



Internship Report on Investment Mechanism of IBBL & Comparison with other Islami Banks

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Internship Report on Investment Mechanism of IBBL & Comparison with other Islami Banks

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Letter of Transmittal

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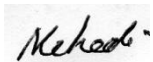
Subject: Submission of report named “Investment Mechanism of IBBL & Comparison with other Islami Banks”

Dear Sir,

This is my great pleasure to submit the report named “**Investment Mechanism of IBBL & Comparison with other Islami Banks**” as a part of BBA program to you for your kind consideration. I made sincere efforts to study related materials, documents, observed operation performed in “Islami Bank Bangladesh Ltd, on online Platform during covid-19” and examined relevant records for preparation of the report.

Within a limited time, I have worked to make this report as comprehensive as possible. But there may be some incompleteness due to various restrictions. For this reason, I beg your kind consideration in this regard.

Sincerely yours,



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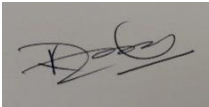
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Certificate of Approval

This is certifying that **Mehedi Hasan** bearing ID No. **171-11-5513**, BBA (**Finance**), is a regular pupil of Department of Business Administration, Faculty of Business and Entrepreneurship, Daffodil International University. He has successfully completed his internship program at **Islami Bank Bangladesh Ltd** and has prepared this internship under my direct supervision. His assigned topic is “**Investment Mechanism of IBBL & Comparison with other Islami Banks**”.

I have gone through the report and found it a well-written report. He has completed the report by himself.

I wish his every success in life.



Md. Kamruzzaman Didar

Assistant Professor of Finance

Department of Business Administration

Faculty of Business & Entrepreneurship

Acknowledgement

By the kind help of almighty Allah, I have taken efforts in this project. However, it would not have been possible without the kind support and help of many individuals and organizations. I would like to extend my sincere thanks to all of them. As a crucial part of my BBA, it is a great pleasure for me that, I have got the chance to work, learn and observe Islami Banking system by internship opportunity at Islami Bank Bangladesh Limited.

I am highly indebted to my supervisor Md. Kamruzzaman Didar, Assistant professor of Finance, Daffodil International University for his guidance and constant supervision as well as for providing necessary information regarding the report & also for his support in completing the internship.

I would like to express my gratitude towards my supervisor & well experienced officials of Islami Bank Bangladesh Limited for their kind co-operation and encouragement which has helped me in completion of this internship. Internship Report is an essential part of B.B.A Program as one cannot gather practical knowledge and experience without observing and doing work at chosen organization.

I would like to express my special gratefulness and thanks to the trainers of IBTRA for giving me such attention and time. Besides, this internship program makes me realized the value of working together as a team and as a new experience in working environment, which challenges us every second.

Executive Summary

This report is prepared as requirement of the **BBA** program of **Daffodil International University**. This focuses on two month working experiences By online in **Islami Bank Bangladesh Limited**. I tried my best to provide a clear idea about investment Modes and Mechanisms with comparative analysis of other islami banks and conventional banks Modes and Mechanisms.

The philosophy of Islami Banks is to establish as egalitarian society based on principle of Social justice and equity through CSR (Corporate Social Responsibility) and to fulfill this motive IBBL launch RDS, UPDS. They try to continuously promote these sections and discourage luxurious consumer investment products.

In this report, I highlighted my findings through the chapters. **First Chapter** is introductory part of my study; the **second part** is focus on IBBL's history and corporate profile that is organizational overview as the study required. **Third Chapter** describes the investment mechanisms of Islami Bank Bangladesh Ltd.; **Forth chapter** Investment Mode & Mechanism (IBBL & Others Islami Banks).

In this report, I have shown 5 years' graphical presentation on amount of total investments, amount of branch wise investment, Investment return, Year to year, mode to mode comparison and so on. It can properly express the actual situation of IBBL's and other banks investment mechanisms. I have used **Social Islami Bank Limited & First Security Islami Bank Limited** as an example of other Islami Banks.

At the end of the report, **Findings and Recommendation** chapter has been included. I provided my findings and recommendations on overall investment mechanisms of Islami Bank Bangladesh Ltd in addition to analytical comparison with other Islami Banks.

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Chapter1

Introduction

1.1 Introduction

The Islami Bank Bangladesh limited is a leading bank in the Bangladesh. Islami Bank become in the market 13th march 1983. IBBL has now 361 branches in the Bangladesh with almost 17000 employee. They collect remittance 29.1% in total 100% of total Banks. IBBL had total 36.91% local and 63.09% foreign shareholder. IBBL have total 621 ATM in the whole Bangladesh. Due to prohibition of interest in Islam. Islami Bank banned riba they do not accept interest. IBBL become largest private commercial Bank in the Bangladesh. They have special characteristic for the investment profit and loss sharing basis. They do investment agreement under shariah. We know this bank is biggest bank in Bangladesh among Islamic Bank. This bank listed both Dhaka Stock Exchange (DSE) & Chittagong Stock Exchange (CSE)

1.2 Background of the study

This is part of my Bachelor Of Business Administration degree from Daffodil International University. To complete the practical knowledge I join the islami Bank Bangladesh Limited for the two month. Internship program was needed because it's a part of my bachelor degree. I have made this report based on practical knowledge and work experience that I gather from intern program of IBBL.

1.3 Objectives of the Study

1. To know the theoretical Background of Investment Mechanisms of Islamic and Conventional banks.
2. To evaluate the performance of Investment mechanisms of Islamic and other selected Islami banks.
3. To make a comparison of Investment mechanisms of Islamic banks and other selected Islami banks.
4. To find the problem related to the Investment mechanisms of Islamic banks and other selected Islami banks.

5. To make some recommendation to improve the investment performance of Islamic banks and other selected Islami banks.

1.4 Scope of the study

Investment process are one of the most discussed topic in the financial literature. This issue covers a large of financial culture. However while preparing this report, I had an opportunity to gather a deep knowledge (IBBL) Islami Bank Bangladesh Limited & all over the Banks in Bangladesh.

1.5 Methodology

Primary Sources:

- Discuss with other person
- Online Internship

Secondary Sources:

- Various articles
- Websites of various companies.
- Relevant Research papers.
- Newspapers and Journals

Data Analysis:

Microsoft Excel, MS Word has been used for analyzing all the data.

1.6 Limitations of the study

During the pandemic of covid-19, I complete my internship program through online. It was so difficult to verify all the sector covered by the bank all the meters covered by the financial statement. I personally face few limitation are

- Lack of practical knowledge.
- Limited data provided by Bank.
- Lack of internet facilities.
- The complication of the data collection.

- Lack of branch facilities.

Chapter2

Overview of Islami Bank Bangladesh Limited (IBBL)

2.1 What is Islamic Banking?

Islamic bank is a financial institution. Whose statutes , rules and procedures expressly state its commitment to the principle of shariah and to the banning of the receipt and payment of interest on any its operation.

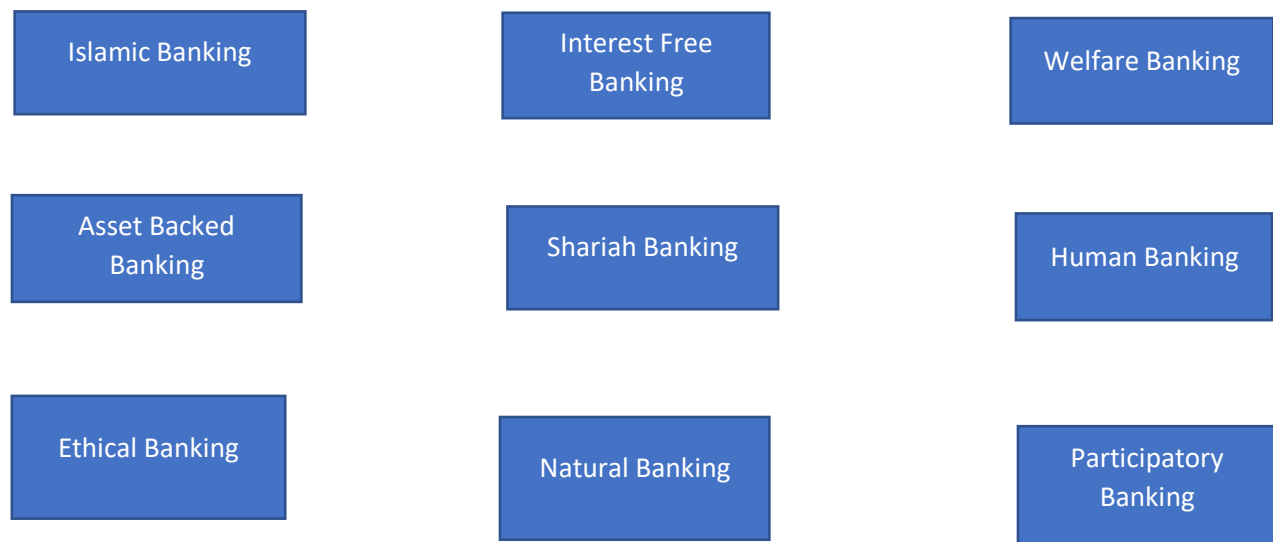
Shariah

All aspects of living including faith and practices, personal behavior, legal and social matters.

2.2 Common Format of Islamic Banks

- Central shariah Board at national level
- Real asset backed transaction
- Buying and selling good instead of money trading
- Mechanism derived from shariah principle
- Fulfill fundamentals of Islamic economics and finance
- Shariah supervisor committee (shariah scholar, Banker , economist, lawyers and so on)

2.3 Alternative name of Islamic Baking



2.4 Special Characteristics of Islamic Banking

- Abolition of Interest (Riba).
- Adherence to Public Interest.
- Multi-purpose bank.
- Islamic banking for equitable distribution of resources.
- Risk Sharing
- Emphasis on Productivity, not on Credit Worthiness
- Moral Dimension
- There is no speculative transaction
- In built Green Banking
- Financial Inclusion: Banking for all, No class Banking

2.5 History of Islamic Banking

Early era: The early year of Islamic the period of caliph ar Rashidin. Macca was a city of trade. Hazrat Mahammad conducted business of Hazrat Khdija under mudaraba principle.

Middle era: From the caliphates until the fall of the uthimahiyyah empire.

Modern era: started with the establishment of mitghamr saving bank (Egypt) in 1963. The need .to establish an Islamic Banking system reach the modern stage around 1970s. mitghamr saving Bank establish in Egypt to provide basic Banking service. Used the Sariah principles which well received by the local community and the farmer.

- Deposit
- Loan
- Equity participation
- Direct Investment

➤ Social Service

In 1974 the organization of Islamic cooperation (oic) took initiative and urgent Muslim countries to set up the Islamic banking system. After that the Islamic Development Bank establish (IDB) in 1975. And islami Bank Bangladesh Limited establish in 1983.1974: Bangladesh with 26 Muslim nations signed IDB charter committed to Islamize Banking system Gradually.

1978: Foreign minister of Muslim countries at oic conference at Dakar, Senegal decide to gradually establish is banking.

1980:A committee formed with AR Laksar as chief for est. Isl. Banking in pvt. Sector

1981: Mof wrote to BB to open separate Islamic banking counter in all branches of state owned bank as a pilot project

1981: Bangladesh Bank decided to open at least one Islamic Branch in metro district level branches.

2.6 An overview of Islami Bank Bangladesh Limited (IBBL)

Islami Bank Bangladesh limited is a first islami Bank In Bangladesh. It was establish in 13th march 1983. It is join venture public limited commercial bank. This Banking based on shariah and remittance (63.09%).

Islami Bank listed in Dhaka stock exchange limited & Chittagong stock exchange limited . Their Authorized capital is 20000 million and paid up Capital is 16099.9 million .IBBL have total 361 branches and number of AD Branches is 64.

Corporate Information	
Financial Information (2019)	BDT
Authorized Capital	20000 million
Paid up capital	16099.9 million
Equity	83560 Million

Reserve Fund	40940 Million
Total deposit A/C	140 Core
Deposit	109000 core
Investment	97000 Core
Business Partner	1200000
Organizational Information	
MD & CEO	Md. Mahbub Ul Alam
Chairman & Board of director	Md. Nazmul Hossain
Number of zones	17
Number of Branches	361
Number of AD Branches	64
Number of manpower	17000 (approx.)
Number of ATM	621
Corporate Branch	8
Number of Agent	1578
Performance of total Islamic Bank	
National investment	1021109 Core
Investment under shariah based bank	285000 core
Market Share of sharaiah Based Bank	24%
Market Share of IBBL	34.86%
Foreign Exchange Business	
Import	399884 Million
Export	234443 Million
Remittance	305514 Million

2.7 Mission of IBBL

Islami Bank Bangladesh limited has lot of goal . It is not limited to achieving a large profit or large customer base just to go its business .This bank goal is now to expand into Islamic banking though

social upliftment and a shariah based banking system while maintain the quality. Commitment and economic justice of the society based on the priorities of rural and least developed communities. Also increase socio economic growth and creating a new sense of financial and customer service.

- This Bank work with mass people
- Paying and receipt zakat
- Banning receipt and payment interest
- Main target of this bank is to do welfare Banking
- To enhance different types of investment
- To focus on highest number employment scope
- To build economic Of scale
- To help rural people
- Not focus only commercial people
- Investment in real economic sector
- Encourage Welfare and Religious Activities
- Commitment to the principles of Islamic Shariah

2.8 Vision of the Bank

- To establish and provide technology based Banking System among the whole customer .
- This bank main vision is perform in total islami Bank as a well performer
- To enhance economic based Bank
- Working for the mass people not only corporate Guy.
- This Bank Basically investment which organization with higher unemployment

2.9 Strategic Objectives

- To confirm customer gratification
- To confirm prosperity oriented Banking
- To ensure global standard Bank
- To strengthen corporate culture
- To pay more attention about capital
- To pay more attention about human resource
- Provide employee satisfaction

- Ensure Interest free banking
- Provide wealth and benefit

2.10 Core Values

- Trust in Almighty Allah
- Strict observance of Islamic Shari'ah
- Highest standard of Honesty, Integrity & Morale
- Welfare Banking
- Equity and Justice
- Environmental Consciousness
- Personalized Service
- Adoption of Changed Technology
- Proper Delegation, Transparency & Accountability

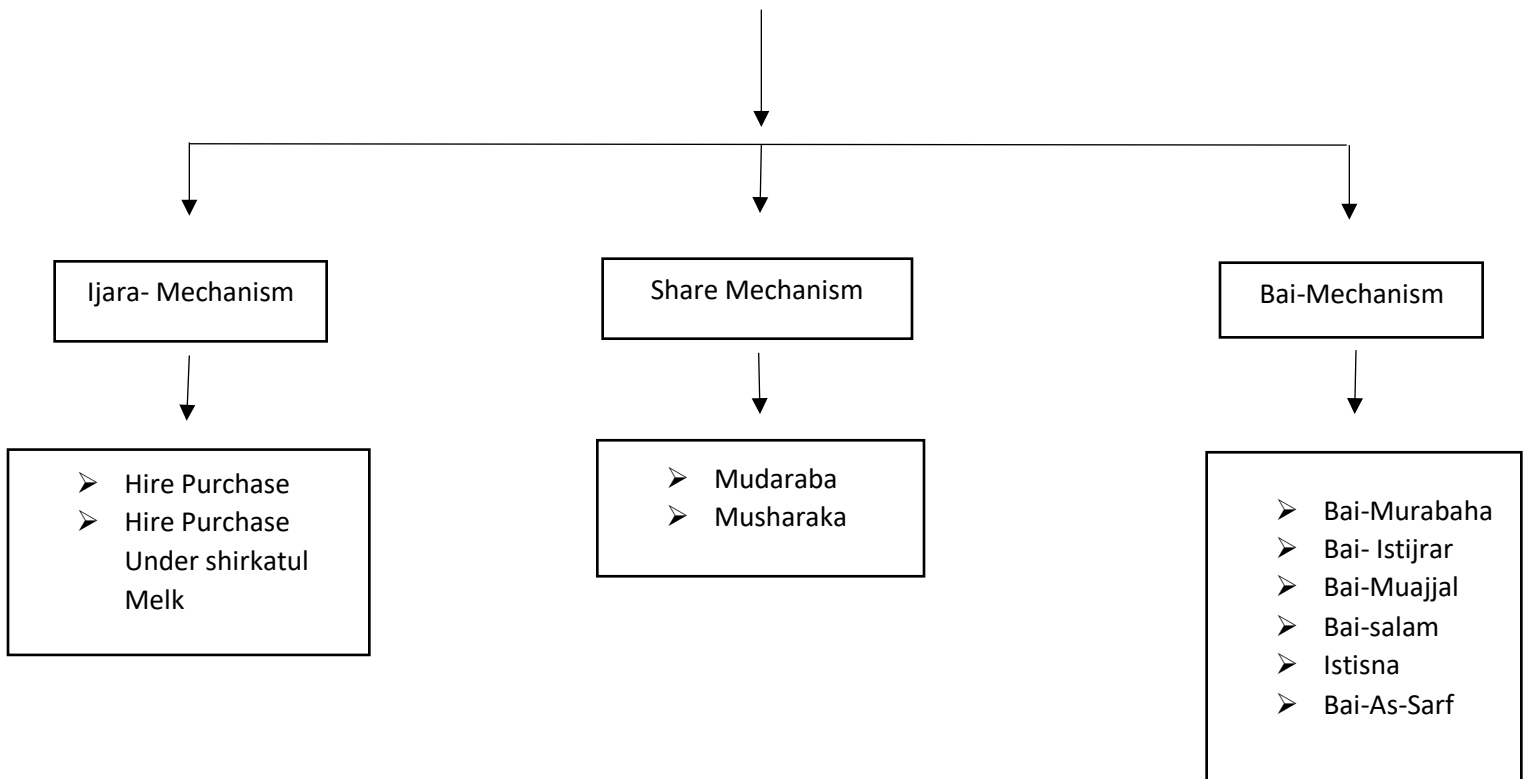
2.11 Commitments

- To Shariah
- To the Regulators
- To the Shareholders
- To the Community
- To the Customers
- To the Employees
- To other stakeholders
- To Environment

Chapter3

Investment Mechanisms of Islamic Bank Bangladesh Limited (IBBL)

3.1 Investment Modes & Mechanism



1. Bai-Mechanisms

- Bai Murabaha
- Bai-Istijrar
- Bai-Muajjal
- Bai-Salam
- Istina
- Ba-AS-Sarf

2.Share Mechanisms

- Mudarabah
- Musharaka

3. Hire purchase, Hire Purchase Under Shirkatul Melk

- HPSM(Commercial)
- HPSM (Industrial)
- HPSM (Agriculture)
- HPSM (Transport)

The particular characteristics of the investment system of the islami Bank is to invest on the premise of profit and loss sharing system. They maintain the rules of Islamic shariah.The Main purpose not only earning to create the employment opportunity also a goal.

This modes and mechanisms are described below

3.2 Bai Mechanisms

1.Bai-Murabaha

The Bai-Murabaha is a Arabic word (Bai un and Ribhun) than means Buy and sales in Profit. Bai Murabaha is sales on under profit.

Bai-Mudaraabaha is a contract between buyer and seller the seller sells certain product under shariah. The buyer at a cost plus agreed profit in cash. Profit will be share as per contract among seller and customer, the client only bear the loss and this modes duration is 1-2 years.

Significant Features

- The price will be fixed as per as contract.
- The supply and delivery will be with in time
- Bank provide product with in time as per agreement
- Storage and availability of product is a common condition
- It is legal to take cash or security to guarantee the implementation of the promise.

- The bank is permitted to authorized third party to buy product on the behalf of bank. But need separate agreement.

2.Bai-Muajjal

Bai-Muajjal is a Arabic word which is from (baiun and ajalun) that means buy and sales with in a period. Bai Muajjal is sales or payment which is as per contract with in a short time and its sales on credit.

Bai muajjal is a agreement between two party which is buyer and seller the seller sales some product under islami shariah , And the buyer provide some money as per agreement with in fixed time . So it is a credit sales of goods by the ownership of the goods is transfer from the bank to the client.

Features

- The bank sells the higher price than the purchase price for the profit.
- The price is fixed as per contact, its not increase in future
- The bank bear the risk of product until delivery to customer.
- Storage and availability of product is a common condition
- The customer is allowed to order the purchase of certain product by the bank.

3.Bai-Istijrar

Bai-istijrar is a abaric word which is from (Bai and Zarra) this means purchase and sells to hoist. Istijrar means purchase goods from time. In islam istijnar is contract where buyer purchase goods in a contract in different installment.

Bai-istijrar is one kind of purchasing and selling keep from a person , which is continue to supply the need goods from their supplier from time to time there is no offer.

Significant Features of Bai-istijrar

- In the case where the seller discloses the price of the goods at the time of contract or transaction the sales become valid only when the buyer take a possession of the product.
- Supply and delivery will be done in gradually over the time.
- The price is fixed as per contact, its not increase in further.
- The Bank become in contract between supplier and client
- They sells product at aa high price to gain profit (cost+profit)

4. Bai-Salam

Bai-Salam is an Islamic word which is from (baiun and salamun) this means purchase and sales in globally in advance . Bai-salam means purchase and sales in first.

They can be defined as an agreement between a buyer and seller. Seller sells in advance certain goods under Islamic shariah and the agreement at the agreed price payable to the buyer on the land law and the product at a specific place in future according to size, Quality and quantity.

Significant Features of Bai-Salam

- This is a method of investment with Islamic shariah in agricultural product can be sold with out having said.
- Typically industrial and agricultural product are brought and sold it in advance in Bai-salam mode.
- Obtaining collateral protection from the seller client is allowed to protect the investment from any risk.
- Mortgages or personal guarantees from third parties are also permitted before the signing of the contract.

5. Istisna'a

Istisna'a is an agreement among manufacturer and buyer. After Having manufacture they sells the product in the rules of Islamic shariah the price will provide as per as agreement it maybe happened in advance or by installment with in a fixed period of time.

Istisna'a also an Arabic word which means industry. Istisna'a is to buy specific product though placing order to a producer.

Significant feature of istisna'a

- The istisna's provide some facilities to buyer the payment can pay in future or by installment.
- This sometimes helps the manufacturer to get the price of the product pin first.
- It is a practice exclusively in the manufacturing and industrial sector, it also be practiced in agriculture and construction

6. Bai-ar-Sarf

Bai-as3-Sarf is a agreement exchange of money. This agreement happened beneath of Islamic shariah cause of it can be easily operated for the purpose of producing interest bearing loan, in islam it is not accept.

In the pre islamic era people exchange some product namely gold for gold. In Islamic shariah an exchange is consider a price sales and its consider to another.

Two commodities are exchange one is serve as a coin and the other as a valuable commodity. When the currency is exchange with currency the sales is called surf, and when the a currency is a exchange with valuable commodity its called bai.

Significant feature of Bai-ar-Sarf

- This is post shipment method under Bai mode
- This method also known as trade of foreign currency under agreement.
- Basically this method deal exchange one currency to another.
- When client sells the same amount to the bank after agreeing on the exchange rate the respective foreign currency will be accepted by the bank.

3.3 Partnership or Share Mechanism

1. Mudaraba

Mudaraba is a Arabic word which means travel, and the mudaraba means travel for business acceptance.

Mudaraba is a profit sharing though which one party provided capital and other party provided skills and manpower. The provider of capital called shahib-al-maal, and provider of skill and manpower called mudarib. Mudaraba is a agreement between two party one is shahib-al-maal and other is mudarib. Shahib-al-maal provide capital and mudarib provide skill or manpower. They are share profit under agreement profit share depend on ratio and loss.

There are two parties in Mudaraba

- Shahib-al-maal

- Mudarib

Significant feature of Mudaraba

- Capital has to be fixed
- Capital has to be currency
- Profit share will be under agreement and profit depend on ratio and loss
- Loss has to be bear by shahib-al-maal
- Shahib-al-maal cannot directly participate in the business but can supervise.
- Mudarib is not entitled tonwages but may incur actual expenses.

2.Musharaka (Profit and Loss Sharing Mode)

The musharaka is a Arabic word come from shirk this means share. The actual meaning of musharaka is sharing by designation. The word is shorter than shirkat. This term recently come in Islamic Banking.

In Islamic jurisprudence, shirkat in its original sense refers to the combination of two or more resources in such way that one of them does not differ from other. Musharaka can be defined under agreement among two different person all partner contribute money.

Significant feature of Musharaka

- Capital must be precise
- Losses should be born according to the equity ratio.
- Profit are dividend according to agreed proportion
- There must not to be an equal share.
- Business record must be maintain.

3.4 leasing or Ijara Mechanism

This mode bank can supply product in fare basis. The owner of the appointment with the bank and the customer will remain bank as mortgage. The client will be allowed to own the device for a specific period of time. Once the installment are complete by the client.

Hire purchase under shirkatul meelk have three specific contract.

1. Shirkat
2. Ijarah

1.Shirkatul Melk

Shirkatul is Arabic word its means some think do jointly. Shirkatul Melk is share by owner. When two or more person provide equity buy assets jointly own the same and share the benefit in according with the agreement and incur losses in proportion to the own equity the agreement is called shirkatul melk.

2.Ijarah

The ijarah is a Arabic word which from air & ujrak this means profit wages rent. Ijarah is defined as an agreement among two people. It is really the exchange value, the profit, the rental of any property service. It is a lease contract under a particular asset is a tenant for a fixed period.

3.Sale

Sale is a agreement among buyer and seller in the ownership for some product its goes seller to buyer for certain price. Under this mode both bank and customer provide supply equity in equal or unequal proportion for the purchase of assets like land. Buy assets with equity capital generally own the same share the benefit according to the contract and bear the loss in percentage to your own capital. The percentage of the assets owned by the bank is rented to the customer partner as fixed rent per unit for specific period.

Chapter 4

Investment Modes & Mechanisms (IBBL vs Other Islami Banks)

4.1 Islami Banks In Bangladesh

Now 62 commercial Banks perform in Bangladesh. In between have 11 islami banks we already discuss about Islamic a Bank that they based on shariah. last year Islamic Bank was 8 that increase to 11.

1. First Security Islami Bank
2. Al Arafah Islami Bank
3. Islami Bank Bangladesh
4. ICB Islamic Bank
5. Union Bank
6. Shahjalal Islami Bank
7. Exim Bank
8. Social Islami Bank
9. Jamuna Bank Limited
10. NRB Global Bank
11. Standard Bank Limited

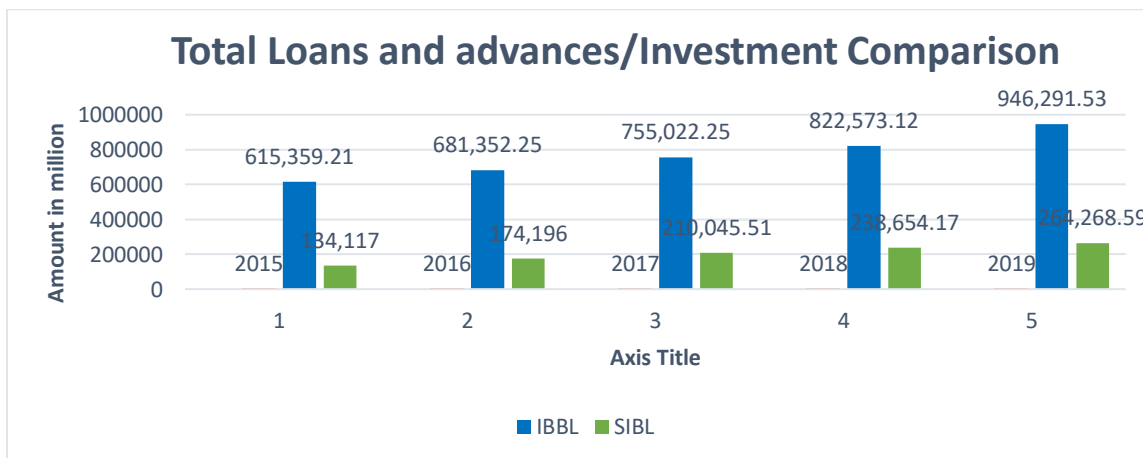
4.2 Why others bank become in islami Bank

Last year islami Banks was 8 that is increase to 11 this success not only for forbidden of interest. Every Bank success depend on customer satisfaction or Nonperforming assets (NPA). Due to the prohibition of interest (Riba) in islam, Every customer invest in Islamic Banks instead of invest in conventional Bank. And the other reason is the rules of central Bank is when a customer deposit money conventional Bank take 5% as CRR and 13 % as a SLR but here Islamic Bank provide 5% as a CRR & 5.5% take as a SLR here difference By 7.5% from conventional Bank. More over they don't provide interest they provide revenue 65% of business. In Bangladesh majority people are Muslim they don't like to Banning interest in every sector.

Total Loans and advances/Investment Comparison					
Year	2015	2016	2017	2018	2019
IBBL	615,359.21	681,352.25	755,022.25	822,573.12	946,291.53
SIBL	134,117	174,196	210,045.51	238,654.17	264,268.59

Total loan and advance/investment comparison

IBBL VS SIBL



Interpretation:

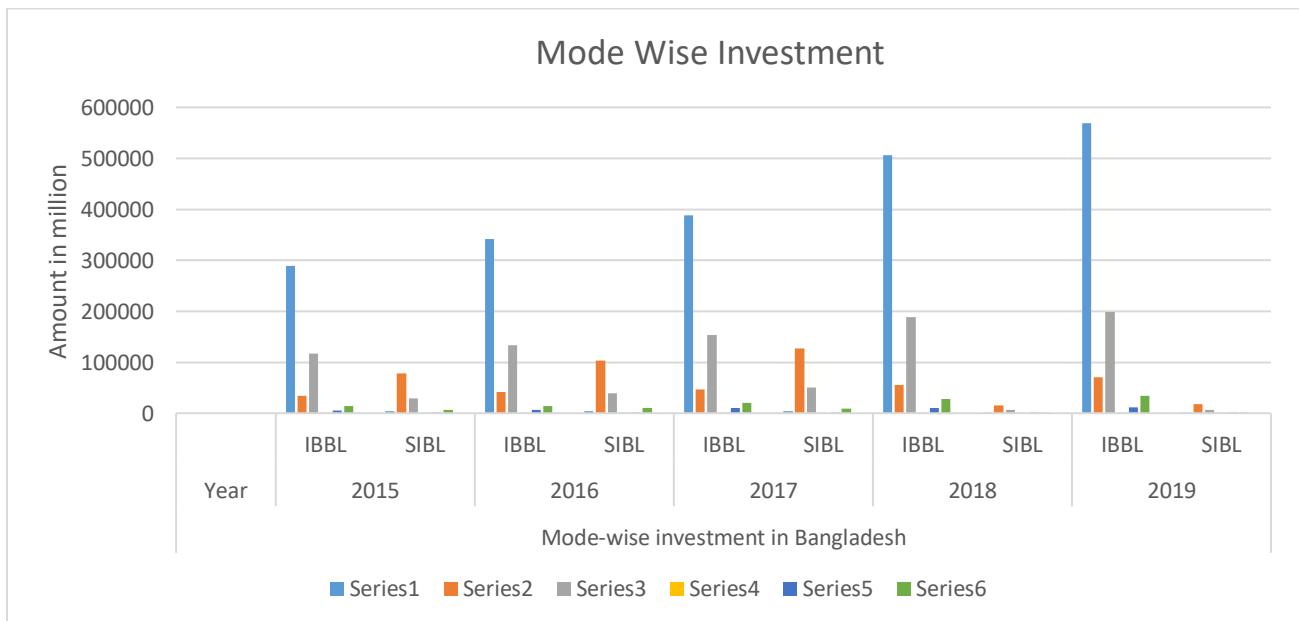
In 2015 the number of total loan and advance/ investment was 615359 Million in IBBL which is higher by almost 400000 million than that in IBBL.

According to this graph, IBBL shows an upward trend every year. In the initial year, the figure was almost 600,000 million, then it slightly boomed to almost 950,000 million in the year 2019. On the opposite side, in the first year, the number of investments was 134,000 in SIBL, which remained the same in the following year 2016, then it grew to around 264,000 million at the end of year 2019.

IBBL VS SIBL

4.4 Mode wise investment in Bangladesh

Year		Bai-Murabaha	Bai-Muajjal	HPSM	Musharaka	Bai-Salam	Quard
		2015	IBBL	288,775	33,658	117,327	393.47
	SIBL	3,929.94	77,429.00	28,685.85	493.7	340.93	6,044.23
2016	IBBL	342271.86	41545.46	133070.62	602.05	6435.57	14047.32
	SIBL	3,923.52	103,157.04	39,236.07	394.01	499.76	9,867.95
2017	IBBL	388277.72	46367.48	153820.66	510.66	10477.15	19983.4
	SIBL	4,453.66	126,947.35	50,888.74	406.94	596.29	9,213.89
2018	IBBL	505,619	55,015	188,992	510	10,733	27,815
	SIBL	195.60	15,878.29	6,275.72	38.16	69.78	533.59
2019	IBBL	568,422	71,032	198,477	588	11,247	33,507
	SIBL	206.04	18,263.67	6,379.69	32.44	83.03	532.99



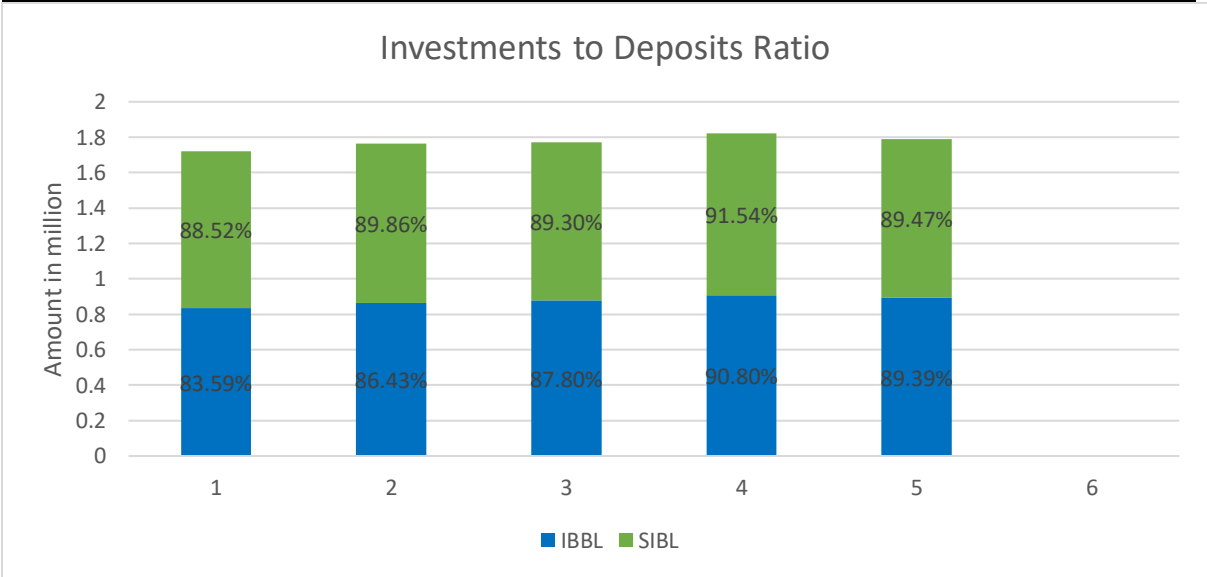
Interpretation

The graph illustrates the amount of investment in six different sectors (Bai-Murabaha, Bai-Muajjal, HPSM, Musharaka, Bai-Salam, Quard) from 2015 to 2019.

According to the graph in 2019 the amount of investment of bai-murabaha was around 60000 in IBBL and SIBL was the half of the IBBL respectively. In every mode the investment of IBBL was higher than SIBL. The mode of Bai-murabaha and Hpsm increased dramatically from the year 2015 to 2019.

4.5 Investment to deposit ratio

Investments to Deposits Ratio					
Year	2015	2016	2017	2018	2019
IBBL	83.59%	86.43%	87.80%	90.80%	89.39%
SIBL	88.52%	89.86%	89.30%	91.54%	89.47%

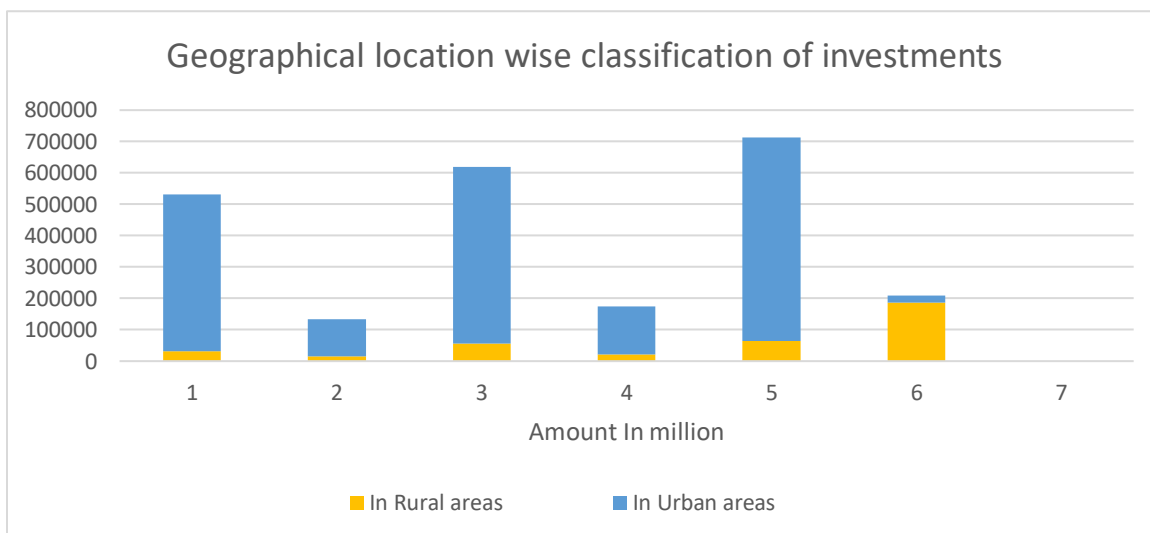


Interpretation

The graph show the proportion of investment deposit among two different countries between 2015 and 2019. In 2015 the percentage of deposit was 88 in SIBL which is higher by almost 5 than that in IBBL. From the following year 2016 the percentage was increase by 1 then it’s fluctuate to 89 percentage in the end of year 2019. Now moving to the IBBL for the 2015 the percentage increase slightly to 90 in 2018 its decrease by 1 in 2019.

4.6 Geographical location wise classification of investments

Geographical location wise classification of investments						
Years	2017		2018		2019	
	IBBL	SIBL	IBBL	SIBL	IBBL	SIBL
In Rural areas	29298.05	15189.01	53279.88	20915.58	61913.62	186068.3
In Urban areas	500305.3	118927.8	563139	153280.6	648815.3	23977.2
Sub total	529603.3	134116.9	616418.9	174196.1	710728.9	210045.5



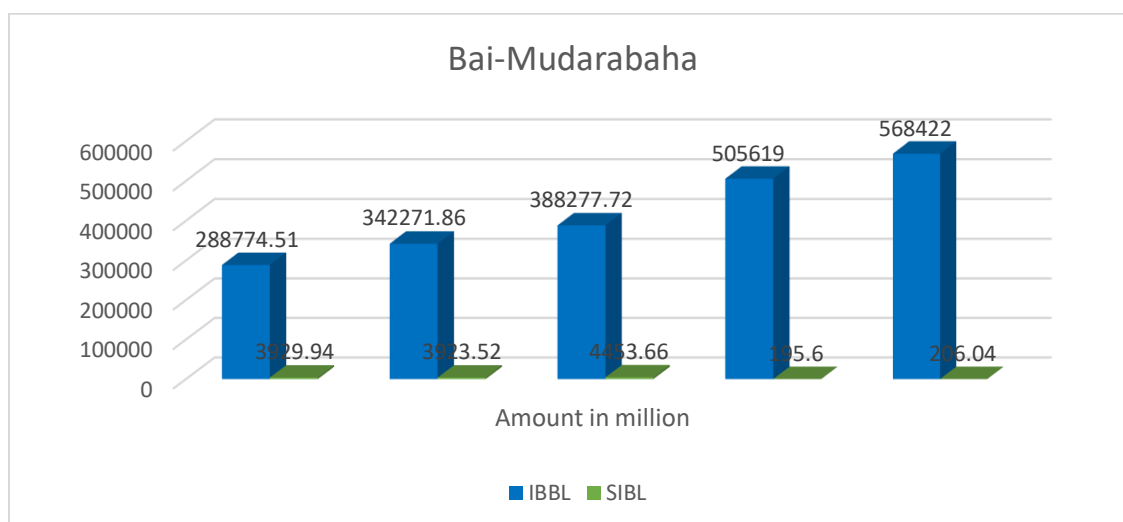
Interpretation

The graph illustrates the amount of investment in location wise in two different sectors (IBBL & SIBL) from 2017 to 2018.

According to the chart in 2017 the highest amount of investment in urban area whereas the lowest amount of investment in rural area. We can see in both banks they most invest in urban areas. In 2019 the amount of investment was around 648815.3 in urban area in 2019, however the lowest investment for urban area was lowest in SIBL which is 23977.2. The graph also represents the only few investment of urban area was in SIBL in the 2019 compared to the other investment. On the opposite side the lowest in both organizations was rural area except the last year of SIBL.

4.7 Product by Product comparison (Bai-murabaha)

Bai-Murabaha		
Years	IBBL	SIBL
2015	288774.51	3929.94
2016	342271.86	3923.52
2017	388277.72	4453.66
2018	505619	195.6
2019	568422	206.04



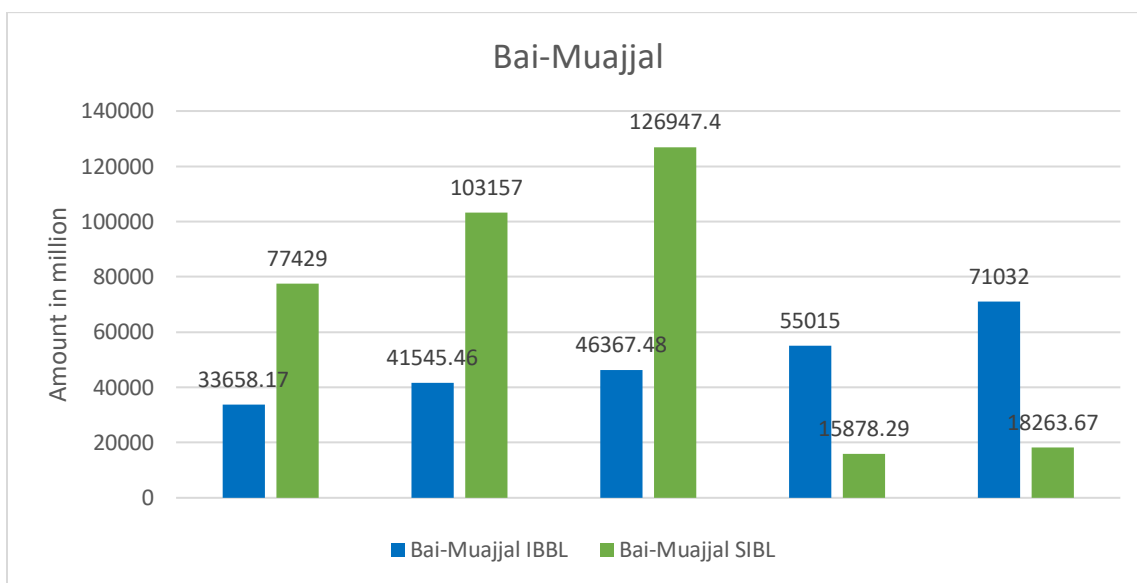
Interpretation

The chart shows the amount of investment by Bai-murabaha on the two different sectors (IBBL & SIBL) from 2015 to 2019.

We can see that IBBL leads in every year. In 2015 the amount of investment by Bai-murabaha was around 288,774 million in IBBL, which is lower by around 60,000 than that in 2016. We can observe that in the initial period the investment was under three lakhs, then it slightly increased to around 550,000 in the period of year 2019. Now we move to SIBL, the performance of SIBL was much more less than IBBL. In 2015 the amount of investment was around 4,000, which is 10 times less than IBBL. After that, in the middle, it fluctuates, then goes to 207 million in the last year.

4.8 Product by Product comparison (Bai-Muajjal)

Bai-Muajjal		
Years	IBBL	SIBL
2015	33658.17	77429
2016	41545.46	103157
2017	46367.48	126947.4
2018	55015	15878.29
2019	71032	18263.67



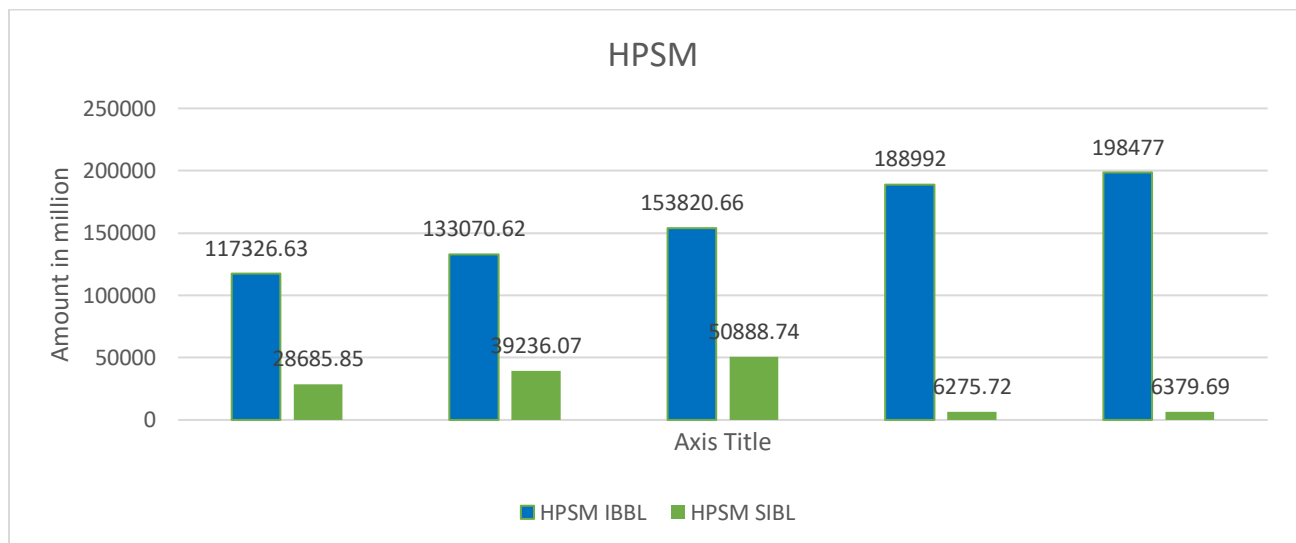
Interpretation

The chart shows the amount of investment by Bai-muajjal in two different sectors from 2015 to 2019. According to the chart, we can see that in 2015 the amount of investment by Bai-Muajjal was around 77429 million in SIBL. Following the year 2016, it increased to 103157, and then it increased again by around 27000 compared to before, then it went down to 182000 in the last year.

Now we move to the IBBL sector. Here IBBL started the lowest investment compared to SIBL, but it gradually boomed to 71032 in 2019.

4.8 Product by Product comparison (HPSM)

HPSM		
Years	IBBL	SIBL
2015	117326.63	28685.85
2016	133070.62	39236.07
2017	153820.66	50888.74
2018	188992	6275.72
2019	198477	6379.69

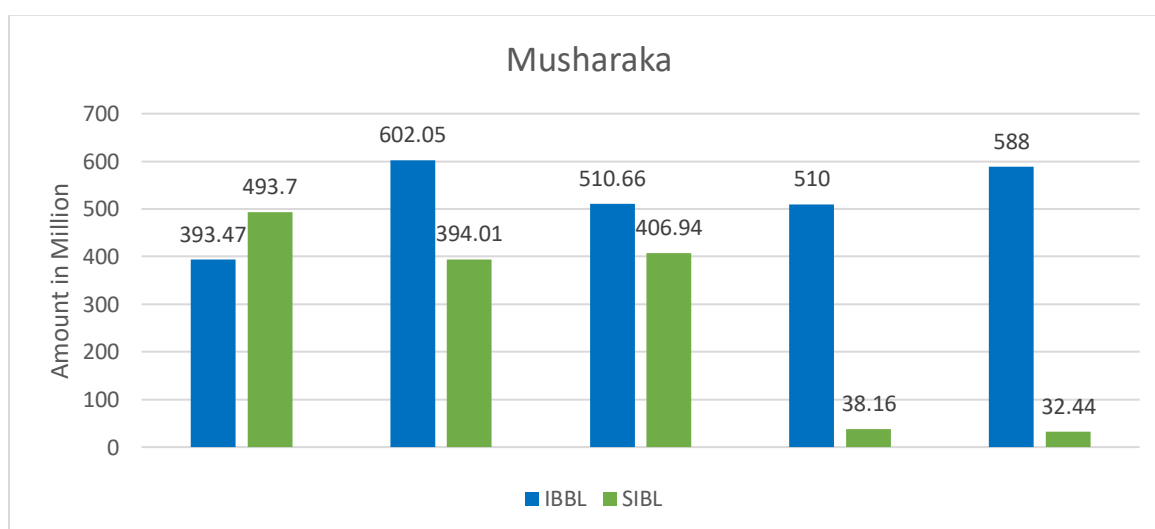


The graph represent the amount of investment by Hpsm in two different sector from 2015 to 2019.

In 2019 the amount of HPSM was the pick point In IBBL whereas the lowest point was in the same year of SIBL. We can see the graph that in 2015 the amount was around 117000 million in IBBL which one turned to almost 200000 in the end year. Now we move to SIBL organization in the first year the figure was around 28000 million the following year in 2016 it increase to 39000 next its again increase to around half lakh then decrease to 6379 in last year.

4.9 Product by Product comparison (Musharaka)

Musharaka		
Years	IBBL	SIBL
2015	393.47	493.7
2016	602.05	394.01
2017	510.66	406.94
2018	510	38.16
2019	588	32.44



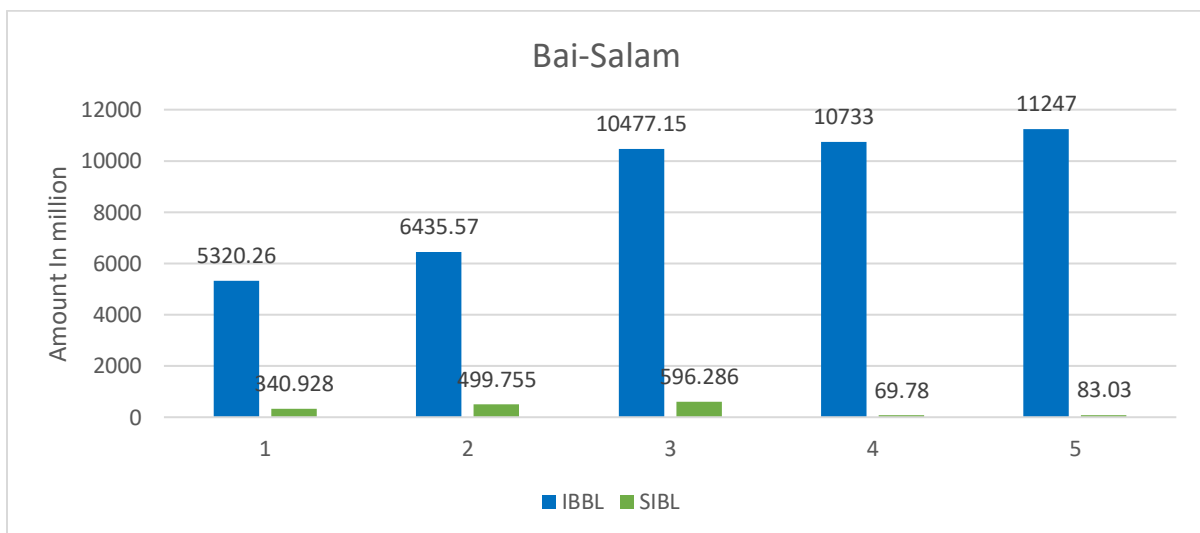
Interpretation

Both IBBL & SIBL are one of the most investment system. The graph illustrate the amount of investment by Musharaka in five different year in IBBL & SIBL Organization. According to the graph in 2019 the amount of investment was 2nd highest in IBBL whereas the number of investment in SIBL was the lowest, the figure was around 588 and 32.44 million respectively.

In the graph we can see the initial year dominated by SIBL then the following year its go to down next its slightly increase to 406.94 million then the investment reduce dramatically in last two years. Now we move to IBBL in 2015 the investment was lowest from IBBL the figure is 393 million then the figure fluctuate slightly and goes to 588 million in end of the year.

4.10 Product by Product comparison (Bai-Salam)

Bi-Salam		
Years	IBBL	SIBL
2015	5320.26	340.928
2016	6435.57	499.755
2017	10477.15	596.286
2018	10733	69.78
2019	11247	83.03



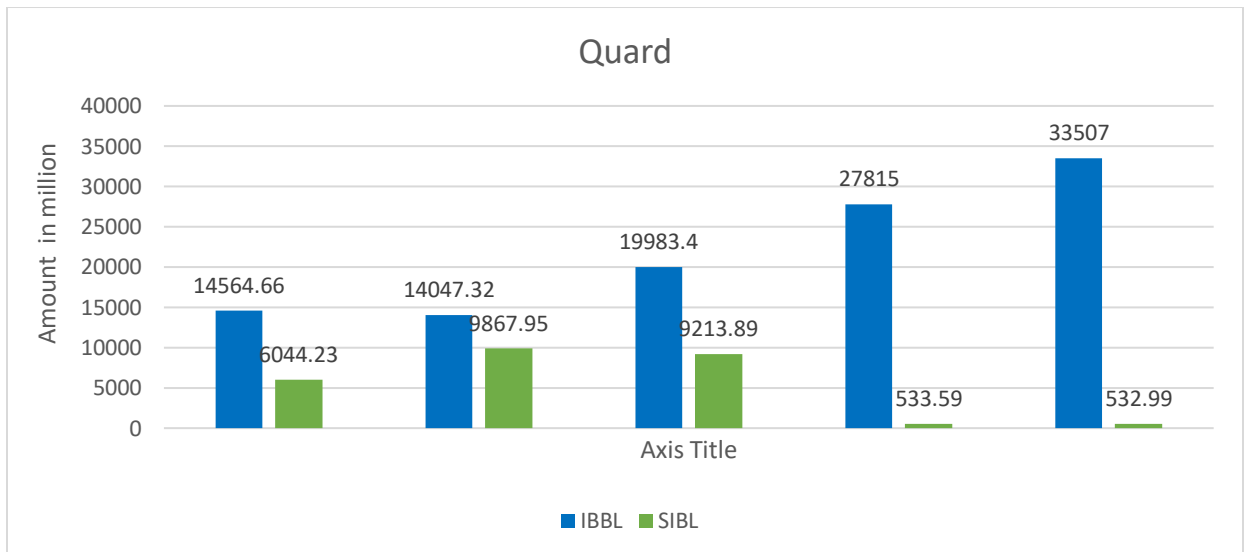
Interpretation:

Both IBBL & SIBL are one of the most investment system. The chart illustrate the amount of investment by Bai-Salam between 2015 and 2019 in IBBL & SIBL. According to the chart in 2019 the investment from IBBL was highest whereas the amount of investment from SIBL was 2nd lowest investment respectively in the same year, and the figure was 11247 & 83.03.

In 2015 the amount of investment from IBBL was under 6000 then that is increase to 6435 after that its consistently increase to 11247 in 2019. Now we move to SIBL in the initial year the amount of investment was 340 then it was in crease next two years in 2017, in the following years 2018 its dropped to 69 million after all its again slightly increase to 83 in 2019.

4.11 Product by Product comparison (Quard)

Quard		
Years	IBBL	SIBL
2015	14564.7	6044.23
2016	14047.3	9867.95
2017	19983.4	9213.89
2018	27815	533.59
2019	33507	532.99



Interpretation:

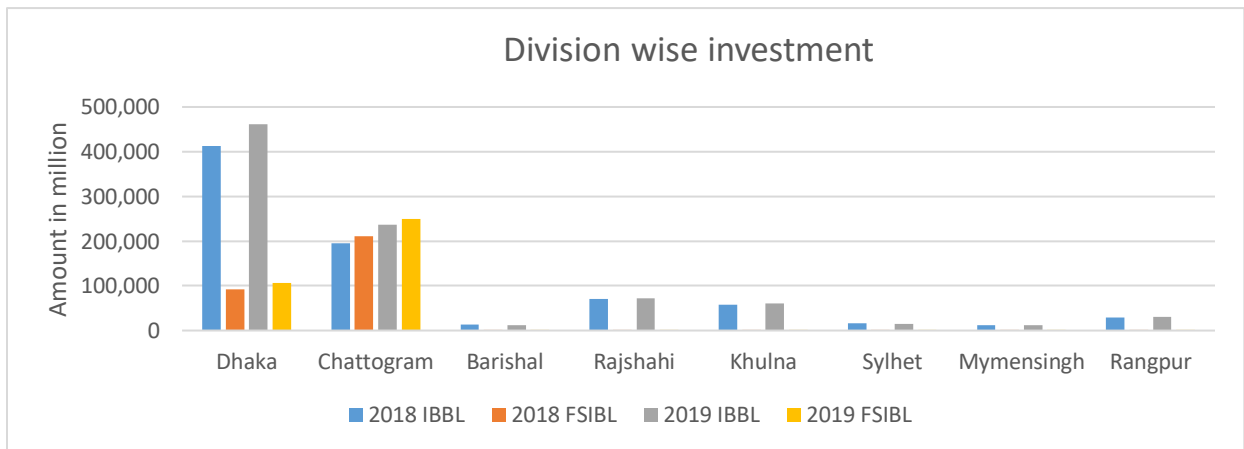
Both IBBL & SIBL are one of the most investment system. The figure represent the amount of investment by Quard from two different Bank from 2015 to 2019. In the graph in 2019 the highest amount of investment was by IBBL whereas the lowest amount of investment was by SIBL respectively and the figure was 33507 & 532.99 million.

According to the graph in 2016 the lowest amount of investment from IBBL was 14047 then it's dramatically increase consistently to 33507 In 2019. Now we goes to SIBL in 2016 the investment was highest for the SIBL then it's reduce to 532 in 2019.

IBBL VS FSIBL

4.12 Division wise investment

Year		Dhaka	Chattogram	Barishal	Rajshahi	Khulna	Sylhet	Mymensingh	Rangpur
2018	IBBL	413,146	195,795	12,833	69,951	57,368	15,833	11,915	28,930
	FSIBL	91621.62	210529.76	260.18	889.22	1347.644	441.33	813.88	150.8
2019	IBBL	461,162	236,169	12,091	71,517	61,280	15,177	11,518	30,099
	FSIBL	105754	249094.3	306.58	856.87	1382.286	400.38	793.4	159.63



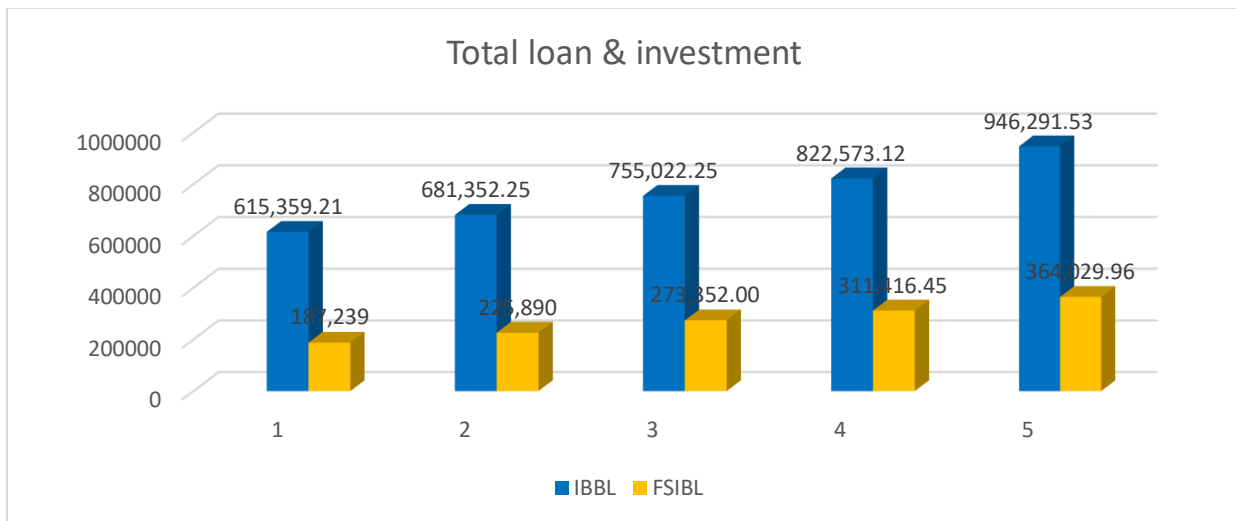
Interpretation:

The graph shows the amount of investment among the eight different cities from 2018 to 2019 in two banks (IBBL, FSIBL). According to the graph, in every year both banks invest most in Dhaka Division, while the least investment was in Mymensingh in both banks. In every year, the amount of investment in eight different divisions was higher. In 2019, the IBBL investment was 461,162 million, while on the opposite side, the FSIBL investment was three times less than IBBL.

IBBL VS FSIBL

4.13 Total Loans and advances/Investment Comparison

Total Loans and advances/Investment Comparison					
Year	2015	2016	2017	2018	2019
IBBL	615,35 9.21	681,35 2.25	755,02 2.25	822,57 3.12	946,29 1.53
FSIBL	187,23 9	225,89 0	273,35 2.00	311,41 6.45	364,02 9.96



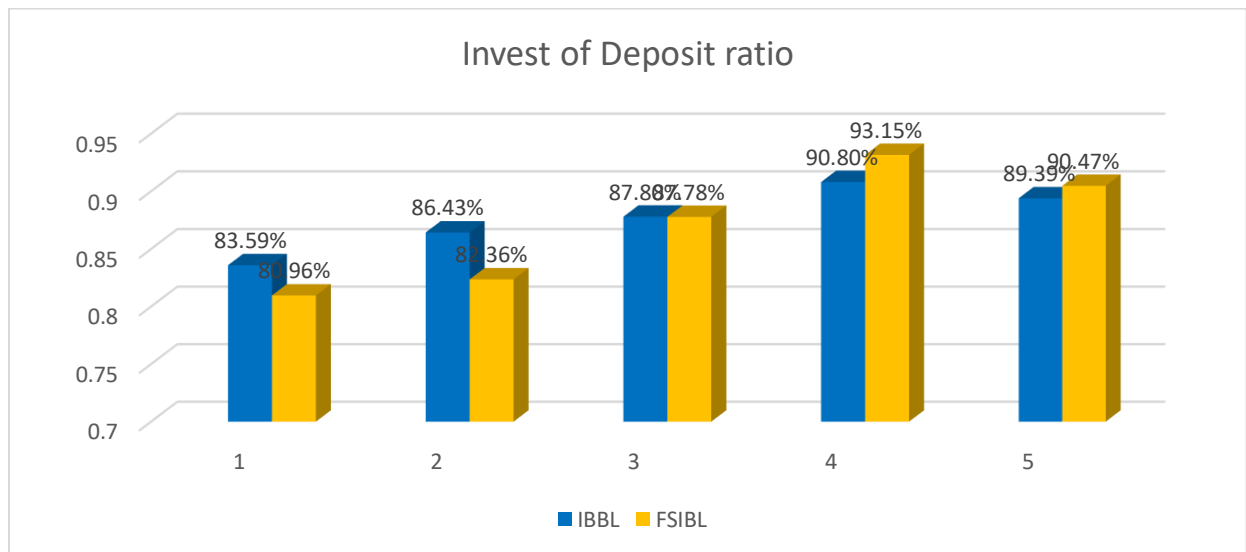
Interpretation:

The graph illustrates the amount of loan and advance/ investment in two different organizations from 2015 to 2019. In 2019, the amount of investment was 646,291 in IBBL, which was higher by around 600,000 than that in FSIBL. The graph shows that in 2015, the amount was 188,000 in FSIBL, which was the lowest figure in the graph. Then, the figure boomed to almost double in the last year. On the other organization, the figure was 615,000 in the initial year and gradually increased to 946,291 million in the end of year 2019.

IBBL VS FSIBL

4.14 Investment to Deposit ratio

Investments to Deposits Ratio					
Year	2015	2016	2017	2018	2019
IBBL	83.59 %	86.43 %	87.80 %	90.80 %	89.39 %
FSIBL	80.96 %	82.36 %	87.78 %	93.15 %	90.47 %



Interpretation:

The Investment to Deposit ratio is used to understand a bank's liquidity position by comparing its total Investment to its total deposits for the same time period.

The chart represent the proportion of deposit among two different organization (IBBL & SIBL) between 2015 and 2019. According to the graph in 2017 the percentage of deposit was same for the Both Bank the figure was around 88% respectively. In 2018 the highest figure was 93% in FSIBL which was higher by 3% than that in IBBL. We can see in the graph initially IBBL dominated the next three year 2017,2018 & 2019 was in FSIBL.

Chapter 5
Findings, Recommendation
&
Conclusion

5.1 Findings

- The loan & Investment SIBL were three time less than IBBL In every year SIBL should focus on their Loan and investment.
- Higher portion of total investment IBBL invested on Bai-Murabaha mode. On the opposite side SIBL Invest on Bai-muajjal. But both Bank don't give enough priority on Musharaka & Bai- salam.
- Almost proportion of 40% or more investment come from urban area in every bank, they Should also invest in Rural area.
- For the both Bank IBBL & FSIBL maximum investment derived from Dhaka division which is around 50%, And rest of the proportion come from others division.
- From 2015 to 2019 the investment of IBBL was higher trend than FSIBL respectively. FSIBL investment four time less than IBBL.
- IBBL has higher number branches compare than SIBL & FSIBL. But branch base income not bad in SIBL & FSIBL.
- As a leader among primary Banks , Islami bank Bangladesh limited has achieved a large customer base of 1.50 million which shows the potential for such deposit & investment
- Investment of deposit ratio was higher of FSIBL compare than IBBL. It were fluctuate but it was higher.

5.2 Recommendations

- In Bangladesh maximum people live in rural area they do not connect with Bank. They deprived from Bank service .IBBL should provide proper mobile banking service.
- IBBL should invest in different sector, we see last five year IBBL & FSIBL focus on Dhaka & Chittagong the also need to focus in rural area.
- For the entire development of Bangladesh, Whole Bank sector should focus on all division not only Dhaka & Chittagong Division.
- IBBL invest on Bai-Murabaha & SIBL invest on Bai- Muajjal the higher portion of total investment, they should invest on sector.
- Both Banks focus on urban area, the total investment of 85 % was in urban area. Rural area also need improvement with the urban area. However IBBL, SIBL & FSIBL should focus on rural area.
- Investment to deposit ratio was lower than FSIBL. In 2019 that was 89%. I thing IBBL Hold the liquid money that the cause of less return.

5.3 Conclusion:

In Bangladesh maximum people are Muslim. Due to the prohibition of interest in Islam they invest in Islamic Bank instead of conventional bank. In Islam Business is halal. They maintain Banking in principle of shariah, Islamic Bank depend on Quran. Islamic Bank not only work with corporate people they focus on mass people. The Islamic banks have no provision to charge any extra money from the defaulters. Islamic Bank have special investment policy on profit sharing loss bearing mode according to the principle of sharia. Give the character of the effectiveness of Islamic banking and its Beneficial effects on the economy, government policy in Muslim Country should be in favor of rebuilding the traditional banking System.

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