

An Assessment On

Social Welfare Activities of Islami Bank Bangladesh Ltd.



Daffodil
International
University

**An Assessment
On
Social Welfare Activities
Of
Islami Bank Bangladesh Ltd.**



SUBMITTED TO:

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International
University

Date of Submission: June 12, 2014.

LETTER OF TRANSMITAL

June 12, 2014.

Mahbub Parvez

Assistant Professor

Faculty of Business & Economics

Daffodil International University

Subject: Submission of report titled “**An Assessment on social welfare activities of Islami Bank Bangladesh Ltd.**”

Honorable Sir,

With due respect I do hereby submit the internship report titled “**An Assessment on social welfare activities of Islami Bank Bangladesh Ltd.**” which was assigned to me as an integral part of my course requirements in BBA program.

As I have worked as an Intern in IBBL, Panthapath Branch, Dhaka, thus, it is a very good opportunity for me to prepare the report properly with proper practical experiences & empirical data, as well as, application of theoretical knowledge.

Preparing this report has been extremely challenging, interesting and rewarding experience for me during the period. Now I am able to understand and utilize the key terms of Islamic Banking in banking sector. Now it is very easy for me to interpret any impact and its effect on bank. I would like to express my deepest gratitude to you for providing me with such an opportunity.

I have tried my best to make this report as comprehensive and informative as possible within the time allowed for me. Due to various constraints, there may be some mistakes for which I beg your apology.

Sincerely yours,

.....
(Md. Mehedi Hasan)

ID: 092-11-996.

BBA Program

CERTIFICATE OF APPROVAL



I am pleased to certify that the internship report titled “**An Assessment on social welfare activities of Islami Bank Bangladesh Ltd**” conducted by Mehedi Hasan bearing ID No: 092-11-996 of the Department of Business Administration has been approved for presentation and defense/viva-voce. Under my supervision Mehedi Hasan worked with Islami Bank Bangladesh Bank Ltd as an intern. He completed the work during the Summer-2013 semester.

I am pleased to hereby certify that the data and findings presented in the report are the authentic work of Mehedi hasan. I strongly recommend the report presented by Mehedi Hasan for further academic commendations and defense/viva-voce.

Mehedi Hasan bears a strong moral character and a very pleasing personality. It has indeed been a great pleasure working with him. I wish him all success in life.

Supervisor

(Mahbub Parvez)

Assistant Professor

Faculty of Business & Economics
Daffodil International University

PREFACE

At the inception of human life on the planet i was very fragile and our adaptability with the nature and surroundings were absent. It was because of the absence of the civilization. But over time human being started to learn, understand events after events by exploring. And civilization starts its journey with that learning. And the learning from events has shaped the curve of our civilization till date. But the time when human being starts to identify his needs, understand his capability they started to depend on each other. They started to exchange their goods to each other to meet the personal necessities and introduced barter economy. But at certain point of time the civilization itself realized that there should be a specific unit against which all other commodities will be measured. This standardization introduced money in the market. And the introduction of money eventually opened the door for a third party to hop in between the buyer and seller. And that third party was none other than the “Bank”.

Bank is a financial institution that provides services related to money. The main motive of a commercial bank is to earn profit by providing its clients with the best possible services. Since bank operates in the service industry having a strong customer relationship is of utmost importance. The Banking sector in Bangladesh has gone through tremendous changes over the last few decades as the sector became more competitive with the inclusion of many new private banks, each coming up with its own unique scheme of services A bank offers all kinds of Commercial Corporate and Personal Banking services covering all segments of society within the framework of Banking Company Act and rules and regulations laid down by our central bank. Diversification of products and services include Corporate Banking, Retail Banking and Consumer Banking right from industry to agriculture, and real state to software.

ACKNOWLEDGEMENT

First of all I remember Almighty Allah for making me successful to prepare this report. I am grateful to the Islami Bank Bangladesh Limited authority that has helped me by updating desired information at their website. At the very outset, I would like to thank and convey my gratitude to honorable Supervisor. **Mahbub Parvez, Assistant Professor, Daffodil International University**, for letting me to prepare this report and I would also like to express my sincere appreciation to him for his wholehearted support and guidance.

I also express my cordially thanks to all the staffs, colleagues, and members of Islami Bank Training & Research Academy (IBTRA), who has provided me necessary information & excellent guideline to prepare this report.

I also express my heartiest thanks to all the Bankers and Customers of Islami Bank Bangladesh Limited, Panthapath Branch, who has kindly provided me the information and other handout tools. I am very grateful to Mr. Khurshed Alam, Executive Vice President, Panthapath Branch, Islami Bank Bangladesh Limited, Panthapath Road (Tridhara Tower) for this necessary co-operation to carry out my assignment in a proper way. I am also grateful to AVP, SVP, some SPOs, some POs most of Officer, workers as well as VP of same branch.

The management of this Branch had been extremely helpful in providing necessary documents, annual report, statements, voucher etc. which helped me to prepare this Internship report. I express a deep debt of appreciation & gratefulness to the employees of IBBL, Panthapath Branch.

EXECUTIVE SUMMARY

Bangladesh is a developing country. Financial Organization like Bank can play a vital role in economic development. Banking constitutes an important segment of the financial infrastructure of any country. Banking means deposit mobilization and development of that deposit into advances in different sectors. Thus, Bank takes part in socio-economic development of country, attainment of their own profit.

The internship report titled “**An Assessment on social welfare activities of Islami Bank Bangladesh Ltd**” is expected to give a clear idea about the overall banking as well as the performance of Islami Bank Bangladesh Limited (IBBL) over the years. I have started my analysis from discussing the basic issues regarding for any depository financial institution. First I had discussed the general part of Islami Bank Bangladesh Limited. Then I have focused on the feature those are the core variables for the Bank to success and failure. I have also discussed the mission, objective and goal of IBBL. During the short span of its operation the bank has successfully positioned itself as a acclaimed by business community, from small businessmen or entrepreneurs to large traders and industrial conglomerates, including the top rated corporate borrowers for forward looking business outlook and innovative financing solutions. Although IBBL was established just 10 years ago, it has made a strong position in banking sector of Bangladesh.

In the next part of the report I have discussed different topics regarding its general banking-deposit policy specifically pointing on its different types of deposit as well as different types of loan and advances. In this part I have focused on different day-to-day operation of Islami Bank Bangladesh Limited. I have mentioned the bank’s policy as well as procedure of the Islami Bank Bangladesh Limited.

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Chapter-1

Introduction of the Report:

1.1 Origin of the Report:

Internship program is a partial program for BBA. For the completion of this internship program I have chosen a bank named “Islami Bank Bangladesh Ltd”. In the study period, mainly student gain theoretical knowledge. Before getting into job, student should have some real world experience in the major field of study on the career choice that interests him/her. The academic world and the working world are two completely different setting. The knowledge and experience is gain from working at a company helps anyone when it comes to attain a full time worker. The major targets to offer internship in our University are as following:

- ✿ Student break free from the theoretical world of textbook and class courses and lead into the real world of applications of knowledge.
- ✿ The student’s competency and efficiency in the working environment can be accessed from this course.
- ✿ Helping students to express dependability, initiative, resourcefulness and professionalism in the tasks they are assigned.
- ✿ Enabling the students to affectively interact in a work environment within a hierarchy of employees.
- ✿ The efficiency of working in groups and under higher authorities is tested.
- ✿ To enable students to pick up skills from the experience and projects of other employees to apply in their own tasks. It is extremely important for the person to be able to learn and apply the skill at the same time.

1.2. Background of the Report:

Banks play the most important role in the economy. Banks collect money from the individuals and lend them to others. Now a day, banks are offering the widest range of financial services and perform lot of financial functions. Thus, banks have proven that, they are the key factor for the business and economy.

Islami Bank Bangladesh is one of the fast growing private commercial bank in Bangladesh. It is committed to provide high quality financial services to its customers and thereby contribute to the growth of GDP of the country throughout stimulating trade and commerce, boosting up

export, poverty alleviation, raising living standard of limited income group and overall sustainable socio-economic development of the country.

To achieve the aforesaid objectives of the bank, general banking activities must play an active role to provide the financial assistance to the customer who also helps them by providing them with management assistance when needed. Islami Bank Bangladesh Limited has played this role with their experiences in the banking sector where the others are not merely performed.

1.3. Objectives of the Report:

The main objective of the report is to identify the social welfare activities of Islami Bank Bangladesh Ltd. and its impacts on the society.

The specific objectives:

- To know the sectors of social welfare activities of Islami Bank Bangladesh Limited;
- To identify the characteristics and functions of social welfare activities of Islami Bank Bangladesh Limited;
- To evaluate how these activities help to improve the society;

1.4. Methodology of the Report:

This report will be mainly descriptive in nature. Both the primary and secondary sources will be used for preparing this report. Primary data will be collected mainly from the bank officers of my branch and from the people who avail those services by interview method. And internet, different websites, bank website, journals, reports, newspaper will be the sources of secondary data. After collecting all necessary data I will make the report by using some statistical tools like percentage, average etc and the findings will be systematically presented in tables, diagrams, graph and charts.

✓ Sources of Data:

For smooth and accurate study everyone has to follow some rules and regulation. The data were collected from two sources.

- Primary sources
- Secondary sources.

Primary sources:

Method of collecting Primary Data:

- ✓ Officers.
- ✓ Clients.
- ✓ Practical desk work.
- ✓ Face to face conversation with the officers.
- ✓ Face to face conversation with the clients.
- ✓ Facing some practical situation related with the day to day banking activities.

Secondary sources:

Method of collecting Secondary Data:

- ✓ Annual report of IBBL
- ✓ Analysis and Interpretation of Data.

Target population:

- ✓ Number of Employees: 40 Full-Time Employees, 20 Part-Time Employees.
- ✓ Size of Clients: At most 100 Corporate Customers and 350 Individual Customers.

Sampling Method:

- ✓ Judgmental Method.

Data Analysis & Report Writing:

1.5. Scope of the Report:

By doing this report I gather a lot of knowledge about banking like- general banking, clearing, foreign transecting and customer relationship & social welfare activities of Islami Bank. This will help me on my future to get a better opportunity on private or government bank.

1.6. Limitation of the Report:

Although I have tried to prepare my report with utmost care and commitment, my work is subject to some limitations. Those limitations are given below:

1. The main Drawback behind preparing this report was time. The tenure of the Internship program is only two months so it is not possible to go through in depth within this short span of time. Due to time limitation, many aspects could not be included in the report.
2. Though the officials tried to assist, sometime their working pressure couldn't give me proper assistance what I needed. Clients are also busy and not always helpful. Also they hesitate to comment on the bank inside the premise which created problems for conducting survey.
3. Lack of comprehension of the respondents was an obstacle that created a lot of confusion regarding verification of conceptual question.
4. Another limitation of this report is the banking policy is not to disclose any information earlier, which will publish in future. For this reason I could not collect any data of 2013.
5. The employees of Islami Bank Bangladesh limited remains so much busy with their own work that it is quiet tough to provide time for making the concept clear in a particular area.
6. Every organization has their own secrecy that is not revealed to others. While collecting data i.e. interviewing the employee, they did not disclose much information for the sake of the confidentiality of the organization.

Chapter-2

Organizational Part

The Organization:

2.1. Definition of Islamic Bank:

OIC:

“An Islamic Bank is a Financial Institution whose statutes, rules, and regulations expressly state its commitments to the Principles of Islamic Shariah and to the banning of the receipt and payment of interest on any of its operation”

Bangladesh Bank License for IBBL operation:

“The Bank will operate within the framework of the existing Banking Laws, rules and regulations subject to such minor adjustment that may be considered for an Islamic Bank to function. In addition to the above all requirements of Banking Companies ordinance 1962 (as adapted in Bangladesh) as also relevant provisions of Bangladesh Bank order, 1972(P.O No.127 of 1972) and instructions issued from time to time there under by Bangladesh Bank will also apply to the bank.”

According to Islamic Banking Act 1983 of Malaysia:

“An Islamic Bank is a company which carrying on Islamic Banking Business. ...Islamic Banking Business means banking business whose aims and operations do not involve any element which is not approved by the Religion of Islam.”

2.2. Overview of the organization:

Islami Bank Bangladesh Limited was incorporated as the first Shari‘ah based interest-free Bank in South-East Asia on the 13th March in 1983 as a Public Limited Company with limited liability under the Companies Act, 1913.

The first branch of the Bank i.e. Local Office, Motijheel, and Dhaka started functioning on the 30th March, 1983. The Bank was formally inaugurated on 12th August, 1983. The Authorized Capital of the Bank is Tk.5, 000 million and Paid-Up Capital is Tk.3, 802 million. The shareholdings of Foreign and Local Shareholders in the Paid-Up Capital are 57.36% and 42.64% respectively. After its establishment in 1983 the bank raised its share capital through the initial Public Offering (IPO) of shares in 1985.

IBBL is the first private sector Islamic bank in South-East Asia. The establishment of this bank ushered a new era in Bangladesh, the 3rd largest Muslim country of the world. The bank is committed to run all its activities based on Islamic Shari, ah. IBBL through its steady progress and continued success has, by now, earned the reputation of being one of the leading banks in the country. It is the first financial services company to bring together banking and investments under the Islamic Shari, ah in Bangladesh. It provides consumers, corporations and institutions with a broad range of financial products and services, including consumer banking and Investment, corporate and investment banking. IBBL ranked one of the country's most respected financial institutions has the most diverse array of products and the greatest distribution capacity of any financial firm in the country.

Historical Background of IBBL:

In August 1974, Bangladesh signed the Charter of Islamic Development Bank and committed itself to reorganize its economic and financial system as per Islamic Shariah.

In January 1981, the President of People's Republic of Bangladesh While addressing the third Islamic conference held at Mecca and Taif suggested "The Islamic countries should develop a separate banking system of their own in order to facilitate their trade and commerce"

This statement of the president indicated favorable attitude of the government of the People's Republic of Bangladesh towards establishing Islamic banks and financial institution in the country. In early November 1980, Bangladesh bank, the country's Central Bank, sent a representative to study the working of several Islamic Banks abroad.

In November 1982, a delegation of IDB visited Bangladesh and showed keen interest to participate in establishing a joint venture Islamic bank in the private sector. They found a lot of work had already been done and Islamic banking was in a ready from for immediate introduction. Two professional bodies of Islami Economics Research Bureau (IERB) and Bangladesh Islami Bankers' Association (BIBA) made significant contribution towards introduction of Islami banking in the country.

They came forward to provide training of Islamic banking to top bankers and economists to fill up the vacuum of leadership for the future Islami bank in Bangladesh. They also had seminars, symposiums and workshops on Islami economic and banking throughout the country to mobilize public opinion in favor of Islami banking.

Their professional activities were reinforced by a number of Muslim entrepreneurs working under the support of the then Muslim Businessmen society (now reorganized as Industrialist & Businessmen Association). The body concentrated mainly in mobilizing equity capital for the emerging Islami bank.

At last, the long drawn struggle to establish an Islami bank in Bangladesh become a reality and Islami bank Bangladesh limited was established in march 1983 in which 19 Bangladeshi national, 4 Bangladeshi institutions and 11 banks, financial institutions and government bodies of the middle East and Europe including IDB and two eminent personalities of the kingdom of Saudi Arabia joined hands to made the dream a reality.

Later, other Islami Banks, Islami Insurance Companies and Financial Institution were established in the country. Some traditional banks opened Islamic banking branches in some major cities.

2.3. Vision of IBBL:

- The vision of IBBL is to always strive to achieve superior financial performance, be considered a leading Islamic Bank by reputation and performance.
- To establish and maintain the modern banking techniques, to ensure the soundness and development of the financial system based on Islamic principles and to become the strong and efficient organization with highly motivated professionals, working for the benefit of people, based upon accountability, transparency and integrity in order to ensure stability of financial system.
- Try to encourage savings in the form of direct investment
- Try to encourage investment particularly in projects, which are more likely to lead to higher employment.
- To establish & maintain modern banking techniques.

2.4. Mission of IBBL:

A mission is the long term concrete ends to be achieved by an organization. It reflects organization is now and the perceived needs of its customers. The missions of Islamic Bank Bangladesh Limited are as follows

- ▲ To established Islamic Banking through the introduction of welfare oriented banking system
- ▲ To ensure equity and justice in the field of all economic activities.
- ▲ To achieve balanced growth and equitable development through diversified investment operations particularly in the priority sectors and less development areas of the county.
- ▲ To encourage socio-economic development and financial services to the low-income community particularly in the rural areas.

2.5. Aims & Objectives of IBBL:

- ▲ To conduct interest –free banking
- ▲ To establish participatory banking instead of banking on debtor creditor relationship.
- ▲ To invest on profit and risk sharing basis.
- ▲ To accept deposits on Mudaraba & Al-Wadeah basis.
- ▲ To establish a welfare-oriented banking system.
- ▲ To extend co-operation to the poor, the helpless and the low-income group for their economic uplift.
- ▲ To play a vital role in human development and employment generation.
- ▲ To contribute towards balanced growth and development of the country through investment operations particularly in the less developed areas.
- ▲ To contribute in achieving the ultimate goal of Islamic economic system.
- ▲ Ensuring justice to both suppliers of fund (depositor) and user of fund (investment taker)
- ▲ Encouraging and patronizing entrepreneurship.
- ▲ Bridging up the gap between the surplus and deficit of fund.
- ▲ Development of a healthy capital and money market.
- ▲ Providing various services and utilities to the public.
- ▲ Development of standard of living
- ▲ Switching over to mass banking from class banking.
- ▲ Alleviating poverty through Zakat and profit sharing micro-finance.

2.6. IBBL in Brief:

(As on December 31,2012)

Corporate Information	
<u>Organization</u>	<u>Remarks</u>
Incorporation	13th March 1983
Inauguration of 1 st Branch	30th March 1983
Formal Inauguration	12th August 1983
Company Registration Number	C-10589/485 Date March13, 1983
Legal Status	Public Limited Company
Tax Payer Identification Number (TIN)	210-200-0887
Name of Chairman	Prof. Abu Nasser Muhammad Abduz Zaher
Name of Managing Director	Mohammad Abdul Mannan
Company Secretary	Abu Reza Md. Yeahia (C. P.)
Name of CFO	Mohammad Nesar Uddin, FCA, ACMA
Launching of iBanking	16.12.2011
Inauguration of mCash service	27.12.2012
Financial Information	
Authorized Capital	Tk. 20,000.00 Million
Paid-up Capital	Tk. 12509.64 Million
Deposits	Tk. 417,844.14 Million
Investment (including Investment in Shares)	Tk. 399,930.79 Million
Branches	
Total Number of Branches	246
Total Number of SME Krishi Branches	30
Total Branches	276
Number of Ad Branches	43
Number of ATM Booth	300
Number of Shareholders	60,302
Manpower	12,188

Source: Islami Bank Bangladesh Limited, **Website:** www.islamibankbd.com

2.7. Functions of IBBL:

The main functions of Islami Bank Bangladesh Limited on the basis Islami Sharia Principles, Banking Companies Act 1991 and Guideline of Bangladesh Bank are as under:

- ▲ Maintain All Types Of Deposit Account;
- ▲ Make Investment;
- ▲ Conduct Foreign Exchange Business;
- ▲ Extend Other Banking Service;
- ▲ Conduct Social Welfare Activities Through Islami Bank Foundation;

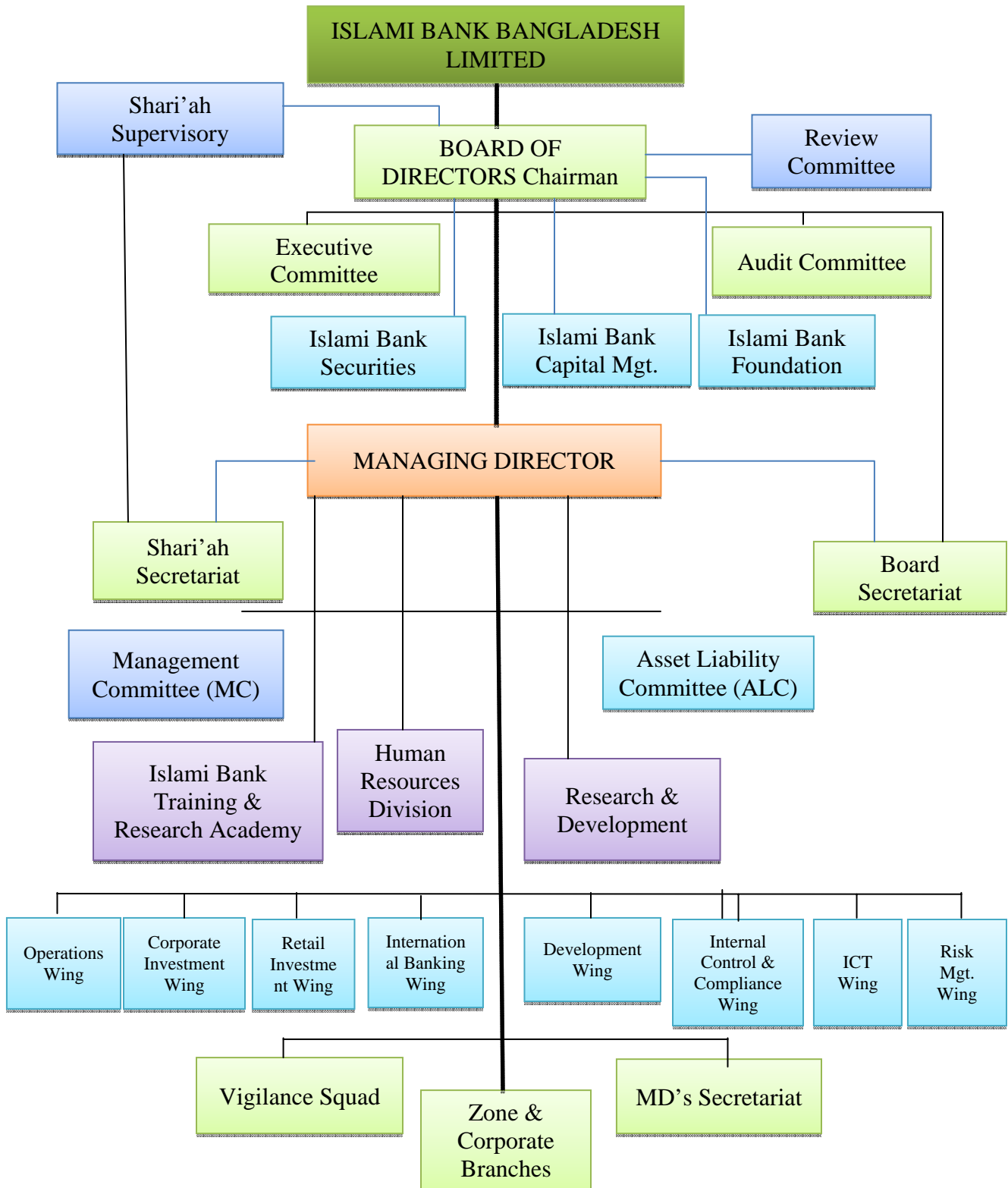
2.8. Corporate Slogan of IBBL:

Our slogan is “Islami Bank, My Bank”, and yearly slogan of the Bank in the year 2012 was “Let’s go to the 165 million people, let’s decorate our country”. We are striving hard to expand our branch network and SME Service centers to bring the services of Islamic Banking at every door step of the people of the country.

2.9. Management of IBBL:

A Board of Directors consists of 13 directors those are elected from the foreigners and local shareholders. They provide policy guide lines to Islami Bank Bangladesh limited. The Board of Directors forms an Executive Committee for smooth and efficient operations of the Bank Executive Committee consists the members of the Board. Besides, a Management committee consisting of the senior executives headed by the chief executive looks after the actual operations of the Bank.

2.10. Corporate Structure:



2.11. Values of IBBL:

Values are relatively permanent desires that seem to be good in themselves. They contribute to quality improvement in any organization. Islami Bank Bangladesh limited has the Value as noted below.

- ▲ Complete trust on almighty Allah.
- ▲ Obeying Islamic Shariah completely.
- ▲ Honesty, devotion and morality at highest degree.
- ▲ Welfare banking.
- ▲ Balance and just distribution.
- ▲ Awareness of environment.
- ▲ Specialized services.
- ▲ Application of ever changing technology.
- ▲ Transparency and accountability in duties and responsibility.

2.12. Strategic Goal of IBBL:

A strategy is a game plan for beating competitors. It is adopted to attain the goals of the organization. Islami Bank Bangladesh Limited has resource to strategic goal to maintain its leading position in the competitive market. They include....

- ▲ To ensure customers' satisfaction.
- ▲ To ensure welfare oriented banking.
- ▲ To establish a set of managerial succession and adopting technological changes to ensure successful development of an Islamic Bank as a stable financial institution.
- ▲ To prioritize the clients welfare.
- ▲ To emerge as a healthier & stronger bank at the top of the banking sector and continue stable positions in ratings, based on the volume of quality assets.
- ▲ To ensure diversification by Sector, Size, Economic purpose & geographical location wise Investment and expansion need based Retail and SME/Women entrepreneur financing.
- ▲ To invest in the thrust and priority sectors of the economy.
- ▲ To strive hard to become a employer of choice and nurturing & developing talent in a performance-driven culture.
- ▲ To pay more importance in human resources as well as financial capital.
- ▲ To ensure lucrative career path, attractive facilities and excellent working environment.

- ▲ To ensure zero tolerance on negligence in compliance issues both sharia'h and regulatory issues.
- ▲ To train & develop human resources continuously & provide adequate logistics to satisfy customers' need.
- ▲ To be excellent in serving the cause of least developed community and area.
- ▲ To motivate team members to take the ownership of every job.
- ▲ To ensure development of devoted and satisfied human resources.
- ▲ To encourage sound and pro-active future generation.
- ▲ To achieve global standard.
- ▲ To strengthen corporate culture.
- ▲ To ensure Corporate Social Responsibilities (CSR) through all activities.
- ▲ To promote using solar energy and green banking culture and ecological balancing.

Commitments:

Islami Bank Bangladesh Limited is committed:

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

2.13. Shariah Council of IBBL:

The Shariah Council of Islamic Bank generally consists of experts from the following four areas:

1. Fuqaha: Persons representing this group must be well versed in the Quran, Sunnah and fully conversant with the opinion of all schools of islami thought and Islami law and jurisprudence. They must view Islam as a total way of life and a living religion.

2. Banker: There must be a member who is fully conversant with banking law and practices and has practical experiences in Banking business including foreign trade.

3. Economist: A member from this group need not necessarily be an Islami economist to start with. But if he is an Islami Economist it is an added advantage. What is important is that he must be really proficient in modern economies with an in depth study of the community, which a bank is going to solve. He must have up to date knowledge in the development of the contemporary world.

4. Lawyer: A member representing this group should be a successful practitioner lawyer. He must be proficient in commercial law including company law. In consultation with the Fuqaha and Economist members of the council, he should be able to draft such innovating contracts, which will have the sanction of Islami principles and a banking law of the land.

Objectives of Shariah Council:

The functions of the council are to offer views and opinions on matters related to the bank from time to time. The council may require any paper document from the bank and examine the same to see whether it is according to Islamic principles.

- ✓ The shariah council assists the Board of Directors by advising them on matters related to shariah.
- ✓ The opinion of the majority of members is taken as the opinion of the council provided that the said opinion is supported by at least three Muftis of the council.
- ✓ The council maintains its secretariat and a well-equipped library as the Head Office of the bank where it keeps proper records of all of its proceedings and decisions.
- ✓ The council elects a chairman and a secretary from amongst them. The chairman will normally preside over the meetings. In his absence the members present elect one of them to preside over the meetings.
- ✓ The council may whenever it thinks necessary, constitutes a sub-committee to help the council.
- ✓ The council issues Shariah Certificate in the Annual Report of the bank.

2.14. Features of IBBL:

The bank is committed to run all its activities as per Islami Shariah. IBBL through its steady progress and continuous success has earned the reputation of being one of the leading private sector banks of the country. The distinguishing features of IBBL is as follow:

- ▲ All its activities are conducted on interest-free banking system according to Islamic Shariah.
- ▲ Establishment of participatory banking instead of banking on debtor-creditor relationship.
- ▲ Its aims are to introduce a welfare-oriented banking system and also to establish equity and justice in the field of all economic activities.

- ▲ It extends Socio-economic and financial services to the poor, helpless and low-income group of the people for their economic up liftmen particularly in the rural areas.
- ▲ It plays a vital role in human resource development and employment generation particularly for the unemployed youths.
- ▲ Its aim is to achieve balanced growth and equitable development of the country through diversified investment operations particularly in the priority sectors and in the less developed areas.

2.15. IBBL: The Departments at a Glance:

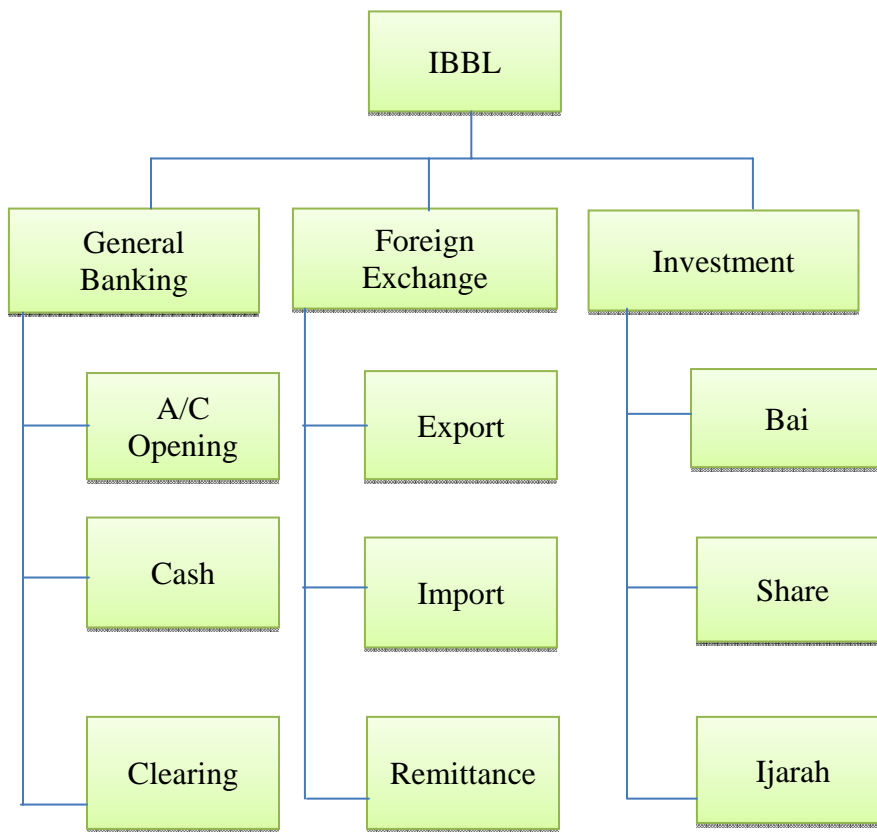
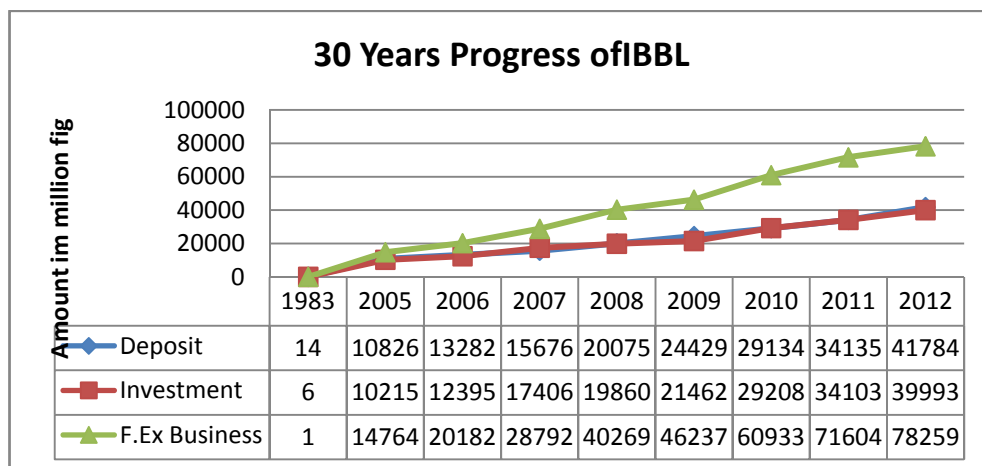


Figure-: Departments of Islami Bank Bangladesh Limited

2.16. Performance Highlights of IBBL:



Sources: Yearly Manager conference report of IBBL-2012

2.17. Islami Bank Bangladesh Limited at a Glance:

Date of Incorporation:	13th March 1983
Inauguration of 1st Branch: (Local Office, Dhaka)	30th March 1983
Formal Inauguration:	12th August 1983
Share of Capital:	
Local Shareholders:	42.12%
Foreign Shareholders:	57.88%
Authorized Capital:	Tk. 20,000.00 Million (\$257.23 Million)
Paid-up Capital:	Tk. 14,636.28 Million (\$188.25 Million)
Deposit:	Tk.440,466.07 million (\$5,664.88 million)
Investment:	Tk.490,113.03 million (\$6,303.68 million)
Foreign Exchange Business:	
Import:	Tk.141,715 million (\$1,822.69 million)
Export:	Tk.100,837 million (\$1,296.93 million)
Remittance:	Tk.147,966 million (\$1,903.09 million)
Number of Branches:	250

Source: Islami Bank 25 years of progress 2008

2.18. Successful Achievements of IBBL:

IBBL is the pioneer institution for introduction of Islamic Banking in Bangladesh. The success of IBBL has embedded other sponsors at home and abroad to establish Islamic Banking in Bangladesh. Several existing and proposed traditional Banks have also expressed their intention to introduced Islamic Banking. Achievements of IBBL can be given as under:

IBBL has successfully mobilized deposits for a section of people hither to before do any deposit with interest-based Banks.

The Islamic Banking products, which are offered by IBBL through its 144 branches, located at important centers all over the country and spontaneous acceptance of those products by the people proves the superiority of Islamic Banking

IBBL's market share of deposit, investment and ancillary business is steadily increasing.

IBBL, through still a tiny bank, handles more than 10 of country's export and import.

Among the contemporary commercial Banks IBBL's position is first in respect of mobilization of deposit, deployment of fund and earning profit.

Investment in industrial sector occupies 25 of IBBL's investment portfolio. This unique example of industrial finance by a commercial Bank.

More than 115000 workers are employed in the industrial projects financed by IBBL.

IBBL has thus made significant contribution to solving unemployment problem of country.

IBBL has earned reputation in the country as a corruption free institution.

IBBL has introduced several other welfare oriented investment schemes, such as small transport investment scheme, household Durable investment scheme, Housing investment scheme etc.

IBBL launched a rural development scheme for overall development of the rural people.

At the initiative of IBBL, several universities in Bangladesh have introduced course on Islamic Banking and Finance.

IBBL has been continuously persuasion the Government to allow formation of more Islamic Insurance Company. Under the leadership of IBBL, Bangladesh Association of Banks (BAB) has

been formed. This is platform to ventilate the standpoints on banking issues of the private sector banks.

2.19. IBBL's World Rating:

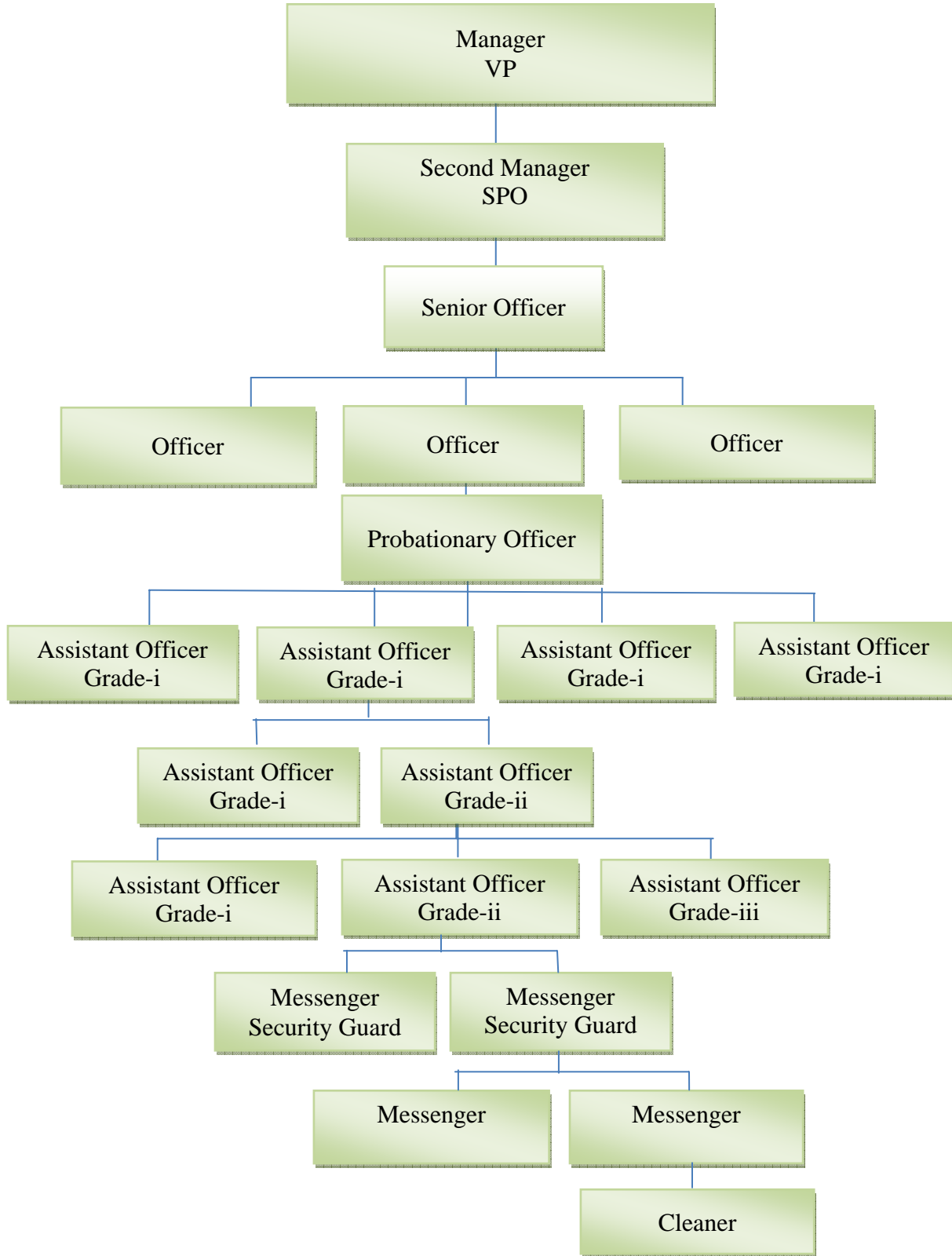
As per Banker's Almanac (January 1999 edition) published by the Reed Business information, Windsor Court, England, IBBL's world rank is 1902 among 4500 banks selected by them. IBBL's country rank is 5 among 39 banks as per ratings, made by the above Almanac on the basis of IBBL's financial statements of the year 1997.

World ranking of IBBL amongst top 3000 International Banks:

Serial No.	Year	World rating
1	1994	1447
2	1995	2314
3	1996	2303
4	1997	2262
5	1998	2119
6	1999	2100
7	2000	1999
8	2001	1902
9	2002	1771
10	2003	1755
11	2004	1581
12	2005	1520
13	2006	1490
14	2007	1591

Source: The Bankers Almanac: World Ranking Road Business Information, U.K.

2.20. Organizational Chart of IBBL, Panthapath Branch:



2.2.0 Overview of the Panthapath Branch:

2.2.1. Branch Profile:

Panthapath branch is situated at Rasel Square. It's the 29th branch of IBBL. It has been showing an outstanding performance (in terms of growth and profit) from its inception of operation at Panthapath. Some of its general information is given here:

Established	27.04.2008
Manager	Khorshad Ahmed, VC
2nd officer	Hasna-ara Begum, SPO
No of Department	Four; General Banking, Investment, Foreign Exchange, ATM Section.
Total Profit	BDT 470 lac
No of Clients:	11,269
Total Deposits:	BDT 150 crore
Investment:	BDT 22 crore
No of Employees:	23

2.2.2 Location of Panthapath Branch:

Branch code	00290
Address	Holding No: A-40,(2 nd Floor) Panthapath Road, Panthapath,Dhaka-1340
Tel	02-7744883-4
Fax	88-02-7744882
E-mail	manager.pathpath@islamibank.com.bd
District	Dhaka

2.2.3 Products and Services of IBBL

Deposit Products:

Deposit is one of the principal sources of fund for investment of banking sectors and investment of deposit is the main stream of revenue in banking business. Islami Bank Bangladesh Limited mobilizes deposits through different types of accounts.

Al-Wadeah Accounts:

Islami Bank Bangladesh Limited operates Al-wadeah Current Account on the principles of Al-wadeah. The Bank commits to refund money deposited in these Accounts on the demand of customers. On the other hand the Bank takes permission from customers that the Bank may utilize their money. Customers may operate these Accounts as their desires. No profit is disbursed in these Accounts and depositors do not bear any loss.

Al Mudaraba:

In the perspective of these Accounts the Bank is 'Mudarib' and customers are 'Shahib Al-Mal'. On behalf of depositors, the Bank invests their deposited money and distributes minimum 65% of investment-income earned through deployment of Mudaraba funds among Mudaraba depositors after the closing of the year.

- ▲ Al-Wadeah Current Account (AWCA)
- ▲ Mudaraba Savings Account (MSA)
- ▲ Mudaraba Term Deposit Account (MTDR)
- ▲ Mudaraba Special Notice Account (MSNA)
- ▲ Mudaraba Hajj Savings Account (MHSA)
- ▲ Mudaraba Special Savings (Pension) Account (MSSA)
- ▲ Mudaraba Savings Bond (MSB)
- ▲ Mudaraba Monthly Profit Deposit Account (MMPDA)
- ▲ MudarabaMuhor Savings Account (MMSA)
- ▲ MudarabaWaqf Cash Deposit Account (MWCDA)
- ▲ Mudaraba NRB Savings Bond (MNSB) Account
- ▲ Mudaraba Foreign Currency Deposit Account (MFCD)
- ▲ Students Mudaraba Savings Account

2.2.4 Investment Modes of IBBL:

The special feature of the Investment Policy of the Bank is to invest on the basis of profit-loss sharing system in accordance with the tenets and principles of Islamic Shari'ah. Earning of profit is not the only motive and objective of the Bank's Investment Policy rather emphasis is given in attaining social goal and objective in creating employment opportunities. Following modes are used for investment:

▲ Bai-Modes:

- ✓ Bai-Murabaha
- ✓ Bai-Muajjal
- ✓ Bai Salam
- ✓ Istisna'a
- ✓ Bai-As-Sarf

Bai-Murabaha

Cost-plus sale/Mark-up

Bai Muazzal

Credit sale

▲ Share-Modes

- ✓ Mudaraba
- ✓ Musharaka

Bai Salam

Deferred delivery sale

▲ Ijara-Modes

- ✓ Hire Purchase / Ijarah
- ✓ Hire Purchase Under Shirkatul Melk

HPSM

Leasing contract includes a promise to transfer the ownership

Mudaraba

Trustee partnership

Musharaka

Joint venture

Foreign Exchange Business:

Foreign Exchange Business plays a vital role in providing substantial revenue in the bank income pool. Like all modern Banks IBBL operates in the area of the foreign Exchange business. IBBL performs the following tasks:

- Opening letter of credit (LC) against commission for importing industrial, agricultural and other permissible items under Islamic Shariah and Import policy.
- Opening letter of credit on the principle of Mudaraba sale, on the principle of Musharaka sale and under wage earner scheme.
- Handling of export/import document.
- Negotiation of export / import document when discrepancy occurs.

- Financing in import under MPI (Mudaraba Post Import)
- Financing to export on profit or loss sharing.

Other Activities:

- The IBBL performs the following task for the welfare of the society:
- Income generating scheme for the unemployed youth of the nation.
- Monorom sale center for marketing homemade garments, handicrafts and other items.
- Education scheme for assisting poor scholar student to case and help them to continue their study.
- Health scheme for fulfillment of health needs of rural people.
- Islamic bank hospital was established to extend first hand modern and contemporary medical service to the people on non-profit business.
- Humanitarian assistance is being provided to the poor, families affected by river erosion and for marriage of poor girls.
- Energy relief operations are provided to the people affected by natural calamities.
- Assistance to mosque for construction, repair and renovation.

2.3.0 Divisions of Banking Services:

2.3.1 General Banking of IBBL:

General banking is the side where banks offer different alternatives to the clients to deposit and remit their money. Accounts division is also included in general banking. To encourage the clients, bank offers different options in front of their clients. Most of these options are very much similar between the banks, but the customer services and facilities may not be the same. Islami Bank Bangladesh Ltd has variety of services provided to the retail as well as for corporate clients.

The services provided under general banking include the following:

General Banking includes:

- Mobilization of deposits
- Receipts and payment of cash.
- Handling transfer transaction.
- Operations of clearing house
- Maintenance of accounts with Bangladesh bank and other bank.
- Collection of cheque and bill.
- Issue and payment of Demand Draft, telegraphic transfer and payment Order.
- Executing customers standing instructions.

- Maintenance of safe deposit lockers.
- Maintenance of internal accounts of the bank.

While doing all the above noted work IBBL issue cheque-book, Deposit account operating form, SS card, Ledgers, Cash book, Deposit account ledgers, preparation statement of accounts, Pass book, Balance of different accounts and calculates profits.

2.3.2 Accounts Opening Department:

Accepting Deposits:

Accepting deposits is one of the two classic functions of commercial banks. Most of the commercial banks vie with one another in tapping the savings of the public by means of different kinds of deposits. Almost every day a new kind deposit is being introduced. In case of IBBL the deposits that are accepted may be classified into:

- A. Demand Deposits
- B. Time Deposits.

A) Demand Deposits:

These deposits are withdrawn able without notice, e.g. current deposits. Accepts demand deposits through the opening of-

- ☀ Current account
- ☀ Savings account.
- ☀ Special notice time deposit.
- ☀ Resident foreign currency deposit account.

B) Time Deposits:

A deposit which is payable at a fixed date or after a period of notice is a time deposit IBBL accepts time deposits through-

- I. Fixed deposit Receipt (FDR)
- II. Bearer Certificate Deposit (BCD)

While accepting these deposits, a contract is done between the bank and the customer. When the banker opens an account in the name of a customer, there arises a contract between the two. This contract will be a valid one only when both the parties are competent to enter into contracts. As account opening maintains the fundamental relationship & since the banker has to deal with different kinds of persons with different legal status, IBBL officials remain very much careful about the competency of the customers.

2.3.3 A.T.M Department:

Q- Cash:

IBBL is the first private bank which introduced ATM card to its honorable customers. Our ATM service is a smart card based solution and it can be independently used in ATM network. To give 24 hours service to the customer and considering their expenses. Our ATM charge is fully free for students and one year charge free for others savings account.

Benefits of ATM card:

ATM card is giving 24 hours the following services.

- ❖ Advantage of withdrawing cash from booths easily.
- ❖ For shopping.
- ❖ For the payment of various kinds of bills.
- ❖ To know the balance.
- ❖ To know about the current transaction etc.

2.3.4 Local remittance department:

IBBL has its branches spread throughout the country and therefore, it serves as best mediums for remittance of funds from one place to another. This service is available to both customers and non-customers of the bank.

Things are done here:

The Following things are done in this department:

- ✎ Issuing and payment of Demand Draft.
- ✎ Attached to Sanchaya Patra and Wage earners Development Bonds.
- ✎ Payment of Incoming TT.
- ✎ Issuing encashment of Pay Order and maintenance of record and proof sheet.
- ✎ Issuing and encashment of all kinds of Sanchaya Patras and wage Earner's development Bond.
- ✎ All related statements & correspondences with Bangladesh Bank & other Branches.
- ✎ Issuance of Local Drafts.
- ✎ Issuing and encashment of BCD.
- ✎ All related correspondences.
- ✎ Issuing of Outgoing TT.
- ✎ Issuance of Local Drafts.
- ✎ Issuance of T.T. ICA, IBCA & IBDA.

Remittance of funds:

Any one of the following methods may make remittance of funds from one place to another.

1. Telegraphic Transfer (T.T)
2. Local Draft (L.D.)
3. Pay order (P.O.)

(1) Telegraphic Transfer (T.T):

It is an order from the Issuing branch to the Drawee Bank/Branch for payment of a certain sum of money to the beneficiary. Telex/Telegram sends the payment instruction and funds are paid to the beneficiary through his account maintained with the Drawee branch or through a pay order if no a/c is maintained with the Drawee branch.

A) T. T. issue process:

- ◆ The Applicant fills up the relevant part of the prescribed application form in triplicate duly signs the same and give it to the Remittance Department.
- ◆ Remittance Department will fill up the commission part meant for Bank's use and request the Applicant to deposit necessary cash or check at the teller's counter.
- ◆ The Teller after processing the Application form, Cash or check will validate the Application form. The first copy is treated as Debit Ticket while the second copy is treated as Credit Ticket and sent to Remittance Department for further processing. The third copy is handed over to the applicant as customer's copy
- ◆ Remittance Department will prepare the in appropriate form, sign it, and sent it to the telex Operator/Dispatch Department for transmission of the message.
- ◆ Remittance Department will prepare the necessary advice.
- ◆ Debit Advice is sent to the client if client's a/c is debited for the amount of T.T.
- ◆ Debit ticket is used to debit the client's account if necessary
- ◆ T.T. Confirmation Advice is sent to the Drawee Branch.
- ◆ Credit Ticket (2nd copy of the Application form) is used to credit the IBBL General Accounts.

B) Payment of T.T

1. On receipt of T.T. payment Instructions the following entries are passed by the Drawee branch if the T.T. is found to be correct on verification of Test Number. In case the beneficiary does not maintain any a/c with the Drawee branch a P.O is issued in favor of the payee and sent to his banker/local address as the case may be.
2. Every branch maintains a prescribed T.T. Payable Register. All the particulars of TT'S are to be properly recorded in this Register duly authenticated. A separate type of T.T.

confirmatory advice is sent to the Drawee branch on the same day. On receipt on the T.T. Confirmatory advice/ confirmation copy of Telegram from the Issuing branch, the particulars of the T.T. are verified with reference to particulars already recorded in the T.T. payable Register.

The Confirmatory advises are kept attached with the relative Ticket No further responding entry is required to be passed on receipt of such confirmation copy. On payment of T.T. the particulars are to be incorporated in the Extracts of Responding Debit entries as usual and sent to Head Office Reconciliation Department (HORD).

(2) Local Draft (L.D):

Local Draft is an instrument containing an order of the Issuing branch upon another branch known as Drawee branch for payment of a certain sum of money to the payee or to his order on demand by the beneficiary presenting the draft itself.

(A) Process of Issuing a Local Draft.

1. Get the Application form properly filled up and signed by the applicant.
2. Complete the lower portion of the Application Form meant for Bank's use
3. Calculate the total Taka amount payable including Bank's commission charges etc.
4. If a check is presented for the payment of the L.D officer should get the check duly passed for payment by the competent authority and record the particulars of L.D on the back of the check.
5. If the purchaser desires his account with the branch to be debited for the amount of L.D the officer should get the A/c holder's signature verified properly, from signature card on record of the branch and debit client's ale for the total amount including commission charges etc.
6. If cash deposit is desired, request the purchaser to deposit the money at the Teller's counter.
7. The teller, after processing the Application From, Cash, or Check, will validate the Application form.

The first copy of the Application form is treated as Debit Ticket while the second copy is treated as Credit Ticket and sent to Remittance Department for further processing. The third copy is handed over to the Applicant as customer's copy.

Each branch maintains a running control serial number of them own for issuance of L.D. on each Drawee branch. This control serial number should be introduced at the beginning of each year, which will continue till the end of the year.

(B) L.D Issue Register.

The Remittance Department maintains prescribed L.D Issue Register. All the required particulars of all L. Ds issued should be entered in that Register duly authenticated. Separate folios are opened for each Drawee Branch. While issuing local Drafts of Tk. 50,000/- and above, branches shall put a test number in RED INK on the upper portion of the drafts so that the Drawee branch can immediately make payment of the L.D on presentation after ““ Test agreed, if otherwise fond in order.

(C) Issue of Duplicate Draft.

Duplicate L.D should not normally be issued unless thoroughly satisfactory evidence is produced regarding loss of a draft. If the L.D is reported lost, stolen, a duplicate Draft may be issued by the Issuing branch on receipt of written request from the purchase.

Before issuing a duplicate L.D the branch should observe the following:

1. Verify the Purchase’s signature on the request letter from the signature appearing on the original application form.
2. Immediately issue a stop payment instruction to the Drawee branch under advice to Head Office and obtain confirmation of nonpayment of the L.D in acquisition.
3. After the Drawee branch has acknowledged the stop payment order and confirmed that the local draft in acquisition remains unpaid at their end, the Issuing branch should obtain and Indemnity Bond on stamped paper! Letter of indemnity as per prescribed format from the purchase duly signed by him. The branch will thereafter write to head office, for their approval to issue a Duplicate draft.
4. The head Office on receipt of request from the issuing branch will immediately issue a caution circular to all the branches regarding the loss of the local draft asking them to record stop payment.
5. The Head Office will thereafter issue clearance to the Issuing branch for issuing a Duplicate draft in lieu of original reported lost.
6. On receipt of clearance from Head Office, the issuing branch will issue a completely fresh draft marking clearly the words duplicate issued in lieu of original draft no dated.... in bold letters on the top of the front page of the draft. The printed serial number on the Draft should not however be struck off. Intimation should be given to the Drawee branch furnishing full particulars of the Duplicate draft. In case of issue of duplicate foreign draft (F.D.D) the Office Reconciliation Department (HORD) should also be informed. Prescribed duplicate issuance charge is to be recovered for issuing the duplicate draft and credited to income A/C.

(D) Cancellation of Local Draft.

The following procedure should be followed for cancellation of a L.D:

1. The purchase should submit a written request for cancellation of the L.D attaching therewith the original L.D.
2. The signature of the purchase will have to be verified from the original application form on record.
3. Manager / Sub-Manager's prior permission is to be obtained before refunding the amount on cancellation.
4. Prescribed cancellation charge is to be recovered from the applicant and only the amount of the draft less cancellation charge should be refunded. Commission! Postage etc. charge recovered for issuing the L.D should not be refunded.
5. The LD should be affixed with a stamp Cancelled under proper authentication and the authorized officer's signature on the L.D should then be kept with the relevant ticket.
6. The original entries are to be reversed giving proper narration. An IBDA for the cancelled L.D should be issued on the Drawee branch. Cancellation of the L.D should also be recorded in the L.D Issue Register.

(E) Payment of L.D.

1. On receipt of Credit Advice (IBCA) from the Issuing branch the following responding entries are then be passed by the Drawee branch.
2. When an L.D. is presented for payment at the paying branch its details are to be carefully examined with references to the following points :
 - Whether the draft is drawn on their branch.
 - Whether the draft is crossed or not Amount of a crossed draft is paid in cash to the payee but to be paid to his account with a bank.
 - Two Authorized officials of the Issuing branch must have signed draft. Their signature is to be verified from specimen signature book let to be sure that the draft is genuine. The verifier should put his initials in red ink against the authorized signatures in the draft.
 - Endorsement of the back, the draft must be regular in case the draft is presented through clearing.
 - The amount of the draft should not exceed the amount protect graphed written in red ink on the top of the draft.

- The payee is to be properly identified in case of cash payment. The particulars of the draft i.e. the draft number date amount and the name of payee, should be verified from the L.D payable register.
- On payment the L.D is affixed with the branches Paid stamp and signatures there on are cancelled with red ink. The date payment is recorded in the L.D payable.
- Register necessary accounting entries are also passed and recorded in the books of Accounts.

(F) Stop payment of L.D.

As the issuing branch issues the draft, the payee or purchaser of the draft cannot give stop payment instructions to the Drawee branch. If a paying branch receives a year request from the payee/ endorsee or the purchaser of a draft for stopping payment of the draft, it will ask them to approach the issuing branch for the purpose.

(G) Cancellation of L.D.

Only the purchaser can request the Issuing branch for cancellation of a L.D. The drawee branch cannot cancel a L.D. The Drawee branch can accept cancellation instructions only from the Issuing branch, when the Issuing branch the relative entry in the ABBL general ale is reversed cancels a draft and IBDA is issued on the Drawee branch. On receipt of the advice of cancellation the though IBDA from the issuing branch, the Drawee branch should reverse the original liability entries on the strength of the IBDA and record suitable remarks in the L.D payable register, Related IBCA of the draft.

(3) Pay Order:

a) Pay order issue process

For issuing a pay order the client is to submit an Application to the Remittance Department in the prescribed form (in triplicate) properly filled up and duly signed by applicant. The processing of the pay order Application form, deposit of cash/check at the Teller's counter and finally issuing and order etc are similar to those of processing of L.D. Application.

As in case of L.D each branch should use a running control serial number of issuance of a pay order. This control serial number should be introduced at the beginning of each year, which will continue till the end of the year. A fresh number should be introduced at the beginning of the next calendar year and so on.

b) Charges

For issuing each payment Order commission at the rate prescribed by Head Office is realized from the client and credited to Income A/c as usual.

c) P.O Issue Register

The remittance Department will issue the pay Order's duly crossed "A/C payee" and will enter the particulars of the P.O. issued in the prescribed P.O. Register duly authenticated.

d) Payment of pay orders

As the P.Os are crossed A/c payee, the same are presented to the issuing branch for payment either through clearing or for credit to the client's A/C. P.Os when presented for payment are processed in the Remittance Department. On making payment, the relative entry in the P.O Register is marked on by entering the date of payment in the P.O. Register duly authenticated. The paid instrument is treated as Debit Ticket.

e) Refund of Pay Order

The following procedure should be followed for refund of pay order by cancellation

1. The purchase should submit a written request for refund of pay order by cancellation attaching therewith the original pay order.
2. The signature of the purchaser will have to be certified from the original application form on record.
3. Manager / Sub-manager's prior permission is to be obtained before refunding the amount of pay order cancellation.
4. Prescribed cancellation charge is to be recovered from the applicant and only the amount of the pay order less cancellation charge should be refunded. Commission recorded for issuing the pay order should not be refunded.
5. The pay order should be affixed with a stamp: "cancelled" under proper authentication and the authorized officer's signature of the pay order should also be cancelled with RED ink but in no case should be torn. The cancelled pay order should be kept with the relevant Ticket.
6. The original entries are to be reversed with proper narration.
7. Cancellation of the pay Order should also be recorded in the pay order issue Register.

2.3.4 Cash Department:

The cash department deals with all types of negotiable instrument, cash and other instruments and treated as a sensitive section of the bank. There are one senior officer, three officer and teller in this department.

The following things are done in this department:

- ◆ Shall be responsible for all cash and cash items related matters including record keeping of the information's received regarding cash remittances.
 - ◆ Shall supervise the Cash Remittance under direct guidance of Sub-manager.
 - ◆ Shall be responsible for any receipts and payments as per circular issued from time to time.
 - ◆ Keeping liaison with the Bangladesh Bank, Cash department etc.
- Personal Observations, I have observed the following things;

(A) Cash Payment.

Cash payment of different instruments is made in the cash section. Procedure of cash payment against check is discussed under elaborately.

- First of all clients come to the counter with the check and give it to the officer in charge there. The officer checks the cheque whether there are two signatures on the back of the cheque and balance in the computer. After that the officer will give it to the cash in charge.
- Then the cash in charge verifies the signature from signature card and permits the officer in computer to debit the client's account by giving posting. A posted seal with the teller number is given.
- Then the cheque is to the teller person and after checking everything asks the drawer to give another signature on the back of the cheque.
- If the signature is matched with the previous one then the teller will make payment keeping the paying cheque with him while writing the denomination on the back of the cheque.
- Cash paid seal is given on the cheque and make entry in the payment register.

There are few things that shall be scrutinized and checked before making payments.

- i. Name of the drawer.
- ii. Account number.
- iii. Specimen signature.
- iv. The validity of the cheque and make it sure that it is not post dated cheque.
- v. The amount in words and figures are same.

(B) Cash Balance Calculation.

The officer in charge of cash section does this calculation and the manager or authorized officer will check the balance and sign in the cash book. The balance is maintained in the balance book. Opening balance of current day is in the closing balance of the previous day. Total received of

the current day is added with the opening balance and total payment is deducted for calculating the closing balance or cash balance.

(C) Receipt of cheques, drafts and pay-orders for Clearing and Collection.

If an instrument is drawn on a bank located in the clearing house is deposited then the teller uses the seal “Received for clearing” and provides special endorsement so that no bank other than IBBL Fulbaria branch encases the instrument.

If an instrument Drawn on bank located outside the clearing house is deposited, then the teller uses the seal “Received for collection” and charges few money from the client.

2.3.6. Clearing Department:

Understanding:

IBBL is a scheduled Bank. According the Article 3 7(2) of Bangladesh Bank Order, 1972, the banks which are the member of the clearinghouse are called as Scheduled Banks. The scheduled banks clear the cheque drawn upon one another through the clearinghouse. This is an arrangement by the central bank where every day the representative of the member banks gathers to clear the cheque. The place where the banks meet and settle their dues is called the Clearing-House. The Clearing-House sits for two times a working day.

THINGS ARE DONE HERE

The following things are done in this department:

- ❖ Pass outward instruments to the Clearing-House.
- ❖ Pass inward instruments to respective department.
- ❖ Return instruments in case of dishonor.
- ❖ Prepare IBCA or IBDA for the respective branch and HO.

IBBL Panthapath Branch clears its cheques through the Head Office as well as the cheques of other branches, because it is only permitted. The other branches send the instruments through I.B.D.A. IBBL Panthapath Branch acts as an agent in this case.

In case of returning and instrument the respective officer usually looks for following reasons,

- Account closed.
- Insufficient fund.

- Not arranged stopped.
- Refer to drawer.
- Effects not cleared may be presented again.
- Amount in words and figures differs.
- Drawers signature differs, etc.

If the check is dishonored due to insufficiency of funds, IBBL charges Tk. 100/- as penalty.

Receiving cheque for collection:

In IBBL cheque of its customers are received for collection from other banks. In case of receiving cheque, following points should be checked very carefully-

- a) The check should not carry a date older than the receiving date for more than 6 months. In that case it will be a 'stale check' and it will not be allowed for collection. Again the date of the check should not be more than 1 day forwards than the receiving date.
- b) The amount in figures and words in both sides of the pay-in-slip should be same and it should also be same with the amount mentioned in figures and words in the check.
- c) The name mentioned in the check should be same in both sides of the pay-in-slip and it should be the same with the name mentioned in the check.
- d) The check must be crossed.

Endorsement:

Endorsement is done by putting signature of the drawer on the back of the negotiable instrument for the purpose of negotiation. By Blank endorsement', and order instrument is made as 'bearer'. IBBL endorses the instruments in the following way.

Endorsement	In Case of
Payee's A/C credited	Pay to Mr. X
Received Payment	Pay to IBBL, Mr. X
Payee's A/C credited	
Payee's A/C Credited	Pay Mr. X, IBBL
Payee's A/C will be credited on realization	Bills for Collection

Table: Showing Endorsement of instruments in IBBL

Chapter 3

Learning Part

Social welfare:

3.1 Welfare:

Welfare is the provision of a minimal level of well-being and social support for all citizens, sometimes referred to as public aid. In most developed countries, welfare is largely provided by the government, in addition to charities, informal social groups, religious groups, and inter-governmental organizations.

Social Welfare

Social welfare as an organized function is regarded as a body of activities designed to enable individuals, families, groups and communities to cope with the social problems of changing conditions. But in addition to and extending beyond the range of its responsibilities for specific services, social welfare has a further function within the broad area of a country's social development. In this larger sense, social welfare should play a major role in contributing to the effective mobilization and deployment of human and material resources of the country to deal successfully with the social requirements of change, thereby participating in nation-building.

3.2 Forms of Social Welfare:

Welfare can take a variety of forms, such as monetary payments, subsidies and vouchers, or housing assistance. Welfare systems differ from country to country, but welfare is commonly provided to individuals who are unemployed, those with illness or disability, the elderly, those with dependent children, and veterans. A person's eligibility for welfare may also be constrained by means testing or other conditions.

3.3 Characteristics of social welfare programmers:

1. Serve community interests - derived from community need assessment, service design to satisfy such needs;
2. Value-based - e.g. human rights, citizen responsibility, social justice, prosperity, stability, equity,....etc.;
3. Non-market activities - not directly capital generating, not subject to purely market mechanism/ dynamics (i.e. demand and supply), depends on donation, subsidy, fee charging; [but more recent theories suggest that welfare can also be operated in a 'mixed market' mode]

4. Accessible to all - citizen right, efficient service delivery system, equal opportunity;
5. Accountable to public - effective public and social administration, professional code of practice;

3.4 Social welfare function:

In welfare economics, a social welfare function is a real-valued function that ranks conceivable social states (alternative complete descriptions of the society) from lowest to highest. Inputs of the function include any variables considered to affect the economic welfare of a society.^[1] In using welfare measures of persons in the society as inputs, the social welfare function is individualistic in form. One use of a social welfare function is to represent prospective patterns of collective choice as to alternative social states.

The social welfare function is analogous to the consumer theory of indifference-curve/budget constraint equilibrium for an individual, except that the social welfare function is a mapping of individual preferences or judgments of everyone in the society as to collective choices, which apply to all, whatever individual preferences are for (variable) constraints on factors of production. One point of a social welfare function is to determine how close the analogy is to an ordinal utility function for an individual with at least minimal restrictions suggested by welfare economics, including constraints on the amount of factors of production

Provision and funding

Welfare is provided by governments or their agencies, by private organizations, or a combination of both. Funding for welfare usually comes from general government revenue, but when dealing with charities or NGO's, donations may be used. Some countries run conditional cash transfer welfare programs where payment is conditional on behavior of the recipients.

3.5 Social Welfare Activities of Islami Bank Bangladesh Limited

One of the distinguishing features of Islami Bank is that its overall activities are directed towards the welfare of the society. The Bank, since its inception, has dedicated itself for the uplift and emancipation of the helpless and downtrodden people of the society. With this end in view, the Bank has created a separate fund, which was earlier known as Sadaqua Tahbil. In 1991, the Sadaqua Tahbil was reorganized and enlarged under the new name of 'Islami Bank Foundation' with a fund of Taka 38.00 million in order to conduct social-welfare activities on a wider scale. As one of the leading non-government voluntary organizations of the country, the Foundation has been working with unique and special Programs for the welfare of distressed humanity and to make poor, down-trodden, landless and asset-less people self-reliant.

The aims and objectives of the Foundation are to serve distressed humanity, promote people oriented mass education, extend health and Medicare facilities to the poverty-stricken people in urban and rural areas, create facilities for productive self-employment and develop human resources for improving economic condition and quality of life, assist healthy growth of art, culture and literature, science and technology, sports, research and propagation of Islamic teachings. The Foundation has taken up a number of schemes covering the whole of Bangladesh.

- ✿ Income generating programs;
- ✿ Educational Programs;
- ✿ Health and Medicare Programs;
- ✿ Humanitarian Help Programs;
- ✿ Relief & Rehabilitation Programs;
- ✿ Dawah Programs;

Income Generating Programs:

Access to required finance and other related inputs may help many to become self employed. In absence of such opportunity the unemployed youths entangle themselves in various anti-social activities. Islami Bank Foundation has, therefore, taken up the following Self-employment projects:

- Rickshaw
- Sewing
- Poultry Keeping
- Rural Health Work
- Milch Cow/Goat rearing
- Small Trade

Educational Programs:

Education is the backbone of a nation. Awareness building, skill training, access to information-all depends on education. But it is regrettable that the rate of literacy is still very low in Bangladesh. Most of the children are deprived of the light of education due to poverty, lack of sufficient educational institutions, non-availability of text books and equipments etc. In a ward, the unfavorable socio-economic conditions are responsible for this chaotic situation. The Foundation has, therefore, taken up the following Programs to improve the country's educational scenario:

- Support to Model Forqania Maktab
- Scholarship/lump grant for poor and Meritorious Students
- Financial support to Educational Institutions

Health and Medicare Programs:

Health and Medicare facilities are the basic and fundamental rights of each individual but most of the people of our country are still deprived of it. The Foundation has, therefore, taken up the following Programs to extend health, Medicare and sanitation facilities to the urban and rural areas:

- Establishment of Medical Centers
- Supporting Charitable dispensaries
- Lump-sum help for medical treatment
- Tube well Installation
- Sanitary Latrine construction etc

Such Assistance is also extended to the members of Rural Development Scheme (RDS) of IBBL. Under Health and Medicare Programs preventive measures have also been taken. Special steps have been taken for construction of sanitary latrines and installation of tube wells in the villages covered under to whom Islami Bank Bangladesh Ltd. is providing finance for income generation activities.

Humanitarian Help Programs:

These program aims at providing help to distressed people who are unable to meet their basic needs like food, clothing, shelter and medicine. The old widow and children without guardians get preference. Besides, the program extends assistance to orphanages, provide fund for the marriage of poor girls, assist indebted people, help distressed wayfarers etc.

Relief and Rehabilitation Programs:

Participation in relief and rehabilitation activities in natural disasters and in emergency forms an important program of Islami Bank Foundation. During calamities like flood, tornado, tidal surge etc. the Foundation mobilizes its own people as well as donates to the relief fund opened at the government level. The Foundation also tries its best to extend hands of assistance and co-operation to the Muslim brethren elsewhere in the world.

Dawah Programs:

One important objective of Islami Bank Foundation is to disseminate the true knowledge and teachings of Islam. The Foundation has, therefore, taken up various schemes to enlighten the common people as well as the elite and make them familiar with the concept of Islam. Islamic research magazines and other Islamic Literatures are being distributed among the Academicians, Journalists, Justices, Lawyers, High Officials, Bankers, Literatures and important Libraries and Institutions of the country. The Foundation is also working among the prisoners for their moral reforms.

Special Project for Social Welfare:

Islami Bank Bangladesh Limited is committed to work for social welfare. It has many special projects like medical care projects, educational projects, and cultural projects and so on to serve the society. Some special projects of IBBL for serving people are mentioned here in the following:

Islami Bank Hospital:

With the objective of providing low-cost curative services to the less affluent segment of the society, the Foundation has so far set up Hospitals at three Divisional Headquarters in Dhaka, Rajshahi and Khulna. Services of eminent general practitioners and specialists in various fields of treatment like Medicine, Surgery, Gynae, Pediatric, E.N.T. Urology, Neuro-surgery, Skin, Orthopedic etc. are harnessed in these hospitals. Standard diagnostic, medical and surgical equipments are in used in these hospitals. The Foundation plans to establish Hospitals at each Divisional Headquarters of the country.

Islami Bank Medical College, Rajshahi:

The number of Doctors in Bangladesh is not sufficient compared to the total population. The Govt. Medical Colleges are also a very few and a good number of meritorious students cannot get admitted into the Govt. Medical Colleges due to insufficient number of seat capacities.

Though some private medical colleges have been established mostly in and around the capital but the tuition fees and other charges are so high that the students of poor and Middle class families cannot afford it

Keeping in view the objective to enable the students of poor and middle class families to be a doctor, Islami Bank Foundation has established a medical college in Rajshahi, a metropolitan city of northern part of the country. In the meantime, the classes of the students of 1st 2nd and 3rd batch are going in full swing. The construction work of the hospital building at Naodapra, the own site of the college, is also going on.

Community Hospital:

Besides establishing Hospitals at the Divisional Headquarters, IBF has a plan to assist local initiatives in setting up Hospitals at District level. Establishment of Four such Hospitals is planned during 1999.

Monoram: Islami Bank Crafts & Fashion:

The project has been taken up as a sales outlet of home-made garments, handicrafts and other items produced by the distressed women. The main objective of the project is to create conducive and healthy atmosphere in which women can contribute to the Family income by working within the limits of shariah.

The other objective of this project is to develop designs of women-wear, which will conform, to the principles of decency and modesty as laid down by Islam and at same time compare well with the modern-day-fashions.

Service Centre:

To save the people of coastal and river belt from natural disaster, erosion etc. a special project has been taken in the name and style of "Service Centre". Under this program pucca structure constructed in coastal areas, river belts and off-shore islands would be used for integrated social development of the people as well as provide safe shelters during natural calamities. Two such Service centers (in Noakhali and Manikgonj) have already been established.

Islami Bank International School and College:

As Dhaka, the capital of Bangladesh, is turning to be a Mega City, a large number of English Medium Schools are creeping up which follows curriculum not conforming fully to the need of the country. As an attempt to combine modern education (which are secular) with religious education for a total development of the children, Islami Bank Foundation has established an English medium Model School and College in Dhaka. Establishment of a Bangla medium school affordable by lower and middle class economic strata of the society is also being envisaged.

Islami Bank Physiotherapy and Disabled Rehabilitation Centre:

In Bangladesh there are a great number of unfortunate disabled persons who have no other means to maintain themselves without resorting to beggary. The burden of the society might be lessened and these people can be helped to become self-reliant through imparting special skills. Keeping this in view, Islami Bank Foundation has decided to rehabilitate these unfortunate disabled persons through establishing a centre named "Islami Bank Physiotherapy and Disabled Rehabilitation Centre" This Centre while making temporary arrangement for food and shelter for the disabled, will arrange for health check up, physiotherapy and occupational therapy and look for job placement through internship in various factories and trading houses.

Bangladesh Sangskritic Kendra (Cultural Centre):

Culture is very important leading factor of a nation. A nation is considered developed which is culturally advanced. Now-a-days, no state is conquered through applying physical force but through ideas, thinking, norms, belief, etc. Like many other Muslim countries, the elite, affluent section and new generation of Bangladesh are presently motivated by western culture which is

very harmful for the nation. Islami Bank Foundation has, therefore, established “Bangladesh Sangskritic Kendra (Cultural Centre) in Dhaka for upholding and promoting national culture and heritage of the country.

Islami Bank Institute of Technology:

The large number of unemployed youth of the country may be turned as assets through taking up Human Resource Development (HRD) Program.

The youths with skills in various sectors of technology may become self-employed in the land and can also get employment opportunities abroad. Islami Bank Foundation has, therefore, established 3 Technical Institutes, two in Dhaka and another in Bogra, which are rendering training facilities in Computer, Secretarial Science, Driving, Electrical, Refrigeration and Air Conditioning, Radio & TV, Tailoring and Garments etc.

Centre for Development Dialogue:

Alongside with the governmental efforts at National level and multilateral and bi-lateral institutions at the international level, Non Govt. Organizations (NGOs) in different parts of the world especially in the developing countries are playing increasing role in experimentation with Development models

Most of the organizations unfortunately, try with development techniques from a standpoint, which often turn antagonistic to the belief and social norms of the people. The renowned foreign and national NGOs have their established training centre(s) where they train their own people and also rent out the facilities to others. Islami Bank Foundation has decided to establish a training centre of its own named "Centre for Development Dialogue" which will create opportunity for imparting training facilities for its own staff members as well as the staff members of other development organizations.

Islami Bank Bangladesh Ltd. (IBBL) IBBL, the first Shariah based Islami commercial bank in the Southeast Asia, is playing a remarkable role in alleviating poverty across the country through performing enormous Corporate Social Responsibility (CSR) activities in different vital sectors. IBBL has been playing a very significant role in performing CSR activities in different sectors, including education, health, environment, sports, industry, literature, cultural and relief sector through the banks Social Affairs Department. Islami Bank Bangladesh Limited (IBBL) operates various welfare activities directly and through Islamic Bank Foundation (IBF).

Contribution to CSR Activities of Islami Bank Bangladesh Ltd. for the year of 2009-2013:

Sectors/Year	2013	2012	2011	2010	2009
Education	32.56%	30.25%	28.26%	29.56%	25.56%
Environment	0.48%	1.31%	0.97%	1.23%	1.11%
Health	18.47%	18.42%	16.64%	14.63%	15.63%
Arts and culture	7.15%	6.09%	7.42%	8.45%	9.45%
Disaster management	9.87%	15.36%	17.55%	15.45%	17.88%
Sports	18.78%	18.78%	18.32%	17.97%	15.65%
Others	12.69%	9.79%	10.84%	12.71%	14.72%
Total	100%	100%	100%	100%	100%

3.6. Social welfare activities of other Conventional Banks:

Prime Bank Ltd

Corporate Social Responsibilities (CSR)

The biggest CSR of Prime Bank is to establish Prime Bank Foundation to execute its corporate social responsibilities activities in a greater scale. Prime Bank Limited and Prime Bank Foundation are proud to continue CSR activities for the greater interest of country's socio economic development:

Investment in Education:

a. Education Support Program: Believing education as a tool for social change, Prime Bank Foundation is proud to have another year of success of its Education Support Program launched in 2007. It is a long term, renewable scholarship program for underprivileged but meritorious students from across the country. In 2009 reporting year, 198 underprivileged but meritorious students, the highest in one year since its inception, have been included to provide with financial support in the form of monthly stipends for the persuasion of their graduation/post-graduation level studies in the country's public sector universities and colleges. With the inclusion of these students, the total number of poor but meritorious students who are the recipients of Prime Bank Foundation stipends stood at 490.

b. Prime Campus: Prime Campus, an English medium school in Uttara, Dhaka, was created by Prime Bank Foundation in 2008 as an alternative to the expensive English primary schools at an affordable charge schedule. Our commitment to corporate social responsibility ensures we remain true to our heritage of integrity; maintain a long term point of view to make economically sound, environmentally responsible and socially supportive decisions. More specifically, we maintain an unwavering commitment to honesty, integrity and fairness in all our CSR practices; show compassion by becoming involved with and supporting local and national communities; and consistently act in a manner that fosters our stewardship and sustainability.

Work with Handicap Population

Investment in eradicating and preventing different disabilities such as drug addicts, blindness etc; setting up vocational training centers; undertake mass awareness raising campaigns etc.

Dristy Daan Project

Setting a target of sight restoration of 1200 poor/ultra poor citizens of the country, the Prime Bank Foundation started off the Dristy Daan project in 2007. A total of 1357 poor/ultra poor cataract patients were operated till date.

Health Care

Support setting up state-of-the-art hospital like Vellore CMC Health Care, Universal Health Care Centers; Eye Hospitals; Health Support to garment workers; more preventive activities; infant, child feeding and breastfeeding; support to facilities providing treatment and care of non-communicable diseases such as heart, and diabetes; activities related to prevention of maternal mortality and morbidities; setting up trauma centers etc.

Health Management

Developing SOPs; improving supervision; leadership training; nursing training; setting up accrediting body in the private sector; provide equipment to existing voluntary health facilities etc. Develop a CSR strategy of PBF, partnership support has been offered by one organization. The bank has extended finance for establishing countrywide health centers and a teachers' training college under the supervision and implementation of Diabetes Association of Bangladesh. The bank has also provided financial support to an innovative, non-conventional yet a useful and much needed socio-medical project, popularly known as, "health line" (accessible by dialing "789" from any mobile phone under GrameenPhone network) by Telemedicine Reference Center Limited (TRCL), the only registered telehealth and electronic health service provider in Bangladesh. The bank's finance was made available for upgrading of existing project as well as set up offshore health line call centers for Bangladeshi workers based in Kingdom of Saudi Arabia and the United Arab Emirates. The bank also financed TRCL to launch an Intensive Diabetes Management (IDM) services program in Bangladesh under its brand name "amcare".

Environment

Activities related to the prevention of environment degradation and promotion of environment; support people living in the coastal and ‘char’ areas; carbon trading etc. Another important undertaking by the bank also merits mentioning, which involves financing of a geo-textiles manufacturing project. Geo-textiles products are being used in ample quantity in construction of bridge and approach road, and building protection for riverbank, coastal, and embankment. Bangladesh being a riverine country is always in need of geo-textiles products, and implementation of such an import-substitute product manufacturing facility would definitely help the country to save drainage of foreign exchanges.

Support to Martyr Family

The loss of lives in the BDR carnage shocked the entire nation. Prime Bank came forward to support the Martyr families and donated Tk 2.5 million to Prime Minister’s Relief Fund. PBL also took responsibility to support two such families @ Tk 0.48 million per year for ten years starting from 2009.

Games & Sports

The Bank participated in major sponsorship programs in the area of sports viz. Golf, Tennis to popularize the same among the public; financial assistance was provided to Bangladesh Cricket Control Board for development of the game.

Other CSR activities of the Bank

- Donations of Passenger cum bed lift to Sylhet Diabetic Association Hospital.
- Sponsoring 20 KVA Diesel Generator for Department of Development Studies, Dhaka University
- Construction of Shahbagh Foot Over Bridge
- Awareness Campaign at the three international airports of the country against swine flu.
- Improvement of Porter and Luggage Handling Services at the Kamalapur Railway Station, Dhaka.
- Blankets and winter-clothes distribution among the winter distressed people of the society.

Social welfare activities of other conventional Bank:

Dutch-Bangla Bank Limited

Corporate Social Responsibility (CSR) Programs

Since inception, as a responsible corporate citizen, Dutch-Bangla Bank Limited has been playing a pioneering role in implementing various social and philanthropic programs to help disadvantaged people of the country. Education, health care, human resources development, conservation of nature, creation of social awareness, rehabilitation of distressed people and such other programs to redress human sufferings are some of the important areas where the Bank carries out its social and philanthropic activities. The CSR activities of the Bank can broadly be categorized into the following three heads:

1. Extending financial assistance for creating health, education and other desirable social infrastructures,
2. Financial assistance for socially desirable continuous programs and
3. Financial assistance to distressed people for mitigating problems of emergent nature.

Extending financial assistance for creating health, education and other desirable social infrastructures.

The important programs carried out under this category are as follows:

An amount of Taka 93,600,000.00 was donated to Ibrahim Cardiac Hospital for setting up a Cath Lab, two Operation Theatres with facilities for Liver & Kidney Transplantation and Heart Surgery. DBBL has established Rural Health Center at its rural branches to render free medical services to the rural and destitute people of the adjoining areas.

- ❖ Taka 40,000,000.00 was donated to Dhaka Ahsania Mission to set up Ahsania Mission Cancer Hospital.
- ❖ Taka 10,000,000.00 was donated to Bangladesh Cancer Society to set up a modern cancer hospital.
- ❖ Taka 12,000,000.00 was donated to Shishu Sasthya Foundation to construct two floors of proposed 15-storied building of the Foundation.
- ❖ Taka 9,000,000.00 was donated to Kidney Foundation to set up two operation theatres and a kidney transplantation ICU with a view to provide low cost services to poor kidney patients.
- ❖ Taka 1,500,000.00 was donated to Rotary Club of Metropolitan, Dhaka to help the disadvantaged children with hearing impairment.

- ✿ Taka 350,000.00 was donated to Bangladesh Neonatal Forum for improving neonatal health as well as reducing neonatal mortality rate in Bangladesh.
- ✿ Taka 900,000.00 was donated for sinking 50 shallow tube wells in 50 spots of Angorpota Dahagram enclave for supplying pure drinking water.
- ✿ Taka 350,000.00 was donated to Bangladesh National Society for the Blind to establish a modern braille printing press for publishing braille books for the blind students.
- ✿ Taka 300,000.00 was donated to Bangladesh Thalassaemia Hospital to set up modern equipments for treatment of poor Thalassaemic patients.
- ✿ Taka 300,000.00 was donated to Health Promotion Limited for setting up private chamber for Community Maternity Practitioner (CMP) Students.
- ✿ Taka 1,250,000.00 was given to the department of **Crop Botany of Bangladesh Agricultural University** to purchase a pick up van for collection, conservation and utilization of rare and endangered plant species of Bangladesh.
- ✿ Taka 5,000,000.00 was given to **Hematology & Oncology Research Fund of BSMMU** for setting up Genetic Laboratory.
- ✿ Taka 1,500,000.00 was given to **Dhaka National Medical College** for procuring Video Endoscope Machine
- ✿ Taka 200,000.00 was given to **Chittagong Eye Informary & Training Complex** for procuring two beds.
- ✿ Taka 125,000.00 was given to **Sir Salimullah Medical College & Hospital** for establishing Lactation Management Corner.
- ✿ Taka 1,500,000.00 was given to **Dhaka University Library** for purchasing books.
- ✿ Taka 1,000,000.00 was given to **BSMMU Library** for procuring books
- ✿ Taka 1,500,000.00 was given to **15 selected organizations** working with disabled children for ensuring infrastructure facilities, rehabilitation, education and training for disabled persons of the country.

Financial assistance for socially desirable continuous programs.

The important programs under this category are as follows:

Scholarships: Education is a pre-requisite for the overall development of the country. Dutch-Bangla Bank Foundation (DBBF) has been awarding scholarships to the meritorious and needy students of different levels every year since 2003:

HSC / Graduation Level: DBBL awards about 300 new scholarships every year to needy and meritorious students along with the continuing awardees studying at HSC, Bachelor and Masters Level. The Scholarships are available for the entire academic period and the Bank spends about Taka 4.00 crore every year for awarding these scholarships.

M. Phil / PhD/ Post Doc. Level: Fellowship is awarded to those researchers having Masters Degree and studying at different public universities in M. Phil / Ph.D/ Post Doctoral Level. Every year 50 fellowships are given in this level to the researchers for their full academic period (as required by the university curriculum) at the rate of Taka 7,500.00 per month.

Smile Brighter:

Cleft-lip is far more a social set back than a health problem. Boys and girls cursed with cleft-lips face a lot of problems in everyday life ranging from disruption of formal education, attending social ceremonies and impediment at the time of getting married. Considering the gravity of the situation DBBF has taken the initiative to bring back smile on the face of the boys and girls with cleft-lip through plastic surgery since 2003. More than 1500 numbers of poor cleft-lipped boys & girls have so far been successfully operated across the country. Besides special camps were arranged under this 'smile brighter' program in Dhaka, Chittagong, Cox's Bazar, Rajshahi, Sylhet, Khulna, Barisal, Bogra, Comilla, Rangpur, Dinajpur, Lalmonirhat, Faridpur, Jessore, Mymensingh, Sirajgonj, Kustia etc. As a continuous process, the cleft-lipped boys & girls are being operated across the country for restoration of hope and dignity in their lives.

Narayangonj Diabetic Hospital: DBBL donates Tk.100,000.00 per month to bear operational expenses of Narayangonj Diabetic Hospital since October, 2001.

Dowry and Acid Victims: To create social awareness, DBBF is providing financial support to acid-burn and dowry victims helpless women of the country for their rehabilitation by maintaining small scale business like poultry, vegetable farming, goat farming, fish farming etc. Under this program, 200 acid-burn and 800 dowry victim helpless women already received financial support of Tk. 10,000.00 (taka ten thousand) per person from DBBF.

V.V.F. victims: DBBF is providing financial support to v.v.f. victims helpless women of the country for their rehabilitation. Under this program, financial support of Tk. 10,000.00 (taka ten thousand) was given per person.

HIV Positives: DBBF is providing support to 50 HIV/AIDS patients (HIV/AIDS affected women and children) of the country for their medical treatment, food supplement and others.

🌸 Taka 300,000.00 was donated to **Saleh Child Development and Disability Management Centre** to provide support to the mentally retarded and disabled children.

🌸 Taka 300,000.00 was given to **Society for the Welfare of the Intellectually Disabled, Bangladesh** for training and rehabilitation of the mentally retarded children.

🌸 Taka 200,000.00 was given to **SIED TRUST, Bangladesh** for rehabilitation of underprivileged intellectually disabled children.

- ✿ Taka 250,000.00 was given to **Street Children Partner Bangladesh** to develop the condition of street children.
- ✿ Taka 500,000.00 was given to **Bangladesh Red Crescent Society-Blood Centre** to procure blood collection bags.
- ✿ Taka 350,000.00 was given to **APON** for organizing a training program on Therapeutic Community.
- ✿ Taka 145,000.00 was given to **EKMATTRA** for making a short length feature film named "Je Shohor Chorabali"
- ✿ Taka 580,000.00 was given to **Nirapad Sarak Chai** for providing wheel chairs and helping the families victimized by road accidents
- ✿ Taka 350,000.00 was given to **Engender Health, Bangladesh** for treatment of fistula patients.
- ✿ Taka 83,800.00 was given to **a disable student** for joining MPH course in UMEA University, Sweden.

Financial assistance to distressed people for mitigating problems of emergent nature.

In addition to the above programs, the Bank's foundation undertakes a number of programs arising out of the natural calamities and health hazards which are emergent in nature and cannot be addressed by the poor people. An amount of Taka 50,988,208.00 was donated/spent for supplying blankets to the cold hit people, supplying GCI sheets to the people of cyclone affected areas as well as people affected by river erosion, supplying of food & medicine to the flood affected people, medical treatment facilities both in home and abroad extended to poor and meritorious students and also scholarly people of the country.

DBBL for Environment

Environmental degradation and depletion of natural resources are matters of great concern in Bangladesh like anywhere in the world. Environmental degradation is taking place due to poverty, over population and lack of awareness about the environment. It is manifested by deforestation, destruction of wetlands, depletion of soil nutrients etc. Natural calamities like floods, cyclones and tidal bores also result in severe socio-economic and environmental damage. DBBL has been continuously creating social awareness to protect the environment that is essential for present and future generations. With that end in view, DBBL is regularly advertising in print and electronic media to develop an eco-friendly society for sustainable and healthy human life. DBBL complies with environmental standard while financing industrial projects. Projects with likely adverse impact on environment are strongly discouraged by DBBL. We are trying to incorporate sound environmental management process in business operations of projects financed by us that can ensure healthy and sustainable lives for our future generations. DBBL introduced a guideline demanding assessment of environmental and social impacts of the projects to ensure that operations of the projects would be eco-friendly.

Social welfare activities of other conventional Bank

National Bank Limited

Employment

National Bank Limited has been continuously creating new fields of employment every year by way of expansion of its business activities and branch networks. The Bank consolidated the "One-Bank One-Family" concept since its inception and sought to create a work culture that excites and motivates staff. The Bank's goal is to make it "the best place" to work in by creating an exciting, healthy, caring and productive environment for all levels of staff. NBL recurrently arranges cultural programs, annual picnics etc for their staffs. NBL, which has 3,442 employees provides due importance for the well being of its employees by offering attractive remuneration and other fringe benefits. So far NBL has contributed Tk. 160.12 Lac as medical expenses to its employees and others.

Education

National Bank Limited foundation was established in 1989 to fulfill the responsibilities of welfare for the society. National Bank Public School and College in Moghbazar, Dhaka has been established where about 997 students are studying in the school section from class 1 to class 10, while 121 students are at the college section . In 2010, 93 students appeared at the SSC examination and 92 at the H.S.C examination and in both the Examination 100% came out successfully.

The bank has been accommodating prospective graduates of recognized universities for completing their internship. NBL also awarded scholarship to the brilliant children of the employees of the bank and contributed Tk, 8.12 Lac to various educational sectors.

Spots and Culture

National Bank Limited has a tradition of patronizing and sponsoring sports and cultural activities of the Country. The "National Bank Volleyball league - 2007" was arranged under the patronization of the Bank. It has also arranged annual picnics as a means of recreation for its executives, officers and staff. In 2009 the amount of donation in sports was 4.65 lac Taka and it is increased substantially to 64.65 lac Taka.

Disaster Relief

National Bank Limited has always extended its .helping hand and has stood by the helpless people in times of natural calamities. In 2007, National Bank Limited donated Tk. 40.00 Lac to help the victims of flood, Tk. 20.00 Lac for relief operation of landslide victims and Tk. 50.00 Lac for Sidr victims to the relief fund of the Chief Advisor and the Army Chief. The Bank has also taken a pilot project for post flood agricultural rehabilitation at Shirajgonj.

On 10th March, 2009 a Payment Order for Tk.25.00 Lac has been handed over to the Hon'ble Prime Minister as a donation/financial assistance to the bereaved family members of the martyred Army Officers killed in the BDR carnage held on 25th February,2009.

On 1st April, 2009, NBL donated Tk. 24.00 Lac to the Honorable Prime Minister to hand over the same to the family members of the martyred Army Officers. This was given to 5 (five) families, each being given Tk. 40,000/- per month for I year which will continue for 10 years. Hence, the total amount of donation would amount to Tk. 2.40 Crore. In 2010, NBL contributed Tk. 54.65 lac to various sports league of the nation.

Others:

National Bank Limited has always maintained their corporate social responsibility in various ways. It has always appreciated various kinds of fair, festivals and other gatherings organized by different private or public sectors. In 2010 NBL has donated Tk.

8.70 lac in various activities.

National bank has contributed significantly to the government effort in collection of revenue. In 2010 it has contributed to national exchequer an amount of Tk. 1,37.50 crore as tax and VAT on its earnings. Besides the bank deducted tax, vat, excise duties etc. from various payments and deposited the same to government exchequer.

Direct CSR expenditures reported by banks:

Name of Bank	2009	2010	2011	2012
Dutch Bangla Bank Limited	159,206,500	168,860,000	341,830,000	527,670,000
National Bank Limited	68,404,000	142,350,000	36,822,000	53,612,000
Prime Bank Limited	–	291,420,000	172,090,000	295,650,000
Islami Bank Bangladesh Limited	116,270,000	232,631,000	410,700,000	309,100,000

CSR expenditures as % of after tax profit & CSR expenditures in Education Sector reported by banks in 2012

Name of Bank	2009	2010	2011	2012
Dutch Bangla Bank Limited	15.87%	22.86%	62.40%	62.94%
National Bank Limited	0.65%	5.08%	25.23%	16.68%
Prime Bank Limited	4.65%	11.04%	16.19%	16.17%
Islami Bank Bangladesh Limited	6.49%	5.63%	13.71%	27.08%

3.7 Assessment:

Assessment of Social Welfare Activities

Throughout the internship period, the major focused area of this study was the social welfare activities of the Bank. Social welfare is an essential part of any profit based organization as it balances between the amount of profit and the social responsibilities due to the acquired profit. Islamic Bank Bangladesh Limited is a rapidly growing financial organization now in Bangladesh. As this bank has taken a religious point of view in order to operate its financial activities, the expectations regarding social responsibilities are also taking a different form while considering the bank. Most of the stakeholders of this Bank has running the business throughout the banks has created a dimensional growth in the banking industry.

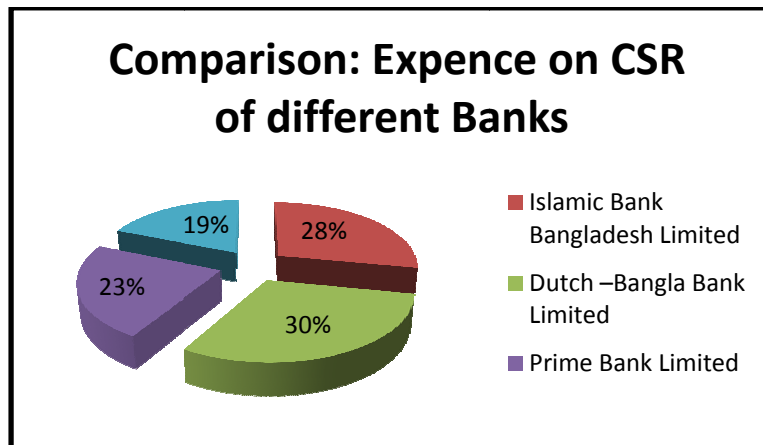


Chart: Comparison: Expenditure on CSR of different Banks

Income generating programs

To development be sustainable, it is necessary to uphold development in a way that it can run by its own. While thinking about social welfare as well, it is important that the welfare is sustainable. Keeping this in mind, Islamic Bank Bangladesh limited put immense importance about welfare that will become income generating source later on. Massive unemployment is a developmental challenge of Bangladesh which is recognized by Islamic Bank Bangladesh Limited and thus, while designing the social welfare activities, income generating programs for the youth get the primary priority. National Bank limited, like Islamic Bank Bangladesh Limited, also identify this issue and run activities that emphasis on employing the disadvantaged population by employing them in the bank. With the concept of 'One-Bank, One-Family', this bank emphasizes on the improvement of its employees. However, Islamic Bank Bangladesh Limited, along with giving necessary facilities to the employees, helps the disadvantaged population of the country by giving them different employment opportunities that might not directly like with the employment opportunity of the bank.

Educational program

All four banks of this study identify that education needs to be addressed if we need to incur sustainable development. In this sector, Dutch-Bangla Bank Ltd. has taken the leading role. They offer scholarship at different level of education along rewarding grand to different educational organization. Islamic Bank Bangladesh Limited also offers financial support to different educational institution. However, the major area of financial assistance that the Islamic Bank Bangladesh is providing is on the religious education sector. Rather this particular focus, Islamic Bank Bangladesh Limited also offers scholarships and funds other secular educational institutions. Another area of emphasis of all the banks is assistance in higher education abroad. Though, there are good educational institutions in Bangladesh, a huge range of meritorious Bangladeshi students get opportunities to study abroad. However, due to financial limitation, a lot of students cannot attain such education. As all these banks consider that through education the national development is possible and an international exposure helps people grow, they offer different scholarship related to higher education outside Bangladesh.

Health and Medicare program

All four banks of this study help people who need medical care. As Bangladesh is a developing country, in many cases, health material is very expensive for the people. The government medical services are also not enough considering the massive population of the country. Additionally the social service of Bangladesh is not yet strong enough to provide medical support to all. Considering these facts, the banks through their corporate social responsibility, stand beside the helpless people. Islamic Bank Bangladesh limited plays a major role in terms of facilitating health programs for the grassroots. Along with providing direct medical support, they provide awareness programs on sanitation, and health and hygiene. Prime Bank Limited plays a

vital role in the medical sector by supporting setting up hospitals and helping specific group of people that are vulnerable to health risks. Moreover, they also train nurse and develop other leadership role in the health care sector through which people become empowered and at the same time the health of the grassroots is also looked after. Such community based healthcare cycle reduce dependency and help the poor. DBBL also spend a considered chunk of their CSR resource on health care. However, in terms of health care, they help the people who have faced different shorts of violence such as acid violence. Additionally, they also assist the HIV affected people who are not capable of carrying their medical expenses.

Relief and rehabilitation program

Bangladesh is a disastrous country and there are different kinds of disasters that the people of Bangladesh face every year. Especially, the people who lives on the near water bodies, such as river, and sea, they face different disasters. Because of this, they need constant help on terms of after disaster rehabilitations. All four banks are giving support to the people who need helps of this short. Here, they build infrastructure for the people who needs help. Additionally, they also build infrastructure for the shatter houses where the people can live during the disaster.

DBBL, here takes a different approach in terms of disaster relief. They consider preventive actions to be more important than taking after disaster measure. Having such mindset, they invest more money on saving environment in different ways. As massive reduction of forest in Bangladesh is one of the major causes of different natural disasters, they consider tree plantation as a part of the responsibility towards environment.

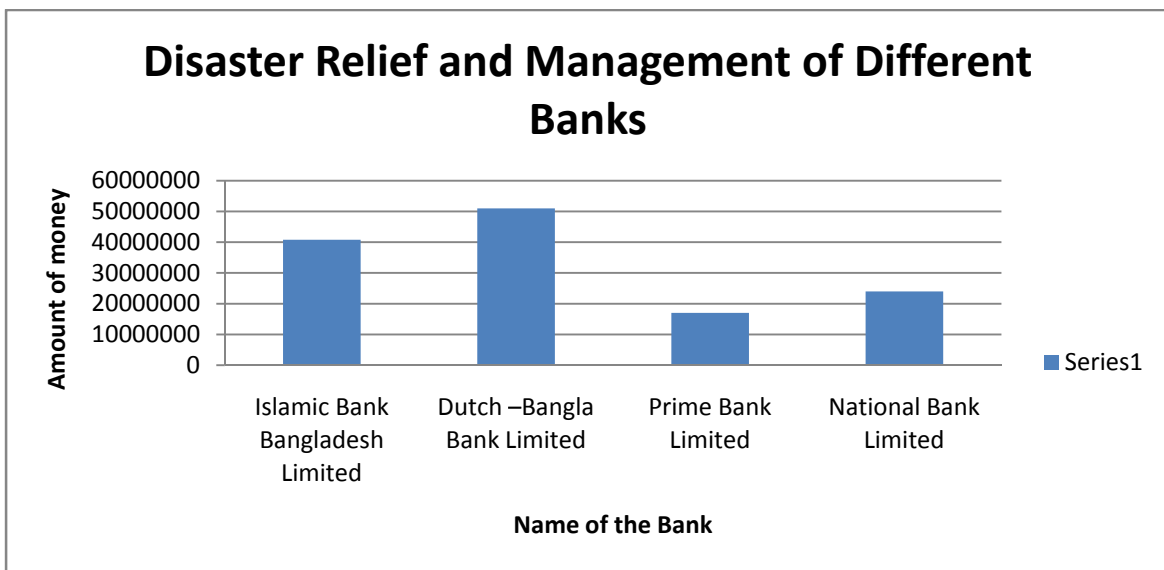


Chart: Disaster relief and management of different Bank as a part of CSR

Chapter 4

Findings, Recommendations & Conclusion.

4.1 Findings:

IBBL is playing a vital role for development of the society through Islami Bank Foundation.

The Foundation was established for providing financial assistance to the poor and needy people through various healthcare, relief and rehabilitation, education, humanitarian, dawa and special programs.

- The bank provides scholarship mainly for poor students.
- The bank provides their welfare services only by seven services-centre of the bank.
- The bank does not have any cultural centre to uphold our culture and heritage.
- Rural areas of the country are out of their social welfare activities. So, people of the rural area are out of their services.

4.2 Recommendations:

- IBBL should provide more Scholarship not only for the poor student but also for the middle class Student.
- There are only seven-service centre of Islami Bank Service Centre. They should increase this number to provide better welfare services.
- For our culture, Islami Bank should launch cultural centre.
- IBBL should provide more social welfare activities to the rural area of the country
- IBBL should increase there scholarship program in different schools and college and although in university. Management of the bank should immediately take steps so that the activi ties of bank can be spread in rural areas of Bangladesh too.
- All the employees of the bank should try to create personal relationship and follow the dynamic Leadership of Islam for their own benefit and for the growth of real Islamic society in Bangladesh.

- This Bank should arrange a wide varieties of regular programs like “SEMINAR” “MOSQUE -BASED DISCUSSION” etc. about Islamic Banking Function countrywide to remove the negative impression about IBBL

4.3. Conclusion:

Islamic banks can satisfy most of the efficiency conditions if they can operate as a sole system in an economy. On the other hand, does not satisfy any of the efficiency conditions analyzed in the present study. However, when Islamic banks start operation within the conventional banking framework, their efficiency goes on decreasing in a number of dimensions. The deterioration is not because of Islamic bank’s own mechanical deficiencies; rather it is the efficiency-blunt operation of the conventional banking system that puts a negative impact on the efficient operation of Islamic banks. This does not mean that the survival of Islamic banks operating within the conventional banking framework is altogether threatened.

Even under the framework, Islamic banks can operate with certain level of efficiency by applying in a reasonable percentage the PLS-modes – the distinguishing features of Islamic banking. This has been possible in some countries of the Muslim world where the management of Islamic banks was cautious about possible impacts of every policy measure. Particularly, the management of these banks was judicious in selecting sectors or areas as major of their operations. Sudan Islamic Bank is a typical example in this respect. Islamic banks in Bangladesh have much to learn from experience of this successful bank.

Having been considered the pro-efficiency character of Islamic banking and its beneficial impacts on the economy, government policy in Muslim countries should be in favor of transforming system into Islamic banking. From the practical implementation of customer dealing procedure during the whole period of our practical orientation in IBBL, we have reached a firm and concrete conclusion in a very confident way. Almost all the leading banks in our country have various extra facilities in offer for the customers in comparison with IBBL. However, it has succeeded in achieving more customer than many other competitors. This has been possible only because of strong customer relation and excellent customer service.

- Highest standard of Honesty, Integrity & Morale
- Welfare Banking
- Equity and Justice
- Environmental Consciousness
- Personalized Service
- Adoption of Changed Technology
- Proper Delegation, Transparency & Accountability

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