3) Pay order

Three types of payment scope:

- ✚ Within the Dhaka city
- ✚ Outside the Dhaka city
- ✚ Their Own branch

Cheque collected by clearing section:

- Local Bills
- Outward Bills
- Cheque transfer

Clearing House:

There are two types of clearing house such as:



Outward



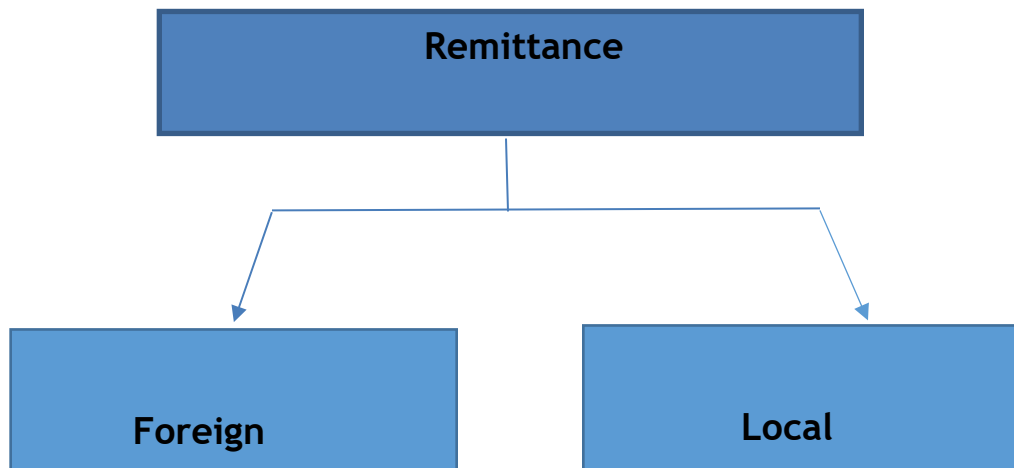
Inward

Remittance



- ✚ Sending money from one place to another through post and telegraph with some charges is called remittance.
- ✚ It is an earning source of every bank.
- ✚ Al-Arafah Islami Bank Ltd. operates both the foreign and local remittance to serve its customers.
- ✚ This is an important part of country's payment system.
- ✚ People can transfer their funds from one place to another place very quickly.

✚ Two types of remittance. Such as Local and Foreign



Foreign Remittance

- ✚ Sending money from one place to another outside the national boundary.
- ✚ By receiving and paying their incoming foreign remittance in the form of local currency.
- ✚ Internationally authorized agents have deal with the bank for this service.
- ✚ There are two types of foreign remittance:
 1. Inward foreign remittance
 2. Outward foreign remittance

- **Procedures of foreign remittance system are given below**



-

Local Remittance

✚ Transfer money of customers in the form of remittance from one place to another and from one person to another inside and outside the national boundary.

✚ There are some techniques for collecting local remittance.

These are:

1. Pay Order (PO)
2. Demand Draft
3. Telegraphic Transfer

Types of Accounts Opened in AIBL

Types of deposit account-

1. Savings Deposit
2. Current Deposit
3. Short Notice Deposit
4. Foreign Currency Deposit
5. Garments Worker saving Deposit
6. Monthly Installment Term Deposit
7. Monthly Hajj Deposit
8. Shadin Term Deposit
9. Pension Deposit
10. Lakhaproti Deposit
11. Milliner Deposit
12. Kotipoti Deposit

SWOT Analysis of GB

Strengths

- AIBL already achieved goodwill among the client.
- The bank has earned customer loyalty as different customized services delivered to the customers as per their need.
- Bank activities are conducted according to Islamic law
- AIBL have a number of deposit
- Skilled manpower
- SMS facilities

Weaknesses

- Online system is not that much strong.
- So many areas of the country are still out of AIBL's network.
- Few number of ATM booths.

. Opportunities

- Have much favorable client than other commercial bank.
- Scope of banking operation is widening day by day.
- There are more opportunities in different deposits.
- Use upgrades Technology.

Threats

- Competitors have more attractive deposit schemes
- Similar products and advantages can be offered by local competitors to capture huge market share.
- Political unrest condition.
- The central bank change rules and regulations which may create problem.

Islamic Investment

✚ Islamic investment depicts any such financing which Islamic bank performed according to principle of shariah or as per the shariah approved models like mudaraba, musharaka and so on.

✚ Two types of investment:

1. Installment base

- House building (R-E)
- House building (Residential)
- House Building (Commercial)
- Transport
- Car Loan
- Other Loan

2. Non- Installment base

- SME (Small and Medium Enterprise)
- MEF (Medium Enterprise finance)
- Corporate investment

❖ Micro-credit Investment

- Rural people
- Seed, cow, agriculture
- Small industries

Investment Styles of ABBL

- Bai-Murabaha
- Bai-Salam
- Bai-Muajjal
- Istisna
- Mudaraba
 - Restricted
 - Unrestricted
- Musharaka
- Hire Purchase under Shirkatul Melk
 - Shirkat
 - Ijarah
 - Sale

Investment Section of AIBL

Investment department are divided into three parts such as

- Monitoring
- Recovery
- Appraisal

CHAPTER 05

Findings, Recommendation & Conclusion

Findings

- The main part of AIBL is deposit.
- Its profit rate lower than other commercial bank.
- AIBL online system not much strong and develop.
- AIBL have not much branches which enough for country.
- Due to lack of ATM booth service, the bank is not able to attract more new deposits.
- Customer is able to know their account balance by SMS banking.

Recommendation

- ✚ When a customer opens a new account then a cheque book can be delivered at that time in name of welcome account with containing 5 pages.
- ✚ AIBL should increase the number of its own ATM booths in important places to attract new customer to open account and to help flourishing its operation and increasing customer satisfaction.
- ✚ The number of branches of the bank should be extended even in the remote areas of the country with a view to grabbing a large pool of customers.
- ✚ The bank should provide its employees with regular training and development program to increase efficiency in general banking activities.
- ✚ The bank should pay the intern to motivate their performance.
- ✚ They should give more attention in increasing the deposit in different account

Conclusion

Al-Arafah Islami Bank Ltd. is a new generation Bank. It is committed to provide high quality financial services/products to contribute to the growth of G.D.P of the country through stimulating trade and commerce, accelerating the pace of industrialization, boosting up export, creating employment opportunity for the educated youth, poverty alleviation, raising standard of living of limited income group and overall sustainable socio-economic development of the country. This is not so far when it will be in a position to overcome the existing constraints and it may be expected that by establishing a network over the country. I had the privilege to learn many things from the general banking through my active involvement in this branch. In this paper I have tried to highlight General Banking activities of AIBL Bank.

I joined as an intern in AIBL, Hemayetpur Branch for three months to get practical experience. I was able to learn many things and gather a brief knowledge about the current situation of the banking sector of Bangladesh. I got a real communication skill in the office to expand my confidence level. Work experience of 03 months as an intern helped me to gather knowledge as well as helped to prepare a complete internship report.

References

- Ahamed, A. (1995). *The Evolution of Islamic Banking*. In *Encyclopedia of Islamic Banking and Insurance*. London: Institute of Islamic Banking and Insurance.
- Internship Report On “General Banking, Investment Mode & Foreign Exchange Activities of Al-Arafah Islami Bank Limited” | Deposit Account | Financial Transaction. (2018). Retrieved from <https://www.scribd.com/document/238882584/Internship-Report-On-General-Banking-Investment-Mode-Foreign-Exchan>
- MMM, M. (2015). E-Banking Service Quality and Customer Satisfaction of a State Owned Schedule Bank of Bangladesh. *The Journal of Internet Banking and Commerce*, 01(s2) doi:10.4172/1204-5357.s2-009
- Nazirul Islam Sarker, M. (2015). An Impact of Banking Activities of Private Commercial Islamic Bank to Economic Development in Bangladesh: A Case Study on First Security Islami Bank Limited (FSIBL). *Journal of Investment and Management*, 4(5), 264. Doi: 10.11648/j.jim.20150405.28
- Papon, M. (2018). General banking activities of Al-Arafah Islami Bank limited. Retrieved from https://issuu.com/md.papon/docs/general_banking_activities_of_Al-Arafah