

An Analysis of the Retail Credit Management of Al-Arafa Islami Bank Ltd. at- Elenka Branch



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University

**“An Analysis of the Retail Credit Management of Al- Arafa Islami
Bank Ltd at- Elenga Branch.”**

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Letter of Transmittal

25th June, 2020

Professor Mohammed Masum Iqbal, PhD

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Faculty of Business and Entrepreneurship

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Subject: Submission of the Internship Report.

Dear Sir,

It is a great pleasure for me to submit my internship report on “**An Analysis of the Retail Credit Management of Al- Arafa Islami Bank Ltd at- Elenga Branch.**” I have prepared this report as a partial fulfillment of the semester.

I have attempted my level best to set up this report to the necessary standard. It was surely an extraordinary open door for me to compose on this paper to complete my hypothetical information in the practicum field.

I offer my heart full thanks to you to experience this report and make your important remarks.

Yours truthfully,

Md. Mintu Sarkar

ID: 191-14-108

Program: MBA

Major in Finance

Daffodil International University

Acknowledgement

As a matter of first importance I might want to offer my thanks to the Almighty Allah, whose imperceptible direction helped me to finish this report.

This report has not only given me some precious experience, at the same time it has made me grateful to some extremely helpful and knowledgeable people. By working there as an intern, I have learnt so many things which are very helpful for me in future.

At the very beginning, I want to thanks my academic supervisor **Professor Mohammed Masum Iqbal, PhD.** sir who encouraged me to make this report and also provided me all necessary helps and guidance. He was very helpful and friendly person.

Finally, my deepest appreciation and special thanks goes to official supervisor **Md. Anowarul Alim Khan (Manager)**, for extending his support in completing this report. Who helped me a lot during my internship period with valuable advices, guidance and necessary information?

And last but not the least; I would like to thank all the personnel working at SBL. They made the environment congenial and favorable for me to understand the task. Without their assistance and co-operation, this report might not have seen the light of day.

I also apologize heartily for any omitted name whose contribution was also complementary for any possible aspect.

Supervisor Declaration

This is to certify that **Md. Mintu Sarkar** bearing ID number **191-14-108**, Program-**MBA**, Major in **'Finance'**, Department of Business Administration, DIU- University has completed his internship entitled **“An Analysis of the Retail Credit Management of Al- Arafa Islami Bank Ltd at- Elega Branch.”** Tangail under my supervision. He has always maintained communication with me and has taken necessary advice from me to prepare this report. Finally, under my guidance and supervision, he has successfully prepared this internship report on **“An Analysis of the Retail Credit Management of Al- Arafa Islami Bank Ltd at- Elega Branch.”** in semester Spring-2020.

Professor Mohammed Masum Iqbal, PhD
Dean, Main Campus
Faculty of Business and Entrepreneurship
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Student Declaration

I am **Md. Mintu Sarker** student of Master of Business Administration (**MBA**), under the Business Administration at DIU—University declaring that this internship report on the topic of **“An Analysis of the Retail Credit Management of Al- Arafa Islami Bank Ltd at- Elenga Branch.”** have been prepared only for the fulfillment of the semester as the partial requirement of the Master of Business Administration (**MBA**).

I hereby, declare that this report has been solely prepared by me and to the best of my knowledge and experience which was gathered through work in SBL. It has not been prepared for any other purpose, reward, or to present anywhere.

Thanking you,

Md. Mintu Sarker

ID # 191-14-108

Program: MBA

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Executive Summary

I have prepared my internship report based on the three months long internship program that I have successfully completed in Al-Arafa Islami Bank Ltd. Largest private Bank in Bangladesh as a requirement of my MBA program in Daffodil International University. This report is focus on financial statement analysis of AIBL.

The first chapter shows different aspects of report like introduction, objective of the report, scope of the report, limitations.

In Second chapter shows company overview. In this section different important data about AIBL. Is provided like Background of the organization, corporate information of the organization, corporate governance, mission, vision, Products and services, Porter's five forces and SWOT analysis.

The Third chapter is all about the project. Definition of loan, retail loan procedure and management systems, rules and regulation of Bangladesh Bank, importance, types and procedure of AIBL.

The chapter four shows the analysis part that I have collected the data from Al-Arafa Islami Ltd. at- Elenga Branch employees.

In chapter five I mentioned Findings and Recommendations, Conclusion, References.

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Abbreviation

Short Name	Full Meaning
Ltd	Limited
AIBL	Al-Arafa Islami Bank
BOD	Board of Directors
MD	Managing Directors
DMD	Deputy Managing Directors
GM	General Manager
DMG	Deputy General Manager
AGM	Assistant General Manager
SPO	Senior Principal Officer
SWOT	Strengths, Weaknesses, Opportunities, Threats

Part 1

Introductory Part

1.0 Introduction to the Report

This report based on “**An Analysis of the Retail Credit Management of Al- Arafa Islami Bank Ltd at- Elenga Branch.**” Money related establishment and banks assume a significant job in monetary entomb intervention and along these lines add to the general development in the economy. By and by the money related framework in Bangladesh comprises of the national bank, nationalized business/particular banks, private banks, outside banks and other non-bank monetary establishment. This report depends on one business Bank that is the Al-Arafah Islami Bank Ltd or AIBL.

The primary goal on this report is about Al-Arafah Islami Bank Ltd. The patrons with the money related foundation are commonly top endeavor characters just as prominent industrialists with the area acquiring limits in different pieces with the country's financial framework. One of a few errands with the organization were being to supply the clients together with top quality fiscal organizations with the assistance of the most recent advancements, and give inventive checking organizations from serious costs. So, I have prepared my internship report on “**An Analysis of the Retail Credit Management of Al- Arafa Islami Bank Ltd at- Elenga Branch.**”

1.1 Objectives off the Study:

- To identify the retail credit product of AIBL, Elenga Branch;
- To explain create approve process of AIBL.
- To illustrate the recovery process of AIBL.
- To identify the problem that has faced customer of AIBL.
- To make some suggestion to change the strategy of AIBL.

1.2 Scope of the study:

This report is based on my practical work experience with AIBL. It will also help the students to reduce the distinction between realistic and hypothetical knowledge. This report significantly helped me a lot to understand the atmosphere and environment of an organization. As I am an internee of AIBL, I have access to many different sectors like account opening, accounting opening signature verifying, clearing, cheque division, pay order writing, accounts, card division, pension payment etc. It was almost impossible for me to learn everything about all banking sectors as it was a large financial sector with limited time and all are confidential because it is a big branch.

This study in fact taken within its canvas of Al- Arafa Islami Bnak Ltd. as a whole though the internship was done in Elenga Branch, Tangail. While preparing this report, I have a great opportunity to have an in-depth knowledge of the banking activities practiced by AIBL. The research will deal to find why customers interested to take teachers loan and how many customers have been involved teachers' loan by AIBL. This report will focus on **“An Analysis of the Retail Credit Management of Al- Arafa Islami Bank Ltd at- Elenga Branch.”**

1.3 Methodology

To finish this report I've followed a precise report which incorporate working, reviewing and conversing with the administrators at various degrees of the association to know the current situation of the financial practice. To encourage make the report progressively important and adequate two wellsprings of information and data have been utilized generally.

The primary sources which are as follows-

- Unceremonious discussion with the customer.
- Realistic work exposures from the various work areas of the different divisions of the Branch secured.
- Relevant document concentrate as gave by the official's concerned.
- Face to confront discussion with the Executives and officials of bank.

The Secondary Sources of data and information are as follows-

- Annual Report of Al-Arafah Islami Bank Ltd.
- Periodicals published by Bangladesh Bank
- Various books, articles, compilations etc., regarding general banking functions.
- Websites
- Statement affairs.

1.4 Limitation of the Study

In this internship period I have faces some problems to collecting report information and faces some differences. This restriction create problem to gaining knowledge about some areas of bank. Some statement of problems is:

- ❖ Difficulty to understand customer needs who is uneducated.
- ❖ Restricted to go in cash side.
- ❖ Lunch time is not fixed
- ❖ Value of the customers is different.
- ❖ Not given permission all areas to work, some government allowance areas are not allowed to work.

Part 2

Organizational Part

2.1 Background of the Organization:

Islam gives us a total way of life. Primary target of Islamic way of life is to be fruitful both in our human and undying life. Accordingly in each part of our life we ought to follow the teaching of Al-Qur'an and way of life of Hazrat Muhammad (Sm.) for our preeminent achievement. Al-Arafah Islami Bank began its excursion in 1995 considering the said standards and to present a cutting edge banking framework dependent on Al-Qur'an and Sunnah.

Al-Arafah Islami Bank joined in Bangladesh as a financial organization in 1995 with constrained obligation by shares. It began business on 27 September of that year with an approved capital of Tk 1,000 million. At beginning, its settled up capital was Tk 101.20 million partitioned into 101,200 standard portions of Tk 1,000 each. 23 supporters of the bank bought in the complete gave capital. In 2000, the settled up capital of the bank expanded to Tk 253 million, of which Tk 126.50 million were paid by the advertisers/patrons and Tk 126.50 million by the overall population. The bank is recorded in the two of the nation and has offered 126,000 offers for membership and trading by general society. Al-Arafah Bank is a premium free Shariah bank and its business as usual is considerably unique in relation to those of customary business banks. The bank in any case, renders a wide range of business banking administrations under the guideline of the Bank Companies Act 1991. It directs its business on the standards of musharaka, Bai-Murabaha, bai-muajjal and contract buy exchanges. A Shariah Council of the bank keeps up consistent watchfulness to guarantee that the exercises of the bank are being directed by the statutes of Islam.

A gathering of set up, devoted and devout characters of Bangladesh are the engineers and executives of the Bank. Among them a prominent Islamic researcher, market analyst, essayist and ex-official of Bangladesh government Mr. A.Z.M Shamsul Alam is the author administrator of the bank. His dynamic initiative and consistent motivation gave a lift to the bank in getting a solid footing in the money related market of Bangladesh. I was provided with the topic **“Analyzing the Effectiveness of SME Banking of Sonali Bnak Ltd- at Tangail Bazar Branch”**.

2.2 Board of Directors:

Sl No	Name	Designation
1	Alhajj Abdus Samad	Chairman
2	Alhajj Abdus Salam	Vice- Chairman
3	Hafez Alhajj Md. Enayet Ullah	Chairman, Executive Committee
4	Alhajj Salim Rahman	Vice- Chairman, Executive Committee

5	Alhajj Md. Liakat Ali Chowdhury	Chairman, Risk Management Committee
6	Janab Md. Amir Uddin PPM	Independent Directors and Chairman, Board Audit Committee
7	Alhajj Nazmul Ahsan Khalid	Directors
8	Alhajj Abdul Malek Mollah	Directors
9	Alhajj Md. Anowar Hossain	Directors
10	Alhajj Badiur Rahman	Directors
11	Alhajj Engr. KH. Meshahuddin Ahmed	Directors
12	Alhajj Ahamedul Haque	Directors
13	Alhajj Abu Naser Mohammad Yeahea	Directors
14	Alhajj Niaz Ahmed	Directors
15	Alhajj Md. Emadur Rahman	Directors
16	Alhajj Badsha Meah	Directors
17	Alhajj Md. Haroon	Directors
18	Alhajj Md. Harun-ur-Rshid Khan	Nominee Directors
19	Janab Khalid Rahim	Independent Directors
20	Jb.M. Kamaluddin Chowdhury	Independent Directors
21	Farman R Chowdhury	Managing Director

Table 1: Board of Directors

2.3 Mission & Vision:

Mission

- To dispatch a government assistance situated financial framework.
- To contribute through various modes that are satisfactory under Islamic Shariah.
- To permit client stores on the benefit misfortune sharing premise.

- To perform premium free banking.
- To discovered participatory banking as opposed to relying upon indebted person loan boss relationship.
- To show camaraderie and demonstrable skill.
- To give great monetary administrations in fare and import exchange.
- To keep up corporate and business morals.

Vision

To be the pioneer bank in the financial field of Bangladesh under the Shariah rules and contribute essentially to the national economy.

2.4 Special features of the AIBL

As an Islami bank, we are solitary in each positive angle. We give a lot of condition of-craftsmanship banking administrations inside the wide section of Shariah. We are special with our items, exacting with our guideline and inflexible with our trustworthiness. Here are some unique highlights of us that make us striking in Islami banking area. All activities of AIBL are conducted under a profit/loss based system according to Islamic Shariah to get the nation rid of Usury.

- Its speculation strategies under various modes are completely Shariah agreeable and all around observed by the leading group of Shariah Council.
- During the year 2007, 70% of the venture pay has been dispersed among the Mudaraba investors.
- In 2008, AIBL has remembered web based banking for its wide scope of administrations. Bangladeshi programming has been acquainted right now advance the neighborhood engineers.

- AIBL consistently organizes its AGMs (Annual General Meeting). At whatever point required EGMs (Extraordinary General Meeting) are likewise organized.
- We consistently deliver the profit to our esteemed investors. For the time of 2007, we announced 20% reward profit to our investors.
- We have faith in offering devoted types of assistance to the customers permeated with Islamic soul of fellowship, harmony and crew.
- The bank is focused on setting up a government assistance arranged financial framework to address the issues of low pay and oppressed class of individuals.
- The Bank maintains the Islamic estimations of the foundation of a defended financial framework through social liberation and fair appropriation of riches.
- Following the Islamic conventions, it is aiding the financial advancement of the socially denied individuals; in the making of work openings and in the advancement of rustic zones to guarantee a reasonable improvement of the nation.
- The Bank puts stock in social and altruistic exercises and has built up AIBL English Medium Madrasha and AIBL Library. More undertakings will inshallah follow in future.

2.5 Products of AIBL as an Islamic bank

The AIBL (Al-Arafah Islami Bank Ltd) offers their clients general financial offices, which guarantees the wellbeing of their cash. Finishing are the manners in which banks gather their stores from the customers:

1. AI-WADIA CURRENT DEPOSIT (CD)
2. MUDARABA SHORT NOTICE DEPOSIT (MSD)
3. MUDARABA SAVINGS DEPOSIT
4. MUDARABA TERM DEPOSIT (MTD)
5. DEPOSIT UNDER OTHER SCHEMES

6. MONTHLY PROFIT BASED TERM DEPOSIT (PTD)
7. MONTHLY INSTALLMENT BASED TERM DEPOSIT (ITD)
8. MONTHLY INSTALLMENT BASED HAJJ DEPOSIT (MHD)
9. ONETIME HAJJ DEPOSIT (THD)
10. MARRIAGE & INVESTMENT DEPOSIT (MIS)
11. AL-ARAFAH SAVINGS BOND (ASB)
12. FOREIGN CURRENCY DEPOSIT (FCD)
13. PENSION DEPOSIT SCHEME (PDS)
14. CASH WAQFA DEPOSIT SCHEME (CWD)
15. MUDARABA MILLIONAIRE DEPOSIT SCHEME
16. MUDARABA DOUBLE DEPOSIT SCHEME
17. MUDARABA LACPOTI DEPOSIT SCHEME
18. MUDARABA KOTIPOTI DEPOSIT SCHEME

2.6 Management of AIBL

The board is the way toward arranging, driving and controlling crafted by associations individuals and of utilizing all accessible hierarchical assets to arrive at expressed authoritative objectives.

The quality of a bank relies upon the quality of its supervisory crew. Al-Arafah Islami Bank Ltd. is glad to have a group of profoundly energetic, knowledgeable and experienced administrators who have been contributing significantly to the proceeded with progress of the bank. The administration is capably bolstered and helped by very much inspired and experienced officials and individuals from staff.

2.7 Human Resource Department of AIBL

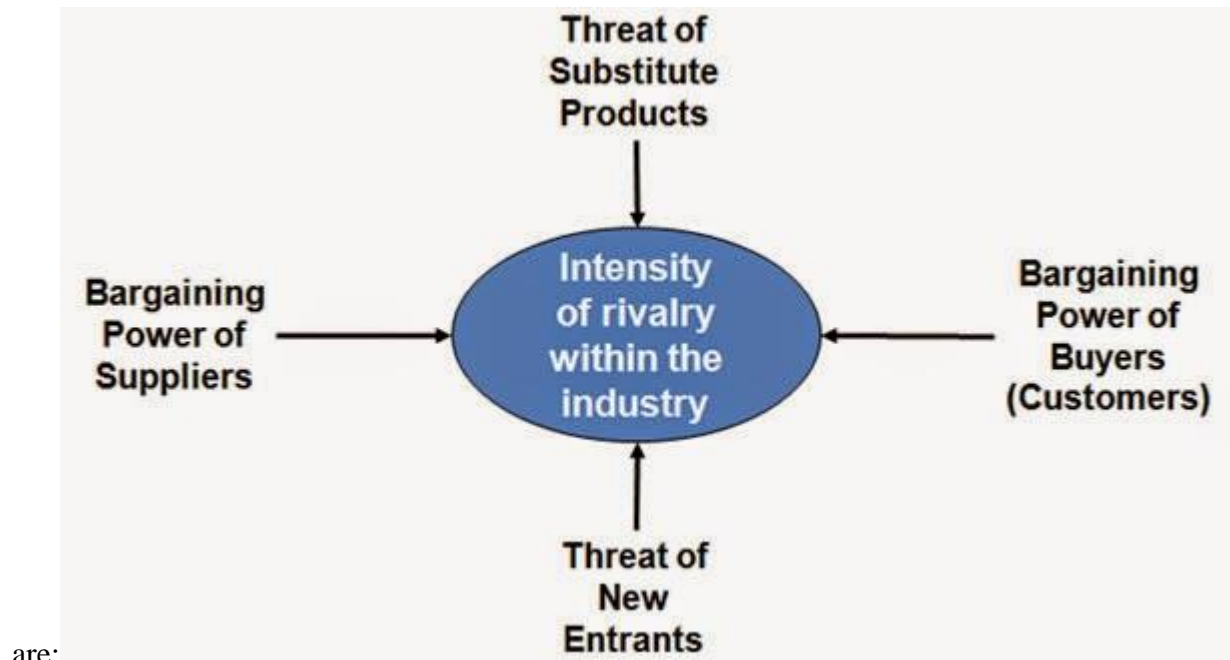
In the present forceful business condition, just the nature of human resources has the effect. The bank's confirmation to draw in the best people to work for it and the reception of the most recent data advances is reflected in the endeavors of the bank in the improvement of its HR. In the essences of the present worldwide rivalry Bank imagines to build up the profoundly energetic workforce and to furnish them with most recent aptitudes and advancements. A decent workplace advances an elevated level of reliability and affirmation, commitment and devotion with respect to the representatives.

Al-Arafah Islami Bank has an instructional hub to build up its workers. Al-Arafah Islami Bank sent the quantity of officials to Bangladesh Institute of Bank Management and other preparing establishments for particular preparing on different parts of banking. The bank has set up a Training Institute for giving preparing offices of its officials. The preparation organization has just directed various courses. Various officials have been sent for outside preparing. Al-Arafah Islami Bank has confidence in proficient greatness and thinks about its working power as its most significant resources and the premise of its ability and force.

2.8 Porter's Five Forces.

Porter's five powers, otherwise called P5F was made by Michael E. Porter in 1979, is a strategy for inspecting the allure of an industry or association. It does as such by seeing five powers which follow up on that industry. These powers are determinants of that industry's or

association's gainfulness. The five powers



are:

Figure 1: Porters Five Forces

Threat of new entrants:

Advances in information improvement have totally diminished the impediments to section in the financial business step by step. On account of the allocation of Internet banking, movement channels are as of now not constrained to customary branch Networks. Anticipated customers wherever all through the world could find a good pace and output for banks offering the most noteworthy loan costs or organizations with the best features. Besides, new banks will in like manner have the ability to battle by using IT to diminish their cost and extend their scattering channels. Another factor that cuts down the hindrance to entry would be the low trading cost, for instance, the trading of money from one bank then onto the following. Being an administration controlled bank, Sonali Bank ponder the perils it gets from the new members.

Bargaining Power of buyer/customers:

Bartering intensity of clients is moderately low as it is mostly constrained by the administration. Here, exchanging costs are low for clients to leave Sonali Bank Ltd and simple to pick up banking administrations from different banks for the clients. Despite the fact that there are other Government banks, for example, Janata Bank, Agrani bank and so forth, it isn't worked based on client deals.

Threat of substitutes:

As far as danger of substitutes, the financial business faces an expanding number of substitutes despite the fact that deregulation has brought monstrous mergers and procurement. This is for the most part a direct result of the capacity of current broadcast communications to dispense with separation that regularly ruined remote manages an account with no branch organizes in neighborhood markets. Despite the fact that there are relatively few substitutes accessible. The administration 15 has not had the option to think of any imaginative sparing plans to draw in the overall population, along these lines diminishing the danger to of the substitutes to the financial business. In this way, the administrations that are given by AIBL are pretty much equivalent to different banks.

Bargaining power of suppliers/depositors:

For the most part, IT has expanded the haggling intensity of contributors. The rise of tele-banking and web based banking has engaged contributors. Investors can rapidly utilize the web to figure out which bank is offering the most noteworthy financing cost and store their cash there, while purchasers do the inverse (least loan fee) in scanning for advances. In this manner, cost affectability in the business has expanded together with the quantity of substitutes accessible for contributors.

Competitive rivalry:

Remote and nearby banks presently will in general contend all the more legitimately with each other over a similar gathering of buyers. Government banks are the immediate contenders of AIBL that are making progress toward a similar piece of the overall industry and clients. Furthermore, nearby banks have a long haul trust relationship with their clients, which despite everything give them a bit of leeway? The nearby banks are quick to impersonate and since the financial framework is a straightforward one, impersonation is simple, in this way expanding the battle between the contenders. Other nearby banks are attempting to catch the lower center and the center working class portion that are as of now the clients of these banks. With their moderately low loan costs charged to the clients and higher premium compensation rates contrast with AIBL, they are solid dangers as they have very lower changing expense to the clients.

2.9 SWOT Analysis.



Figure 2: SWOT

Strengths:

- Strong Management
- Good Customer Service
- Economies of Scale
- Brand Name
- Training System for Staff

Weaknesses:

- High Debt Burden
- Insufficient workers
- Lack of New Technology
- Weak Supply Chain
- Lack of Motivation

Opportunities:

- Online Banking
- Banking Software
- Expert Employee
- Branch Expansion

Threats:

- Internal Competition
- Govt Regulations

- Change in Tastes of Customers
- Substitute Products

Part 3

Retail Credit Management

3.1 Definition of Loan:

A credit may be reimbursed in equivalent portions, for instance, or it may be reimbursed in a solitary singular amount. Since the way that the head and intrigue are paid is up to the gatherings in question, there are really a boundless number of potential outcomes.

The expression "advance" alludes to the sum obtained by one individual from another. Credit is the composed understanding of loaning cash and give somebody cash that will be reimbursed with premium or an item that will be returned.

3.2 Definition of Retail Loan:

Advances to people or retail advance incorporate credit to back the acquisition of autos, versatile, homes, apparatuses, and other retail products, to fix and modernize homes, and to take care of the expense of clinical consideration and other individual costs, and are either stretched out straightforwardly to people or in a roundabout way through retail sellers.

3.3 Types of Retail Credits offered by AIBL:

Al-Arfa Islami Bank Limited is one of the quickest developing banks as far as fulfilling singular customers' need. For the customers' accommodation, AIBL has offered nine kinds of retail credit items. Those are following:

1. Home Loan 2. Auto loan 3. Personal loan-

- Doctor's Loan
- Advance against Salary
- Household Durable Loan

3.4 Home Loan:

The purpose behind giving this credit is to purchase house, growing new house, taking over of house building propels from various banks/non-banking fiscal associations upgrade of existing house/level and improvement of semi pacca/Tin shed structure.

3.5 Features of Home Loan

Features	Description
Loan Amount(Min)	Depends.
Loan Amount(Max)	Tk. 1.20 crores.
Loan to price ratio	70% of total cost for construction of home 80% of purchase price of new apartment 50% of purchase price of old apartments/home. 50% of construction cost or force sale value of land which is lower in case of semi pacca construction.
Rate of Interest	13.00%
Disbursement mode	For purchasing the apartment firstly, the customer shall pay the

	<p>equity portion to the developer. Later on, the remaining amount will be paid by the bank through issuing pay order to the name of respective company.</p> <p>For construction building payment will be made through three/four equal installment of loan amount. Before every installment the bank will ascertain that their construction work is going on and then they will credit the customer's savings accounts</p>
Tenor	25 years (max).
Repayment method	Monthly equal installment
Early Settlement	At any time with no penalty charge
Charges(Processing Charge)	1% on loan amount
Risk fund	Nil.
Age limit	Loan applicant must be at least 25 years of age and not over 65 years.
Who are eligible? And Minimum Monthly Income	<p>Salaried executives, businesspersons and self-employed individuals with minimum 3 years of experience.</p> <p>Applicant or applicants must have a minimum aggregate income of: Salaried customers: BDT 40,000 Self-employed professionals: BDT 60,000 Businessmen & Landlords: BDT 75,000 Non Resident Bangladeshis (NRB): BDT 80,000 equivalent</p>
Location	Within the City/Municipal area where UCB has its branch.
Guarantors	Two person

Table 2: Features of Home Loan

Documents and Additional Charges Required for a Home Loan of (AIBL):

For any retail credit application, no extra charge has taken as a cost. Regardless, customer's needs to hold up under the cost for valuation of Property to the audit firm expense of real appraisal, and cost of home credit deed (If required).

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To apply for any of the above retail credit of AIBL, a client needs his/her photographs, copy of visa/National ID card, latest one year's bank enunciation, copy of TIN, trade license(for agents), singular all out resources clarification, etc.

One of the remarkable criteria of retail credit or client credit is that, it is an unbound development as there is no need for protection beside letter of confirmation (other than the house building advance).

3.6 AIBL Auto Loan:

Purchasing a vehicle these days isn't a luxury any longer, yet a crucial bit of step by step working life to add speed to its introduction. Tolerating this view, the Al-Arafa Islami Bank Ltd. has set up 'AIBL Auto Loan'. Potential customers of Auto Loan can contact any part of the bank for getting the advance at straightforward terms.

Features of Auto Loan:

Qualification:

- Age between 21 to 55 years
- Permanent workers of Semi Govt. what's more, Autonomous Bodies
- Banks and monetary foundations
- Teachers of University, School, College
- Executives/Officers of Multinational Companies and famous NGOs
- Worthy agent having exchange permit, VAT testament and TIN
- Professionals like Physicians, Engineers, and so on.

Monthly Income of Applicant:

Applicant must have a minimum income of: Salaried customers: BDT 50,000 Self-employed customers: BDT 60,000 Businessmen: BDT 75,000 Ceiling:

Maximum loan amount of up to BDT 40 Lacs or 50% of the car value, whichever is lower.

Period:

- Maximum 5 years for fresh out of the box new
- Maximum 4 years for reconditioned

Up Front Installment:

- Minimum 10 % for fresh out of the plastic new
- Minimum 20 % for reconditioned

Interest Rate:

- Private Car, Microbus, Jeep – 13.00%
- Van – 14.00%

Insurance:

- ❖ It is obligatory for the customer to take a protection against the vehicle.
- ❖ AIBL determined some insurance agency from where the customers need to take the protection for their vehicle.

Nationality:

Bangladeshi as it were

Loan Size:

TK.200000 For both brand new& Recondition autos.

Maximum term of Loan:

05 (five) years.

Repayment Method:

Equivalent regularly scheduled payments dependent on the tenor of the advance.

Security/Collateral:

- Hypothecation over the vehicle (selection of the vehicle in the joint name of the bank)
- First part broad assurance of the vehicle.
- Postdated checks reliant on the development tenor.
- Parents or an individual having least dissolvability/compensation at any rate that of the borrower reinforced by pay affirmation.

Legal Documents:

- Duly filled of vehicle advance application structure terms and condition checked.
- Demand promissory note.
- Letter of set-of.
- Irrevocable letter of capacity to repossess the vehicle.
- Ownership move structure set apart by customer.

3.7 Personal Loan:

Some of the time you simply need a little assistance to make an incredible most without limit, an individual advance is an advance that you fit the bill for dependent on your record as a consumer

and pay. An individual advance is a sort of unbound advance and causes you meet your current money related necessities.

AIBL individual advance is there for when you need it most. AIBL individual credit can be benefited for any real close to home monetary needs for example marriage, travel, training CNG change, clinical gear buy, treatment and so on.

AIBL Personal Loan Features:

- Maximum Loan Amount of up to BDT 20 lacs for salaried executives & professionals and BDT 10 Lacs for Businessmen, landlord/landlady
- Convenient loan repayment tenure of up to 5 years
- completely unsecured loan, no cash securities or any other collateral required
- Attractive interest rate and fees
- No hidden Charge
- Fast approval process
- Loan top up and take over facility

Who is Eligible?

- ❖ Salaried executives, professionals i.e. Doctors, architects etc. businesspersons and self-employed individuals.
- ❖ Applicant must have a minimum income of:

Salaried executives: BDT 25000

Doctors: BDT 35000

Professional and other self-employed customers: BDT 40000

Businessmen: BDT 45000

Minimum Age Requirement:

Salaried executives and professionals 21 years

Businessmen 25 years

Landlord/landlady 35 years

3.8 Different Types of Personal Loan:

Household Durable Loan:

Reason: Purchase of family unit durables like Television, Refrigerator, Air Conditioner, Washing Machine, Computers, other family unit furniture and so forth for individual utilize as it were.

Client Segment: Any Bangladeshi person who has the methods and ability to reimburse the credit. In explicit terms, the objective clients should cover salaried administrators of global Companies, center to enormous size neighborhood corporate, Government authorities, Officials working in Semi-Government, independently employed duty paying individual having a dependable wellspring of salary.

- Loan Size: Maximum Limit of Tk. 500,000.
- Period & Interest: Period of loan will be 2 years and rate of interest 13%.

Advance against Salary Loan:

Purpose:

To meet the money related need of any adequate reason.

Client Segment: Employees of presumed Multinational Companies and enormous neighborhood corporate. Workers of medium measured or mid-run nearby organizations, for example, presumed schools and universities, pathology labs, clinics, eateries, inns, papers, carriers, protection and renting organizations, NGOs, help offices, UN bodies, rumored exchanging firms and business foundations and all other salaried representatives including workers of Government, Semi-government and Autonomous bodies. Credit Limit: Maximum Tk. 10,00,000/ -

Period and Interest: Period of credit will be 2 years and pace of intrigue 13%.

Doctor's loan:

Purpose & Customer Segment:

Specialist's advance plan is intended to encourage financing to general professional and built up pro doctors to secure clinical gear's and set up facilities and medical clinics.

Loan Limit: Loan breaking point of general professional is 5 lac and credit cutoff of authority doctors 10 lac. Period and Interest: Period of advance will be 5 years and pace of intrigue 13%.

3.9 Importance of Retail Loan:

Centrality of retail advance is gigantic for a province's economy. By giving individual clients credit offices they are partaking in improving nation's financial condition. Individuals are turning out to be independent by taking advances to maintain their business. Just as by taking house and car advances their standard of life is expanding.

- Effective customer relationship with retail customers builds a strong customer base.
- Retail credits offered by banks are indispensable to improves singular client's standard of life.
- By adding to singular buyer's standard of life through, Banks are participating on improving generally speaking nation's financial condition.

- Retail credit offering extends the benefit making exercises of banks.
- Retail credit results makes yield and improves essential worry for banks.
- Improves lifestyle and fulfills income of people through sensible credit.
- Retail credit allows to banks to improve banking things as indicated by the wants for various classes of customers.

3.10 How Customers Benefit from Retail Loans?

A retail advance is given to an individual by a business bank, a credit affiliation, or a money related association to purchase assets like property, vehicles, and customer contraptions and so on. Banks offer retail advances to buyers to address their own issues. It may require some investment until he can amass the total expected to buy a house. Right now, bank advances him the money and the buyer agrees to take care of the money a tad at once all through the range of a serious extended period of time. It should be clear how this favorable circumstances a home buyer. He didn't have to pay the aggregate sum now and furthermore; he gets the chance to live in his own one of a kind spot. Without credit, it would've set aside a long effort for him to make the purchase, simultaneously wasting money in rent. The noteworthy preferred position here is that a customer can value a particular asset a long time before he can truly deal with its expense. Some of you may be thinking about intrigue portions. Unmistakably, acquiring money costs extra, so by then, for what reason should one do accordingly.

Retail attributes are not confined to land purchases Banks and purchaser account associations moreover cash customers to buy equipment like workstations, fridges, HD TVs and home theater systems, garments washers, etc. Another notable locale where retail advancing turns out to be conceivably the most significant factor is vehicle purchases. Retail Loans, therefore, are an astoundingly noteworthy gadget open to a typical customer to use, saving time, and offering them comfort.

Part 4

Analysis Part

4.0 Project Timeline:

Task	10 Feb- 19 Feb	20 Feb- 26 Feb	27 Feb- 2 Mar	3 Mar - 10 Mar	11 Mar - 18 Mar	19 Mar - 26 Mar	27 Mar - 3 Apr	3 Apr- 11 Apr
Organizational Part								
Data Collection								
Topic Part								
Introduction Part								
SWOT Part								
Research Part								
Data Analysis								
Final Report Editing								
Total								63 Days

Table 3: Project Timeline:

4.1 Budget Information:

Name

Taka

Transportation cost	1500
Phone call Cost	50
Internet Bill	800
Printing for Organizational, Literature, Topic, Research, Actual task, Analysis, Introductory part	1250
Final report Printing & Binding Cost	1400
Total Cost	5000

Table 4: Budget Information

4.3 Sampling Method:

To make smooth and accurate study, everyone have to follow some rules and regulations. I also maintain those rules to prepare this report.

Target Population:

The population of this research is existing employees of AIBL-at Elenga Branch, Tangail. I has taken 215 only.

Sample Frame:

The sample frame of this study consists of all 215 employees of AIBL-at Elenga Branch, Tangail. The sample frame was taken from only the AIBL.

Sample Size:

Total population $215 * 20\% = 43$. After preparing the sample frame, the size of sample were taken to 43 employees.

4.4 Report Technique:

In this research report the researcher following various sources like as:

Research Instrument:

- Questionnaires.
- Likert Scale Question.
- Microsoft Office Word
- Microsoft Excel etc.

Contact Method:

- Survey Questionnaire.

Data Analysis:

I have picked Quantitative Inquire about is used to quantify the issue by method for creating numerical data or data that can be changed into useable estimations. It is used to assess perspectives, suppositions, practices, and other described variables – and sum up happens from a greater test people. Quantitative Investigate occupations assessable data to characterize realities and reveal plans in ask about. Quantitative data assortment techniques are significantly more sorted out than Subjective data assortment procedures. Quantitative data assortment systems join various states of outlines – online diagrams, paper examines, flexible reviews, monkey outline and stand diagrams, up close and personal meetings, and telephone interviews, longitudinal considers, website gets, online overviews, and exact discernments.

4.5 Analysis and Presentation of Data:

In this section I have used a questionnaire for the analysis of my topic- “Retail Credit of AIBL”. The questionnaire survey was distributed among the people of present SBL employees from different department. My number of population was 215. I have taken 10% sample size from my population. The question patterns are in “Likert scale”.

Number of question-05

Number of respondents-43

Pattern of Questionnaire- Likert scale

4.6 Likert Scale:

In order to analyze the data, I have used Likert scale. Where 1 stands for only strongly disagreed customers, 2 stands for only disagreed customers, 3 stands for the neutral customers, 4 stands for agreed customers, and 5 stands for strongly agreed customers.

The scale has been shown in below:-

Customer Opinion	Weighted
Strongly Disagree	1
Disagree	2
Neutral	3
Agree	4
Strongly Agree	5

Table 5: Likert Scale

4.7 Analysis:

Questionnaire Development:

For fulfilling the objectives some related hypothesis have been constructed for this study:

Q 1: Increasing rate of interest affects consumer's intention to take retail loan.

Q 2: AIBL takes long time to assess retail loan.

Q 3: Customers are happy with the retail loan offered by AIBL.

Q 4: Customers need to perform long paperwork process to pass retail loan.

Q 5: The retail loan process is complicated.

Graphical Representation:

Question: 1

Increasing rate of interest affects consumer's intention to take retail loan.

Opinion	Weighted
Strongly Disagree	2
Disagree	4
Neutral	5
Agree	14
Strongly Agree	18

Table 6: Question: 1

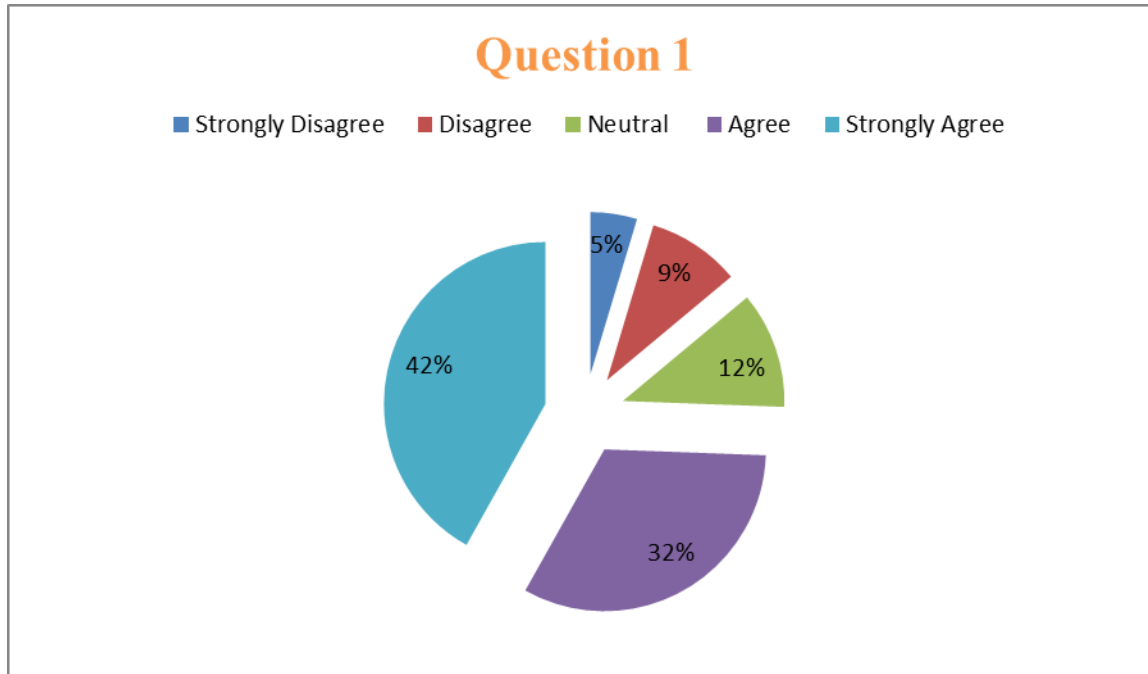


Figure 3: Question: 1

Interpretation: Increasing interest rate affects consumer's intention to take retail loan: In this hypothesis, I have found that most of the customers agreed with the fact that increasing interest rate affects their intention to take loan. So, increasing interest rate is a major discouragement for customers to take retail loan.

Question: 2

AIBL takes long time to assess retail loan.

Opinion	Weighted
Strongly Disagree	0
Disagree	0
Neutral	2
Agree	10

Strongly Agree	31
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Table 7: Question: 2

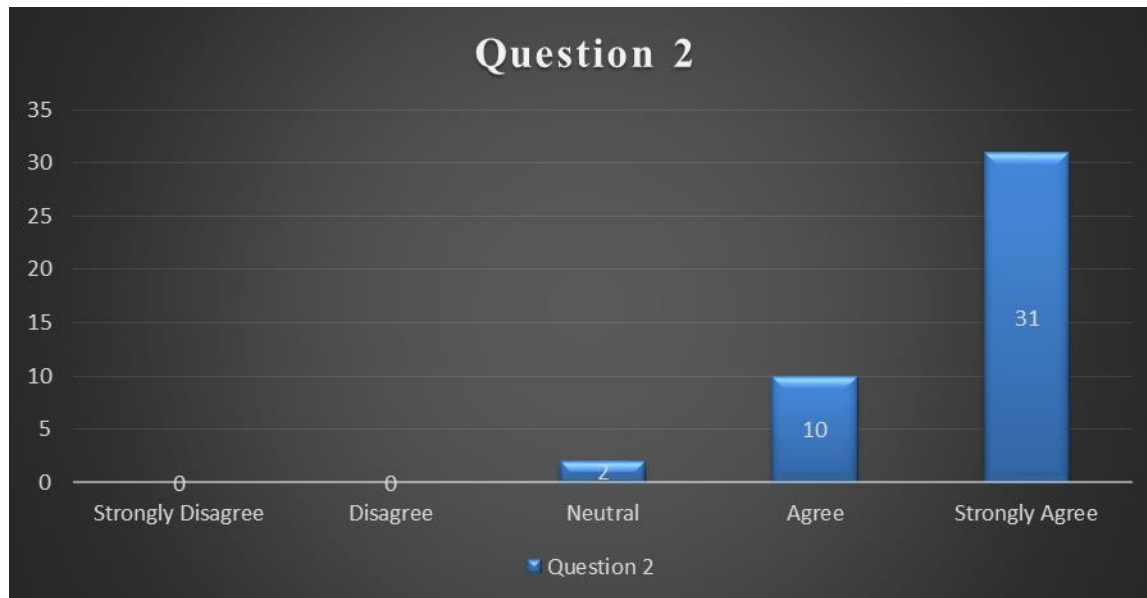


Figure 4: Question: 2

Interpretation: AIBL takes long time to assess retail loan. In this hypothesis, I have found that most of the customers agree that AIBL take long time to assess retail loan. Long assessing time negatively affects customer’s mind-set to take retail loan.

Question: 3

Customers are happy with the retail loan offered by AIBL.

Opinion	Weighted
Strongly Disagree	16
Disagree	13
Neutral	3
Agree	6
Strongly Agree	5

Table 8: Question 3

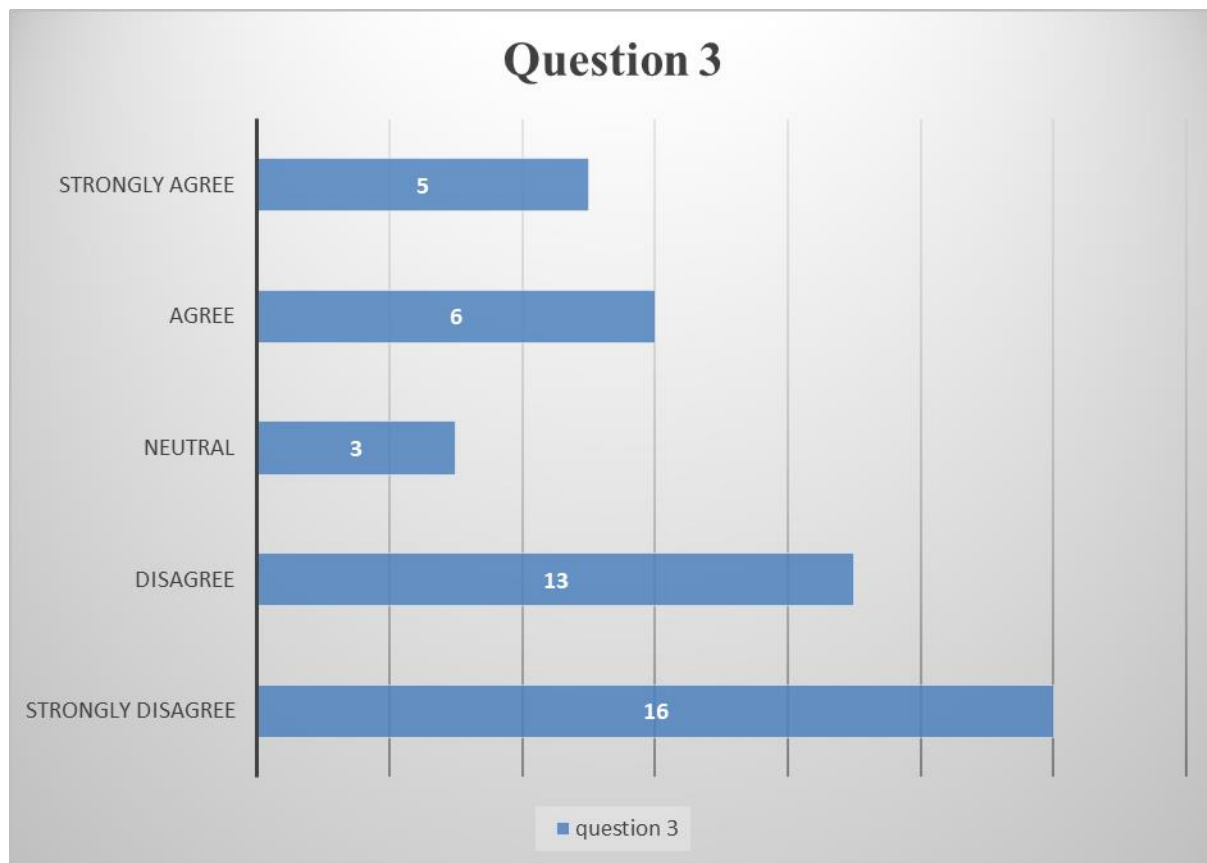


Figure 5: Question: 3

Interpretation: Customers are happy with the retail loan offered by AIBL. In this hypothesis, I have found that most of the customers are unhappy with the current AIBL retail loan offering. Customers are negatively affected by current loan offering. So, Customers are not happy with the retail loan offered by AIBL

Question: 4

Customers are happy with the retail loan offered by AIBL.

Opinion	Weighted
Strongly Disagree	2
Disagree	3
Neutral	5
Agree	15
Strongly Agree	18

Table 9: Question 4

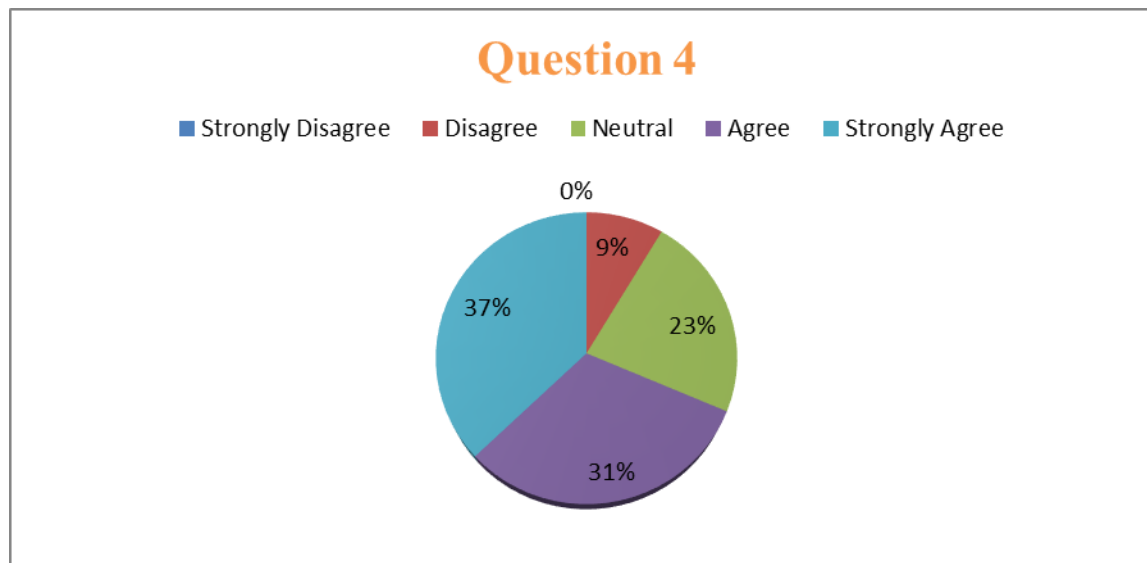


Figure 6: Question 4

Interpretation: Customers need to perform long paperwork process to pass retail loan. In this hypothesis, I have found that majority of the customers agree that they need to prepare lots of

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documents or paperwork to process the loan. This lengthy documentation process makes the whole process monotonous.

Question: 5

The retail loan process is complicated.

Opinion	Weighted
Strongly Disagree	3
Disagree	3
Neutral	3
Agree	14
Strongly Agree	20

Table 10: Question 5

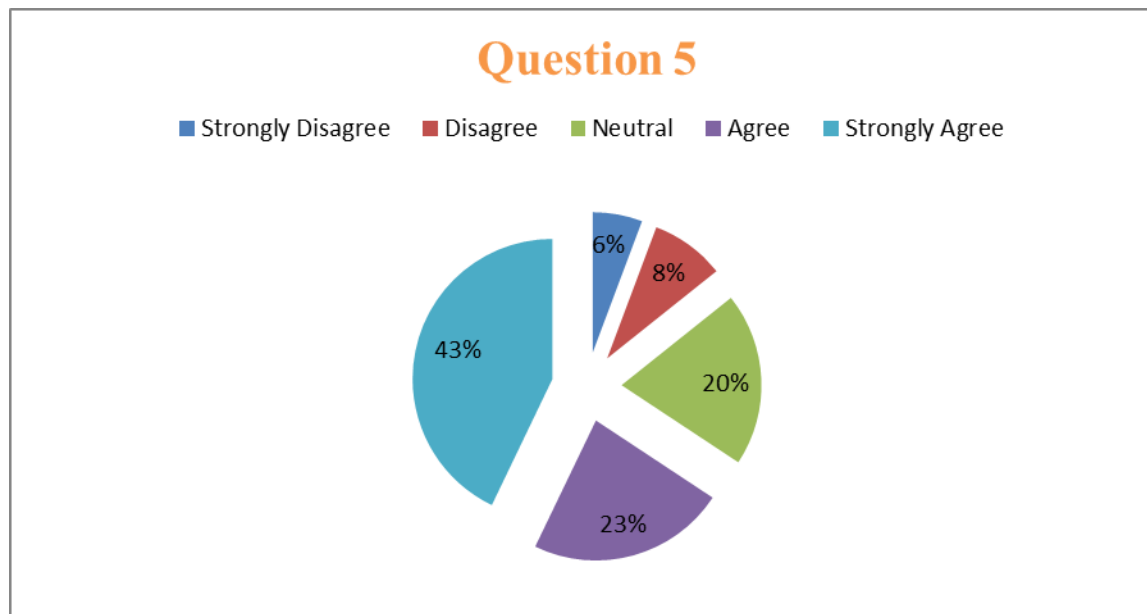


Figure 7: Question 5

Interpretation: The retail loan process is complicated. In this hypothesis, I have found that majority of the customers agree that the retail loan process is complicated. Complicated process also discourages them from taking retail loan.

Part 5

Problems, Recommendations & Conclusion

5.0 Problems:

After researching, I have some findings which are given below:

- An analyzing the effectiveness of retail loan management system of Al- Arafa Islami Bank Ltd at- Elenga branch.
- Management will give lots of formalities and long time duration for taking the loan from the bank.
- Long assessing time negatively affects customer's mind-set to take retail loan..
- To make some suitable decision regarding retail credit of AIBL.

5.1 Recommendations:

- After doing research, I have some findings. Due to problems of that company I have given some initial solutions to solve the problem immediately. Based on my 12 week observations in the company, I achieved much practical knowledge. At the time of the company:
- As customers are discouraged to take retail loans from banks because of higher interest rate. Bank should reduce the interest rate to encourage customers to take retail loan.
- AIBL should minimize the loan processing time which discourage many consumers to take loan.
- AIBL should reconsider better loan offers to customers as they are not happy with current offerings.
- Bank should reconsider Long documentation process. So they should reduce long documentation process to encourage customers to take loans.
- AIBL should simplify loan procedure system to attract more customers to take retail loan.

5.2 Conclusion:

AIBL has established credit relationship with its customer group who are mainly individual consumers, government employees, and business owners. AIBL has aimed to contribute its individual consumer economic condition by providing different types of retail offerings. By improving consumers economic condition AIBL is actively participating in developing economic growth of the country. Even though they are trying to improve consumer's economic condition, their current retail loan offerings are not good enough. The loan procedure system is very complicated which bank should reconsider. They also should minimize the documentation process to improve their loan offering.

AIBL should make a positive attempt to be more outward looking in their goals and emphasize on the domestic scenario more closely and analyze any certain trends and strategies of their competitors.

5.3 References:

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Appendix:

This is Md. Mintu Sarkar, student of Daffodil International University, ID: 191-14-108, Major: Finance. Dear respondents, the purpose of this survey is to collect data for an internship report which is largely based on the quest to find out the retail credit management of AIBL It would be a big help for me if you kindly take a moment and go through the questionnaire and answer them according to your own experience. All the information of yours will be kept as highly confidential.

Name:

Gender:

Age:

Designation:

Please Fill-up the Questionnaire

Q 1: Increasing rate of interest affects consumer's intention to take retail loan.

- ✓ Strongly Disagree
- ✓ Disagree
- ✓ Neither Disagree nor Agree
- ✓ Agree
- ✓ Strongly Agree

Q 2: AIBL takes long time to assess retail loan.

- ✓ Strongly Disagree
- ✓ Disagree
- ✓ Neither Disagree nor Agree
- ✓ Agree
- ✓ Strongly Agree

Q 3: Customers are happy with the retail loan offered by AIBL.

- ✓ Strongly Disagree
- ✓ Disagree
- ✓ Neither Disagree nor Agree
- ✓ Agree
- ✓ Strongly Agree

Q 4: Customers need to perform long paperwork process to pass retail loan.

- ✓ Strongly Disagree

- ✓ Disagree
- ✓ Neither Disagree nor Agree
- ✓ Agree
- ✓ Strongly Agree

Q 5: The retail loan process is complicated.

- ✓ Strongly Disagree
- ✓ Disagree
- ✓ Neither Disagree nor Agree
- ✓ Agree
- ✓ Strongly Agree

Thank You for Giving your Valuable Time