



**Internship Report on
Overview of Functions and Operations of
Islami Bank Bangladesh Ltd.**

Submitted to

Islamic University of Technology
in partial fulfillment of the requirements for the degree of
BBA in Business and Technology Management (BTM)

Submitted by:

I understand that my final report will become part of the permanent collection of the Islamic University of Technology BBA in Business and Technology Management Program. My signature below authorizes release of my final report to any reader upon request.

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Respected Ma'am,

According to the requirement and instruction of BTM department's course curriculum I have completed my internship at Islami Bank Bangladesh Ltd. I've prepared my internship report based on my experience there. The tenure of the internship was 3 months started from 03 October 2021 and ended on 05 January 2022. While preparing the report, I have followed the instructions and provided all the details so that this report satisfies the overall objectives directed to complete the internship program successfully and gets your kind attention for acceptance.

I appreciate your invaluable assistance and kind cooperation in every aspect of my work on this report. If you have any other queries regarding the report, I will be more than happy to respond to them.

Yours sincerely,

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Acknowledgement

Firstly, I'm thankful to the department of Business & Technology Management, IUT for providing me with such an excellent scope to complete my internship and blend my theoretical knowledge with practical experience. Furthermore, I want to express my heartily gratitude towards my advisor, Shobnom Munira, Assistant Professor, Islamic University of Technology, for constantly guiding me and giving me proper direction during my internship period. I shared my experience with my honourable advisor, and her guidelines and suggestions helped me complete my internship and internship report.

It was a pleasant experience doing the internship at Islami Bank Bangladesh Ltd. I'm grateful to my supervisor Md. Khairul Islam, FAVP & manager operations of IBBL, Rampura Branch and Ms. Hosne Ara, VP, Islami Bank Training & Research Academy. They monitored my day-to-day activities and provided guidelines and suggestions to fulfill my responsibilities.

Lastly, I am highly indebted to all the people involved with me during the internship tenure and helped me by providing their valuable recommendations, suggestions, direction, and cooperation so that I can come up with an excellent experience and this fruitful report.

Executive Summary

This internship report is about the functions of different departments of Islami Bank Bangladesh Ltd. and what I've learned working there. Undoubtedly, Islami Bank Bangladesh Ltd. holds a prominent position in the banking industry of Bangladesh. Most of the branches of IBBL have four independent departments such as general banking, investment, foreign exchange operations and additional delivery channels. In addition, IBBL has a wide range of product and service offerings for its clients. The company overview chapter of this report provides a detailed overview of Islamic banking, banking functions and Islami Bank Bangladesh Ltd. After the company's summary, IBBL's position in the industry was assessed through different parameters. The industry life cycle model, porter's five forces model, and PESTLE analysis were followed to analyze IBBL's industry position. Then I described my activities during the internship tenure. My activities can be broken into three major segments:

1. Training Session
2. Practical Exposure at Branch
3. Worked on a project at Islami Bank Training & Research Academy.

Activities and experiences gained from the internship are analyzed from three perspectives. The First one is company-level analysis. IBBL's internal processes are explored here. Other two views include market-level analysis and professional-level analysis. For market-level analysis, Porter's Generic Strategies and BCG matrix were followed. In the professional level analysis, I draw a relationship between the theoretical knowledge I've gained from academics and the practical exposure I got from the internship. I've added relevant flowcharts, figures, and tables to conveniently illustrate the work process and analysis. Finally, the report concludes with recommendations for the company to improve its efficiency.

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Section 1: Introduction

1.1 Introduction

An internship program is compulsory for business graduates. It provides them with the insights to blend their academic knowledge with practical fields. As a student of the Business & Technology Management Department of IUT, I've to complete an internship. The academic curriculum of BTM offers more than regular BBA. Thus, I had more responsibilities to deal with while doing the internship.

The organization I've selected for doing the internship is Islami Bank Bangladesh Ltd. Islami bank Bangladesh Ltd.(IBBL), the leading bank in the Islamic Banking system in Bangladesh. Its activities are carried out on an interest-free basis under Islamic Shariah. As a result, it provides socioeconomic and financial services to the unprivileged, marginal, and low-income individuals in urban and rural areas to help them improve their economic situation.

In this report, I will give a complete overview of the company, different types of analysis, description of my duties and what I've learnt so far by completing the internship program.

1.2 Background of the Study

This is the mandatory internship program for the BTM 4th-year students. We have been taught about accounting, finance, marketing, human resources management, information systems, and many other courses throughout the 4 years. Thus, in the 8th Semester, we get an opportunity to blend our theoretical knowledge with practical experience by doing the internship program. For this, I selected the financial sector to explore. So, I've conducted my internship in the banking industry at Islami Bank Bangladesh Ltd. The reason for selecting this organization is that I want to get hands on experience on how the banking system works, how Islami Bank Bangladesh Ltd. maintains Islamic Shariah laws, and how fintech technologies can collaborate with banking functions.

1.3 Purpose of The Study

This report aims to illustrate my workplace responsibilities and analyze the operations of Islami Bank Bangladesh Ltd. The prime purpose of this report is to show my own findings through analysis and experience of the Islami Bank Bangladesh Ltd.

1.4 Scope of the Study

This paper will cover Islami Bank Bangladesh Ltd's (IBBL) background, activities, General Banking division, Investment, Foreign Exchange & ADC department. A complete overview of

how IBBL's (Rampura Branch) operations can be found in this report. It also represents my job responsibilities on a daily or weekly basis. The analytical part provides an in-depth comparison between real-life experience and theoretical knowledge, highlighting my internship learning.

1.5 Limitations

Obviously, there are some limitations I've faced while doing the internship. The first constraint is the high level of confidentiality. Due to this, I had limited access to the credit analysis. For the same reason, interns couldn't be able to do deal with customers in the foreign exchange department. But they could analyze import LCs, export LCs and report to their supervisors. Another limitation is getting a sufficient amount of data. Again, because of security issues, IBBL couldn't provide us with some detailed information.

Section 2: Company Overview

2.1 Islami Bank Bangladesh Ltd.

The banking system is an integral part of any country's economy. The majority of Bangladesh's population is Muslim. However, no Islamic banking system was formed here until 1983. Only conventional banking was developed, which is based on interest. Interest is strictly forbidden in Islam. As a solution to this problem, the first-ever Islamic Bank in Bangladesh, Islami Bank Bangladesh Ltd. started its first operations in 1983. Since then, the bank is playing a major role in Bangladesh's finance and banking sector.

The definition of Islamic Banking can be described from different perspectives. In another way, there are many definitions of Islamic Bank. Among these, the most appropriate one is the definition of OIC's. Definition of Islamic Bank according to **OIC**, (About IBBL:Concept & Ideology, n.d.)“Islamic bank is a financial institution whose status, rules and procedures expressly state its commitment to the principle of Islamic Shariah and to the banning of the receipt and payment of interest on any of its operations.”

IBBL is Southeast Asia's first Islamic Bank. It is dedicated to conducting all banking and financial services based on a profit-loss sharing structure while prohibiting interest at all costs. It has opened up a whole new vista and ushered in a fresh ray of hope for the people of Bangladesh, who have long desired to conduct their banking activities in accordance with Shariah Laws.

2.2 History

The incorporation of Islami Bank, which provided interest-free banking services, inspired Muslim countries in the late 1970s and early 1980s. Currently, there are around 614 interest-free institutions around the globe. Today, Islami Bank serves not only Muslim and non-Muslim clients in all Muslim nations but also Western countries. The first emergence of an Islamic bank globally is the Mit Ghamr Local Savings Bank in Egypt. It was established on 25th July, 1963.

During 1982, the Islamic Development Bank (IDB) conducted several analyses on Bangladesh's economic and financial systems. They discovered contributions from the IERB and the BIBA. As a result, IDB arranged seminars and surveys to understand the public opinions toward Islamic Banking.

Finally, after many challenges & obstacles, the establishment of an Islamic bank in Bangladesh became a reality. The bank started its operations in March 1983.

2.3 Mission, Vision & Core Values:

Mission: Figure-1 depicts the missions of Islami Bank Bangladesh Ltd.



Figure 1:Mission of IBBL

Vision: In the Figure-2 visions of IBBL has illustrated-

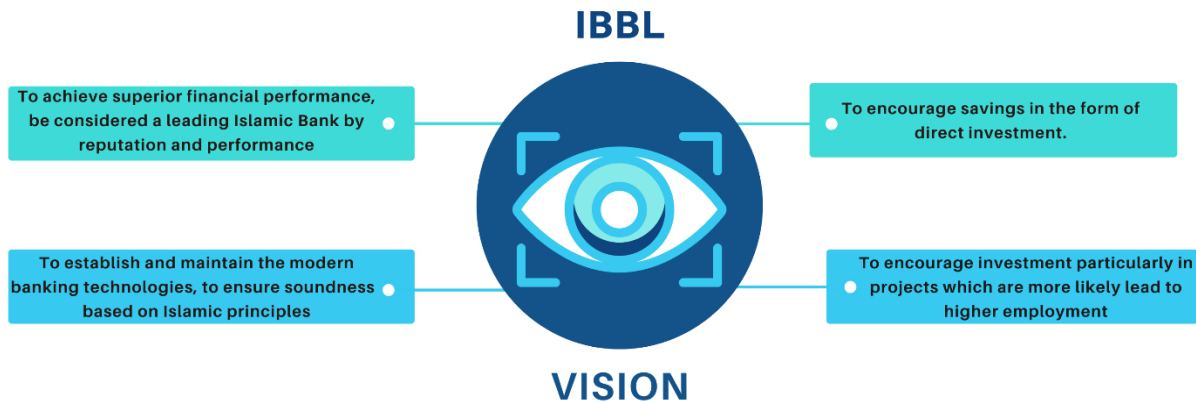


Figure 2:Vision of IBBL

Core Values: In the Figure-3 visions of IBBL has illustrated-



Figure 3:Core Values of IBBL

2.4 Functions of Islamic Banking:

The key function of Shariah-based banking is to stimulate and initiate trade activities that actively interact with deficit and surplus units of the country's economy. The second function of Islamic banking focuses on products and services to facilitate the customers. Other functions of Islamic banking include providing Hajj services, and consultancy services.

All of the functions of Islami Bank can be classified into two broad categories.

1. Fund Based
2. Non- Fund Based

Figure 4 shows the functions of Islamic Banking:

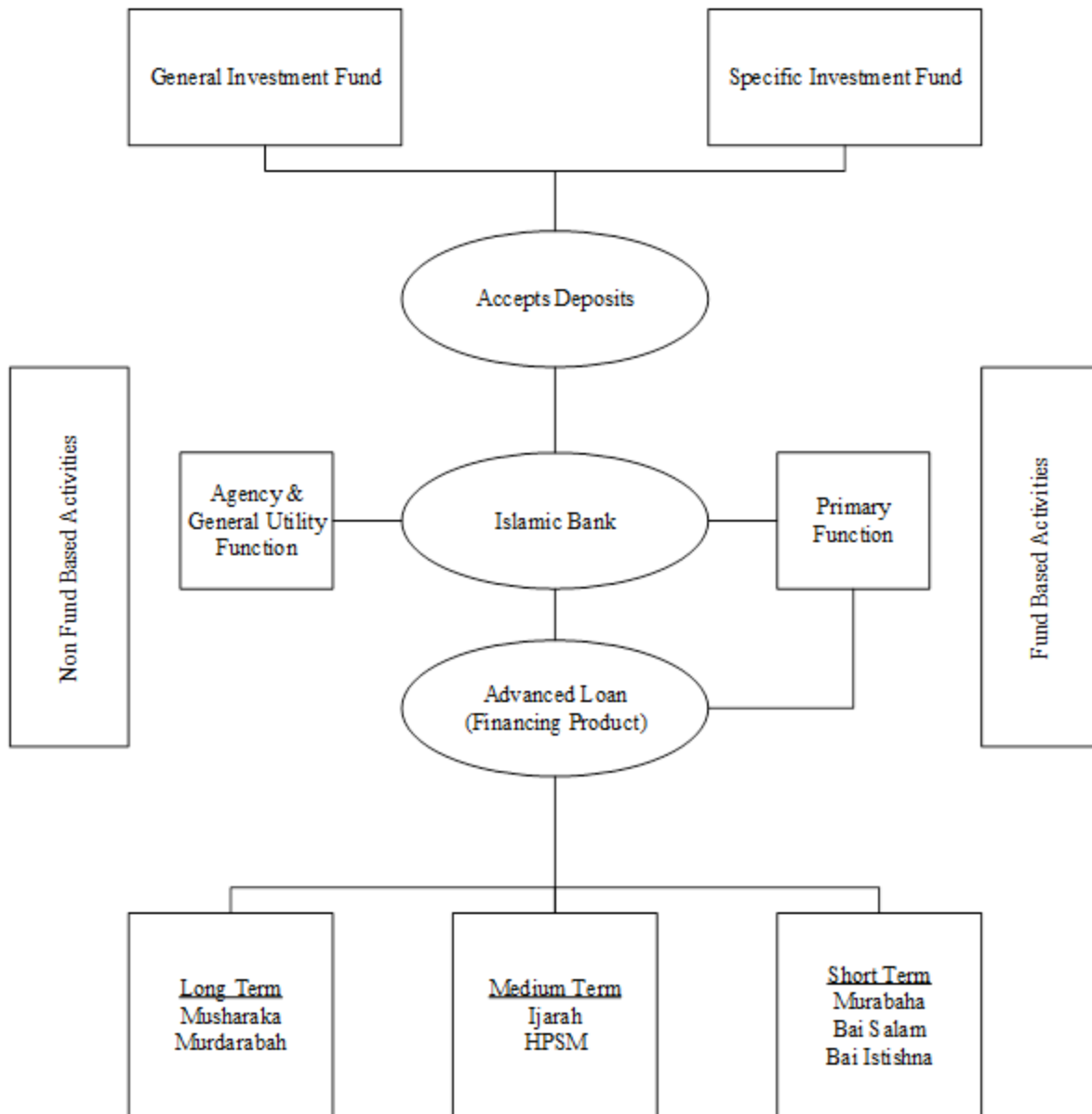


Figure 4: Functions of an Islamic Bank

2.5 Departments of Islami Bank Bangladesh Ltd.

In each branch of IBBL, there are three common departments.

1. General Banking
2. Investment
3. Additional Delivery Channels (ADC)

In the head office of IBBL, there are wings such as:

- Marketing

- Finance & Accounts
- HR
- IT
- Customer Service Management

2.6 Organogram

Around 14000 employees work in IBBL. Thus, IBBL follows a structured organogram. Since IBBL is a large company, it has various organograms for different departments. In general, there was an organogram for the top-level management consisting of the board of Directors, Executive Committee, Shariah council, and so on. It is illustrated on figure 5:

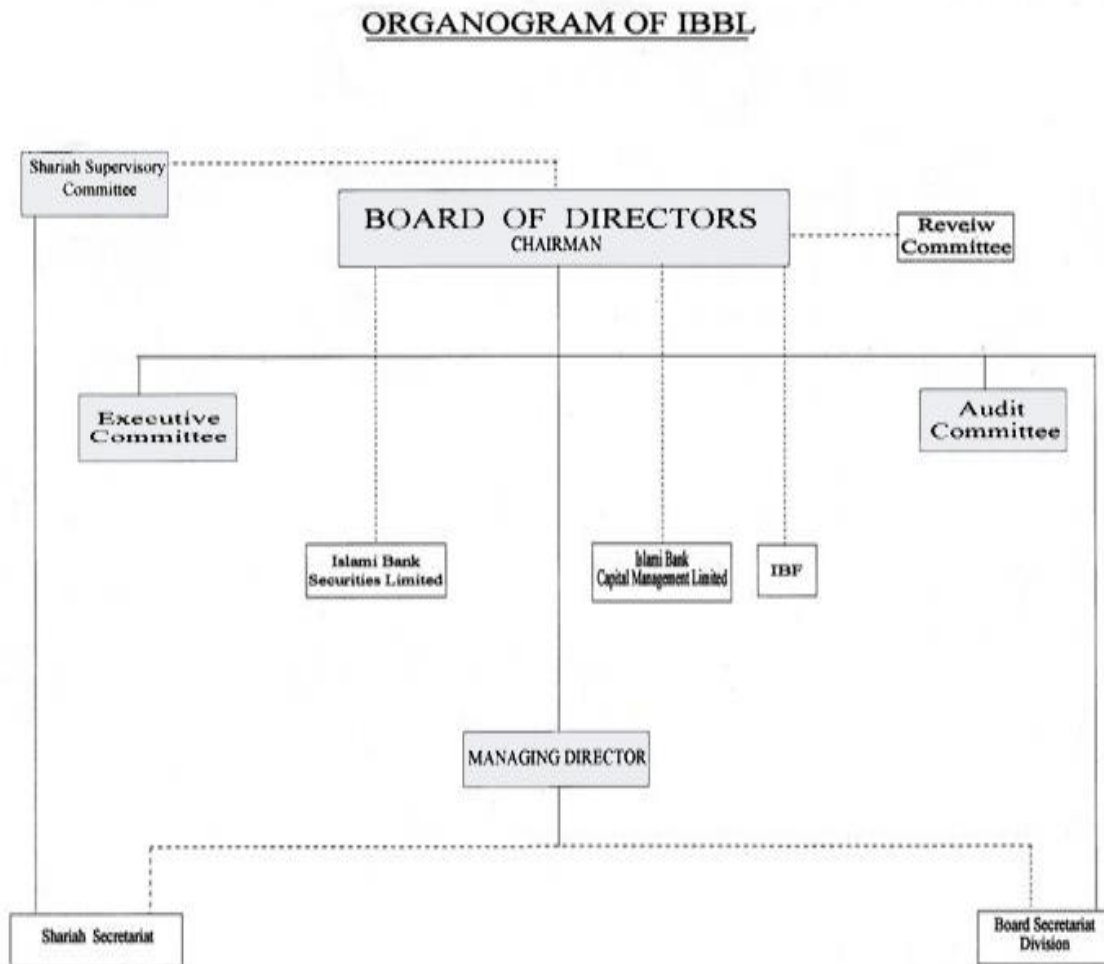


Figure 5: Top Management Organogram of IBBL

Organogram for branch and zonal office: However, figure-6 shows a more detailed organogram:

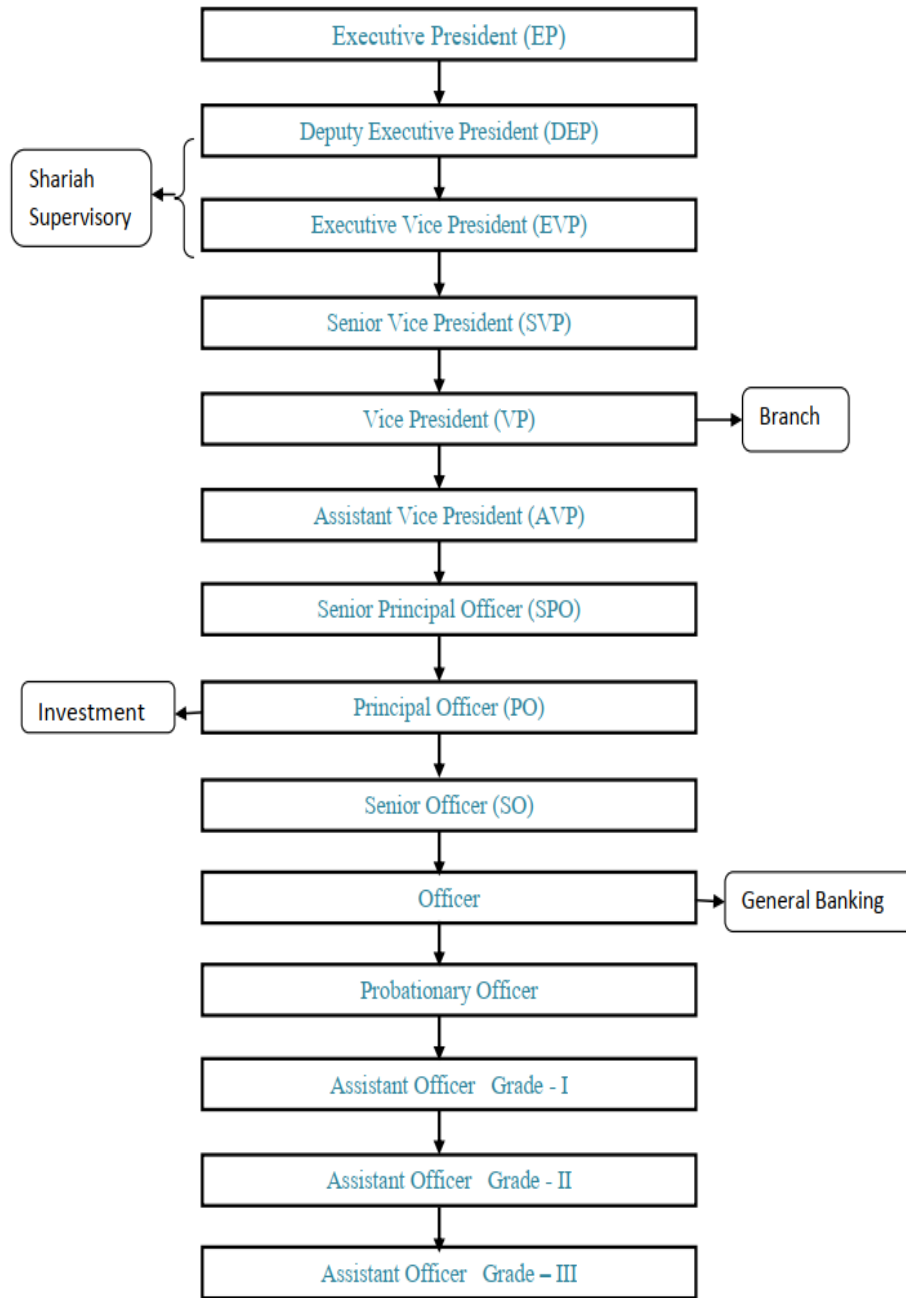


Figure 6:Branch and Zonal Office Organogram

2.7 Operating Sector & Area of IBBL

Islami Bank Bangladesh Ltd. operates among the commercial banking sector of Bangladesh.

Islami Bank mainly operates in Bangladesh. Since Islami Bank has a strong foreign exchange department, thus it has collaborations and liaisons with different banks and financial institutes around the globe.

2.8 Products & Services of IBBL

IBBL offers different products and services for deposit, investment, foreign exchange, and fintech.

Deposit Scheme

- Al-Wadiah 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)
- Mudaraba Mahr Savings Account (MMSA)
- Mudaraba Waqf Cash Deposit Account (MWCDA)
- Mudaraba NRB Savings Bond (MNSB) Account
- Mudaraba Foreign Currency Deposit Account (MFCD)
- Students Mudaraba Savings Account (SMSA)
- Mudaraba Farmers Savings Account (MFSA)

Special Services

- Locker Services
- ATM Services

Investment Scheme:

- Household Durables Scheme (HDS)
- Investment Scheme for Doctors (ISD)
- Transport Investment Scheme (TIS)
- Car Investment Scheme (CIS)
- Small Business Investment Scheme (SBIS)
- Micro Industries Investment Scheme (MIIS)
- Agricultural Implement Investment Scheme (AIIS)
- Real Estate Investment Program (REIP)
- Real Estate Investment (Commercial & Working Capital)
- Agricultural Investment of IBBL
- NRB (Non Resident Bangladeshi) Entrepreneurs Investment Scheme (NEIS)
- Women Entrepreneurs Investment Scheme (WEIS)

Alternative Delivery Channel Products :

Islami Bank Bangladesh Ltd. has diverse set of alternative banking pathways.

- SMS Banking
- CRM Machine (Deposit and Withdraw from One Machine)
- Cellfin App
- Cash by Code
- Dual Currency Debit Card
- m-Cash
- i-Banking
- POS
- Khidmah Card
- Hajj Card
- Chat Service(Facebook, WhatsApp)
- Travel Card

- Tele Banking
- IBBL Visa Debit Card

2.9 Customers of IBBL

IBBL has a diverse set of customers. From general people, business persons, giant institutions, multinational companies, banks to marginal poor people around each corner of the country are the customers of IBBL. Currently, the bank has more than 15 million clients. 55.3% are male customers and 44.7% are female customers. IBBL provides quality service to each customer. As a result, there are many customers from different religions who entrust their savings with Islami Bank Bangladesh Ltd. The following figure 7 shows different segments of the customer base of IBBL:

| | | | | | |
|---------------------------------|--------------|------------|-------------------------------|--------------|------------|
| Sex | Count | % | Profession | Count | % |
| Male | 94 | 55.3 | Business | 28 | 16.5 |
| Female | 76 | 44.7 | Service | 103 | 60.6 |
| Total | 170 | 100 | Student | 16 | 9.4 |
| Marital status | Count | % | Housewife | 23 | 13.5 |
| Married | 115 | 67.6 | Total | 170 | 100 |
| Unmarried | 55 | 32.4 | Type of account | Count | % |
| Total | 170 | | Saving | 134 | 78.8 |
| Age group | Count | % | Current | 12 | 7.1 |
| 18-30 | 116 | 68.2 | DPS | 20 | 11.8 |
| 31 years above | 54 | 31.8 | Others | 4 | 2.4 |
| Total | 170 | 100 | Total | 170 | 100 |
| Mean age | 29.5706 | | Relationship with bank | Count | % |
| Income group | Count | % | Less than 3 years | 78 | 45.9 |
| Less than Tk.15000 | 21 | 12.4 | Between 3 years and 5 years | 50 | 29.4 |
| Between Tk. 15000 and Tk. 25000 | 26 | 15.3 | Between 5 years and 10 years | 32 | 18.8 |
| Between Tk. 25000 and Tk. 35000 | 63 | 37.1 | Above 10 years | 10 | 5.9 |
| Between Tk. 35000 and Tk. 45000 | 43 | 25.3 | Total | 170 | 100 |
| Above Tk. 45000 | 17 | 10.0 | | | |
| Total | 170 | 100 | | | |

Figure 7: Different customer segments of IBBL

2.10 SWOT Analysis of IBBL

Figure 8 shows the strengths, weaknesses, opportunities, and threats of IBBL:



Figure 8:SWOT Analysis of IBBL

Section 3: Industry Analysis

3.1 Background of the Banking Industry

Table 1 shows the information of different categories of banks based on Bangladesh Bank’s 2021 information:

| Bank Types | No of Banks | No. of Branches | Total Assets (billion Tk) | % of Assets | Total Liabilities (billion Tk) | % of Liabilities |
|--------------|-------------|-----------------|---------------------------|-------------|--------------------------------|------------------|
| SCBs | 6 | 3669 | 2755.7 | 28.4 | 2105.4 | 28.4 |
| DFIs | 2 | 1405 | 289.4 | 2.9 | 226.1 | 3.1 |
| PCBs | 40 | 3982 | 6130.5 | 63.3 | 4743.5 | 64.1 |
| FCBs | 9 | 75 | 518.2 | 5.4 | 331.5 | 4.4 |
| Total | 57 | 9131 | 9693.8 | 100 | 7406.5 | 100 |

Table 1:Information on Different Categories of Banks

3.2 Industry Size and Growth Trends

IBBL operates in the banking industry. This industry’s size is increasing and changing day by day. However, due to the Covid-19 pandemic, there are some distortions in the banking industry. The financial sector and banking industry are showed in figure 9:

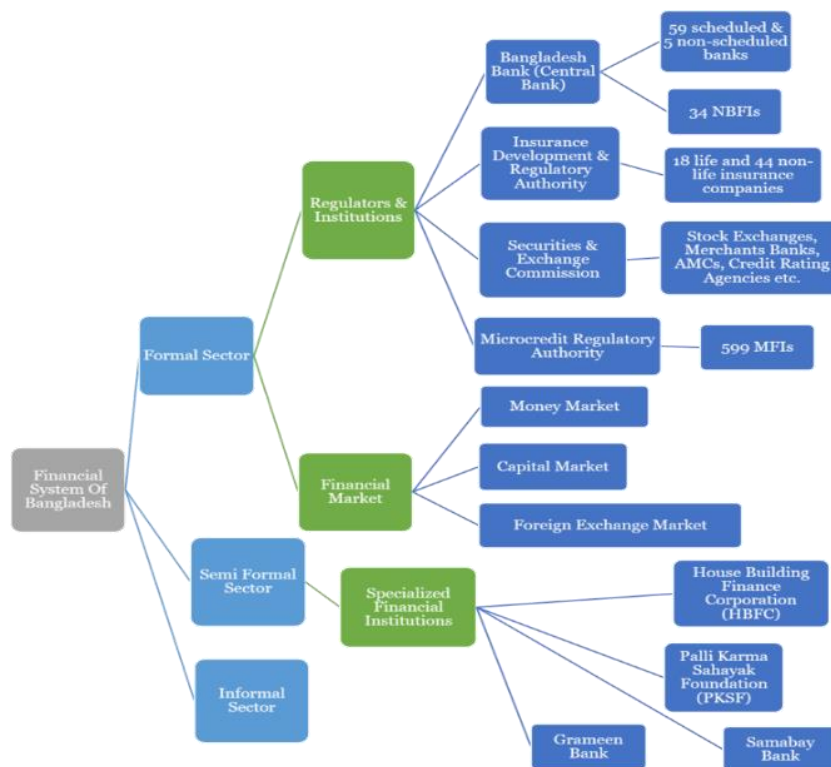


Figure 9:Breakdown of Financial systems of Bangladesh

Industry Growth

According to bss data, the banking industry's growth dropped in 2019 & 2020 due to the Covid-19 pandemic. This is visualized by a chart in figure 10:

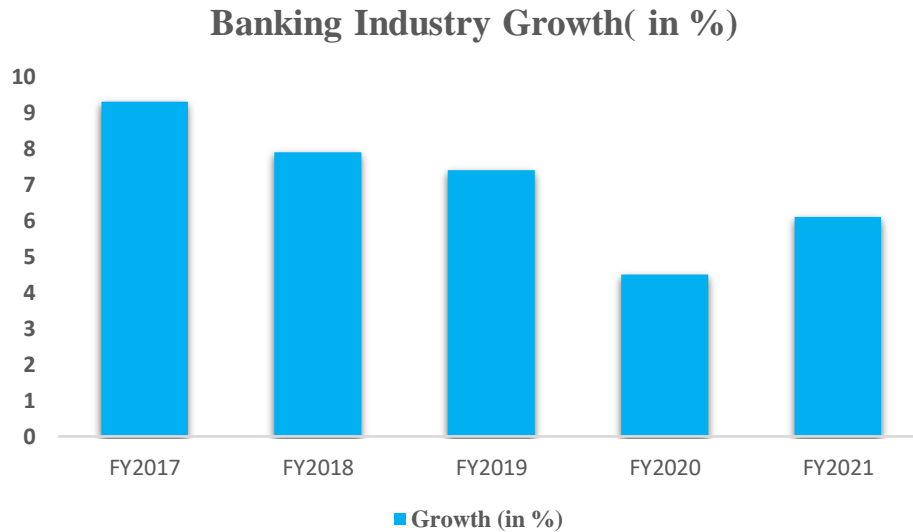


Figure 10: Growth Rate of the Banking Industry

3.3 Maturity of the industry:

The maturity of the banking industry can be analyzed with Industry Life Cycle Model. This model is a crucial tool to measure an industry's maturity and evolution. The phases of this cycle is showed in figure 11:

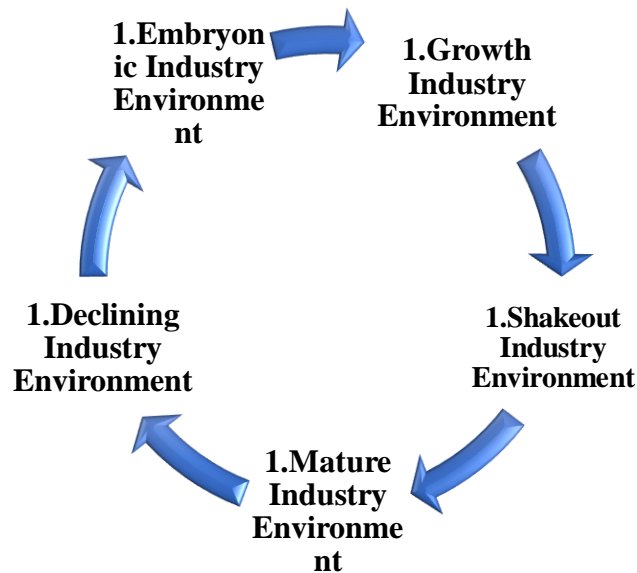


Figure 11: Industry Life Cycle Model

Different banks fall into various phases of this sector. Though the banking industry has reached the maturity stage, very few banks have reached this stage. Islami Bank Bangladesh Ltd. is in the shakeout stage with constant growth. Many commercial banks in the industry are in the growth stages. Some banks that have emerged recently are in the Embryonic stage. Figure 12 shows this:

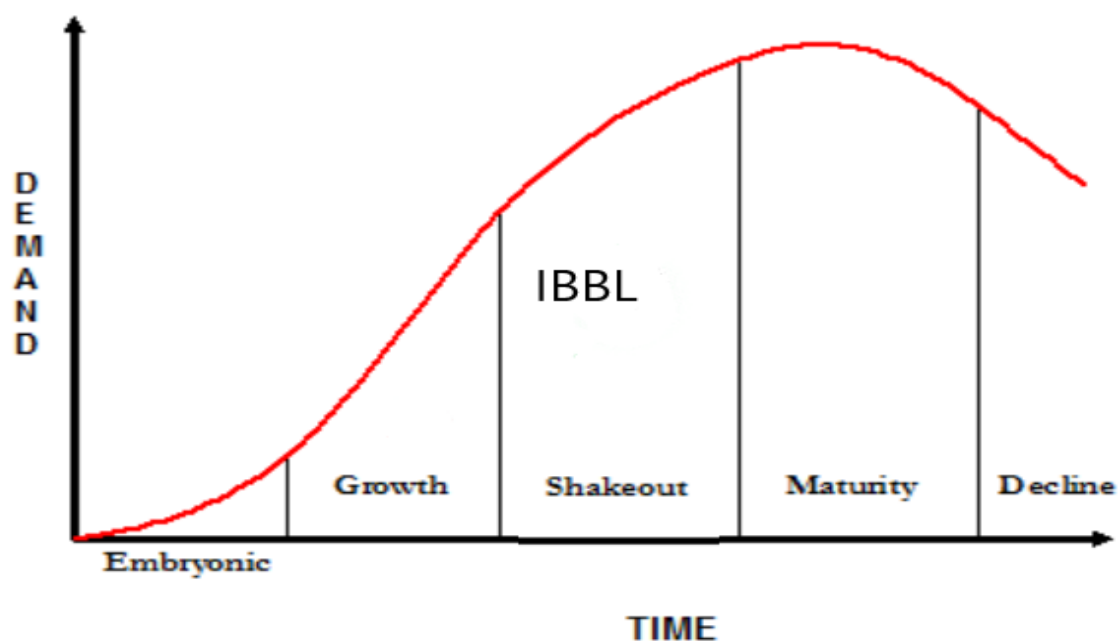


Figure 12: Industry Life Cycle model for Banking Industry

3.4 Porter's Five Forces Model for Industry Analysis

The banking industry of Bangladesh can be further analyzed using Porter's Five Force's Model.

1. **Competitive Analysis:** There are many different types of banks including public and private in the banking industry. IBBL competes with each of them in the industry. The following **table 2** shows a comparison of the operating profit of some private commercial banks:

| SL | Name of Banks | Operating Profit 2015(in Crore BDT) | % of Profits |
|----|---------------|---|--------------|
| 1 | Islami | 1807 | 16.09% |
| 2 | Southeast | 835 | 7.43% |
| 3 | UCB | 833 | 7.42% |
| 4 | Pubali | 795 | 7.08% |
| 5 | AB | 760 | 6.77% |
| 6 | DBBL | 670 | 5.96% |
| 7 | EXIM | 660 | 5.88% |
| 8 | AlArafah | 649 | 5.78% |
| 9 | Prime | 634 | 5.64% |
| 10 | Bank Asia | 605 | 5.39% |
| 11 | SIBL | 580 | 5.16% |
| 12 | Dhaka | 519 | 4.62% |
| 13 | NCC | 419 | 3.73% |
| 14 | IFIC | 406 | 3.61% |
| 15 | MTB | 303 | 2.70% |
| 16 | Shahjalal | 275 | 2.45% |
| 17 | Premier | 225 | 2.00% |
| 18 | Union | 112 | 1.00% |
| 19 | South Bangla | 81 | 0.72% |
| 20 | Meghna | 65 | 0.58% |

Table 2:Bank-wise operating profits

2. **Bargaining Power of Buyers:** Financial sector of Bangladesh has a large number of buyers. It is estimated that there are around 5.5 crore bank accounts in 9000 branches around the country. Thus, buyers possess a good power in this banking industry. A customer may get different bank accounts also. Thus, if a bank offers a higher return rate for loans, customers might switch from that bank and select a bank with a low-interest rate for paying up loans.
3. **Bargaining Power of Suppliers:** In the banking industry of Bangladesh, Bangladesh Bank is the main supplier for banking activities. Thus, regarding other banks, Bangladesh Bank possesses an equally powerful position. However, Depositors and stockholders can be considered suppliers in the banking industry since they provide the raw material for banks to function- the money. If a bank offers a higher rate of return for deposits, clients may select that bank from other options. In the figure 13 Rate of Savings and FDR of different banks are illustrated by a column chart:

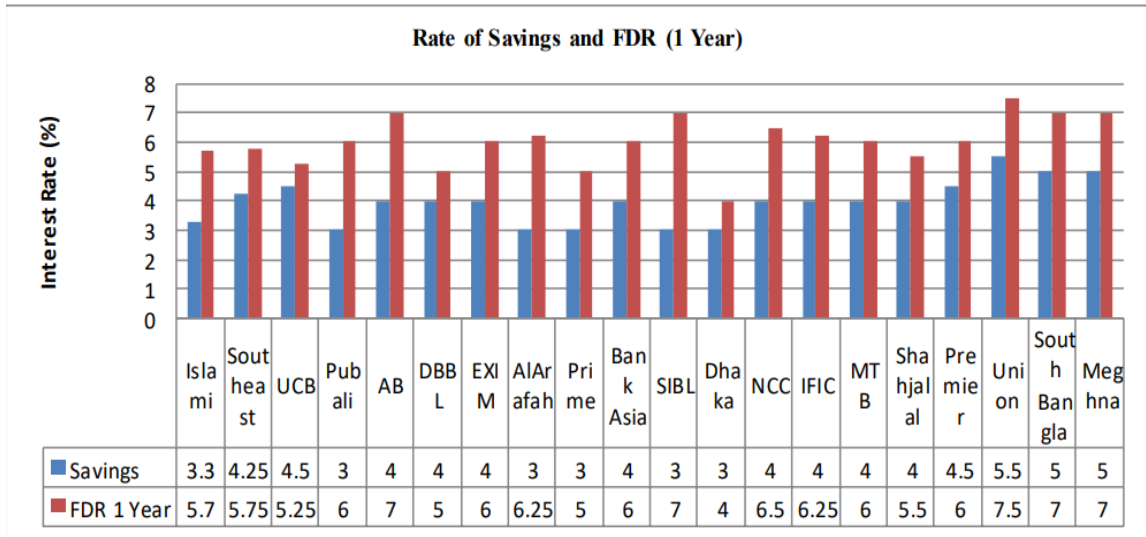


Figure 13: Bank-wise savings and FDR Comparison

4. **New Entrants:** Nowadays Mobile Banking is getting more popular. Many people are actively using mobile banking systems like Bkash, Nagad. As a result, conventional banking is losing customers. Moreover, traditional banks with Shariah-based banking functions are new entrants in this sector. Figure 14 shows the rise of MFS services graphically:

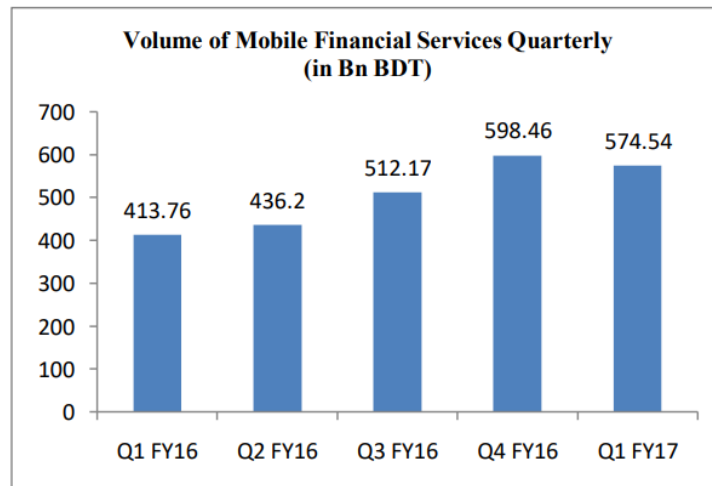


Figure 14: Rise of MFS in Bangladesh

Particularly a trend has been found; traditional banks are now opening Islami Banking wing to provide Shariah-based financial services.

5. **Threat of Substitutes:** Crypto Currency, Bitcoins may be a substitute of the banking system in the future. For IBBL, threats can be of two types- Other Shariah-based banks and conventional banks.

Figure 15 shows the Porter's Five Model for the banking industry:

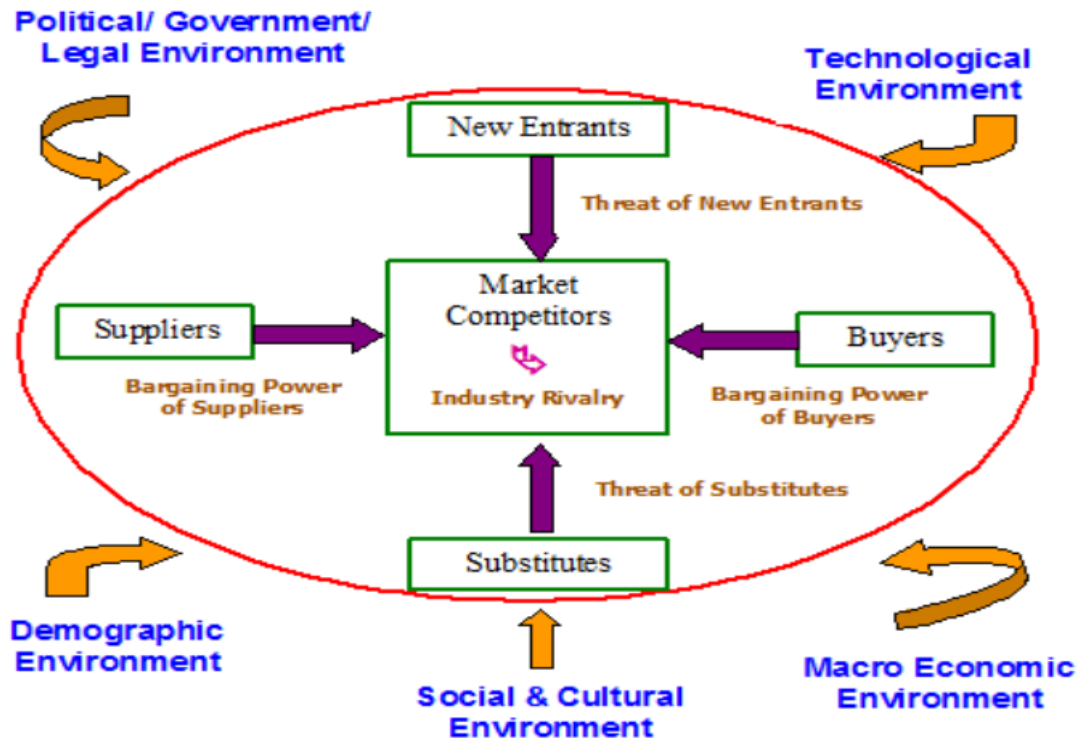


Figure 15:Porter's Five Forces model including different factors

3.5 PESTLE Analysis:

PESTLE analysis is done on 6 dimensions is portrayed in the table 3.

| PESTLE | PESTLE analysis of IBBL |
|---------------|--|
| Political | Political upheavals that impact economy and consumption demand for which IBBL need to change the management panel. However at present, political situation is in stable condition which is good for IBBL as well as for business development. |
| Economic | IBBL having almost one fourth share of the country's banking is also growing at a steady pace with participants having varying performances as an Islamic Banking in the domestic front. |
| Social | IBBL has been persistently attempting to accelerate this cycle and partner together with government in its interest to fast financial development by concerning people's basic needs. Other factors are cultural Barriers, Socio-Economic Welfare, Care for the Marginalized & Downtrodden |
| Technological | Mobile Banking: "mCash", Mobile APP: "IBBL i- Smart", Online Banking: "iBanking", E-Commerce: "iPaySafe" |
| Legal | Bangladesh Bank Inspection Team conducted various types of inspections/visits. Findings of the Inspection were discussed in the Board Meeting. The Board unanimously expressed their determination to strictly follow the rules & regulations provided by all regulatory |
| Environmental | Green Banking is a financial sector in IBBL which give special focus on Environment, Ecology targeting conservation of nature and natural resources. IBBL promoting the green initiative in minimizing the carbon emission. |

Table 3: PESTLE Analysis of Banking Industry and IBBL

3.6 Competitive Environment Analysis:

The environment of banking industry is changing rapidly. Banks have to adapt to this changing environment. More and more technologies are becoming available to banking functions such as blockchain, automation, AI, etc. IBBL is running along with this changing environment. The company has adopted different fintech services like Cellfin (app of IBBL), mCash, IBBL Internet Banking, and security software.

Comparative Analysis of the Industry

In table 4 shows the comparative analysis of banking sector in terms of conventional banks and Islamic Banks:

| Banks | Islamic Banks |
|---|--|
| 1. The functions and operating modes of conventional banks are based on manmade principles. | 1. The functions and operating modes of Islamic banks are based on the principles of Islamic <i>Shariah</i> . |
| 2. The investor is assured of a predetermined rate of interest. | 2. In contrast, it promotes risk sharing between provider of capital (investor) and the user of funds (entrepreneur). |
| 3. It aims at maximizing profit without any restriction. | 3. It also aims at maximizing profit but subject to <i>Shariah</i> restrictions. |
| 4. It does not deal with <i>Zakat</i> . | 4. In the modern Islamic banking system, it has become one of the service-oriented functions of the Islamic banks to collect and distribute <i>Zakat</i> . |
| 5. Lending money and getting it back with interest is the fundamental function of the conventional banks. | 5. Participation in partnership business is the fundamental function of the Islamic banks. |
| 6. Its scope of activities is narrower when compared with an Islamic bank. | 6. Its scope of activities is wider when compared with a conventional bank. It is, in effect, a multi-purpose institution. |
| 7. It can charge additional money (compound rate of interest) in case of defaulters. | 7. The Islamic banks have no provision to charge any extra money from the defaulters. |
| 8. In it very often, bank's own interest becomes prominent. It makes no effort to ensure growth with equity. | 8. It gives due importance to the public interest. Its ultimate aim is to ensure growth with equity. |
| 9. For interest-based commercial banks, borrowing from the money market is relatively easier. | 9. For the Islamic banks, it is comparatively difficult to borrow money from the money market. |
| 10. Since income from the advances is fixed, it gives little importance to developing expertise in project appraisal and evaluations. | 10. Since it shares profit and loss, the Islamic banks pay greater attention to developing project appraisal and evaluations. |
| 11. The conventional banks give greater emphasis on credit-worthiness of the clients. | 11. The Islamic banks, on the other hand, give greater emphasis on the viability of the projects. |
| 12. The status of a conventional bank, in relation to its clients, is that of creditor and debtors. | 12. The status of Islamic bank in relation to its clients is that of partners, investors and trader. |
| 13. A conventional bank has to guarantee all its deposits. | 13. Strictly speaking, and Islamic bank cannot do that. |

Table 4: Functional differences between Islamic banking and conventional banking

Section 4: Breakdown of Activities

4.1 Description of Main Duties

My internship period at the Islami Bank Bangladesh Ltd. can be segmented into three phases. It is showed in Table 5:

| Time Period | Phase |
|---------------------------------------|---|
| 03 October, 2021 to 16 October, 2021 | 2 weeks of an intense and effective training session. |
| 17 October, 2021 to 04 December, 2021 | Practical exposure in the IBBL Rampura Branch |
| 05 December, 2021 to 05 January, 2022 | Worked on a project at Islami Bank Training & Research Academy. |

Table 5:Segmentation of main duties

4.2 Training Session

Our internship program included 2 weeks of a training session at Islami Bank Training & Research Academy (IBTRA). This is because many of us didn't have any prior knowledge Islamic banking, banking functions and relevant concepts. Key concepts taught in the training session:

- Islamic Banking and how it works. Functional dissimilarities between Islami Bank and other banks.
- Overview of Islami Bank Bangladesh Ltd. Different functions of IBBL
- The clear interest of Riba (Interest) and its socio-economic impacts.
- Opening of different types of bank accounts.
- Different deposit schemes and investment modes of IBBL
- The microfinance model of IBBL- 'RDS'
- CSR activities of IBBL
- Foreign Exchange Operations
- Alternative Banking products of IBBL based on fintech.

The training session was quite effective, and it set us ready for practical exposure at the branch. Initially, the participants who joined the internship program had confusions with different terms and banking concepts. The training session played a crucial role in this part. Mentors & experts of the training sessions explained such topics to make them understandable to us. The training session started 03 October 2021 and ended 16 October 2021.

4.3 Practical Exposure at Branch

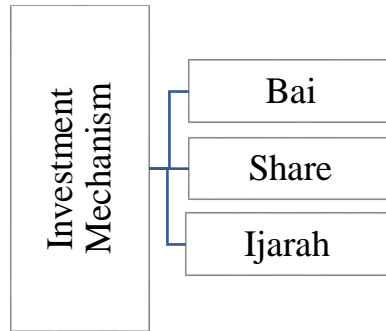
After the training session, the task was to get practical experience with what I've learned theoretically. From 17 October to 27 November, I've worked at Islami Bank Bangladesh Ltd. Rampura Branch. I get involved with general banking, investment, foreign exchange operations, and additional delivery channel departments. The name of my supervisor at IBBL Rampura is Md. Khairul Islam. He is FAVP and manager operations of IBBL, Rampura Branch. First of all, he provided the guidelines and job responsibilities that I needed to follow. While other banks let their interns to work on one department, IBBL is different in this context. Interns will go through all departments to learn as much as possible. I started with the investment department. Then, I worked in the general banking, foreign exchange, and additional delivery channels department from time to time. My supervisor attached me to heads of the corresponding department like branch investment in charge and head of foreign exchange operations of IBBL Rampura Branch. Every day at the last hour, he monitored what we had done on a particular day, and what we had learned from a specific department.

4.4 Tasks at Investment Department

For working the investment department of IBBL I've to learn about the Shariah based investment modes and schemes. I will describe them here. But first, my key responsibilities in the investment department are discussed below:

- Daily different types of clients come to IBBL Rampura branch to take different types of loans. For example, house loan, car loan, loans for operating business and so on. For getting the loan, initially clients will discuss about their purpose and project. My task was to analyze the clients' loan proposals and initially generate a report to assist with investment charge.
- In doing so, I followed 5cs of client induction. Analyzing a client's credit worthiness, capacity, capability, capital and character to determine whether the bank can invest in it or not.
- In some cases, I have assisted investment in charge of investment disbursement and recovery procedures by communicating with the clients.

Investment methods of IBBL can be segmented into:



In Bai mechanism, there are 4 modes. It is showed in Figure 16:

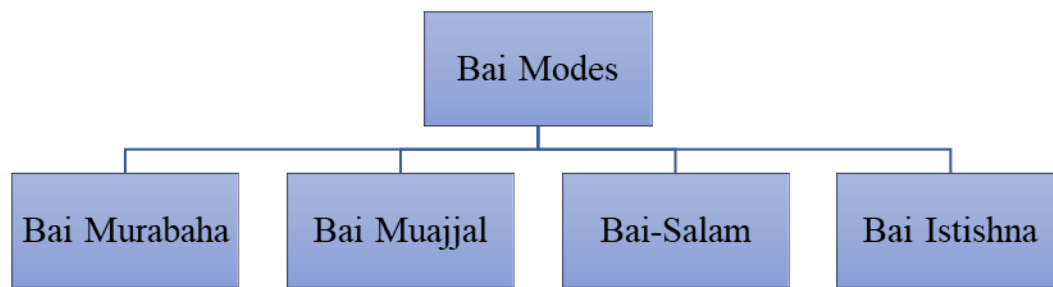


Figure 16: Investment- Bai Modes of IBBL

Bai Murabaha is the most used for commercial purposes. Bai Salam is primarily used for RMG companies.

Share investment mechanism has 2 modes.

1. Mudaraba
2. Musharaka

Between this two Mudaraba is used most often.

Figure 17 shows a work-flowchart of an investment procedure:

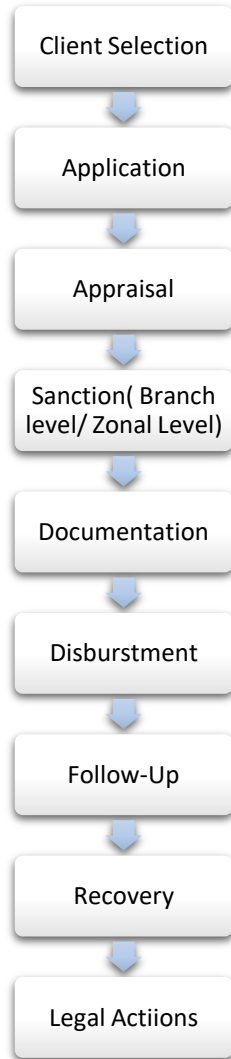


Figure 17: Workflow Chart of Investment Department

My work was mainly associated with client selection, reviewing the application form, checking the documents, and communicating with clients for disbursement and recovery.

4.5 Tasks at General Banking Department

General Banking department of the Rampura Branch has different sections for operations. They are:

1. Accounts Opening Section
2. Accounts Closing Section
3. Information Providing Section
4. Local Remittance
5. Clearing

6. Cash
7. Overall Monitoring

In general banking department, I worked at almost every section.

Accounts Opening:

This is the section where an intern can interact with clients mostly. This section remains always busy. My prime tasks here were:

- Informing clients what documents are needed for opening different types of bank accounts like savings account, student account, current account.
- Opening new bank accounts of customers using the Cellfin app & eKYC.
- Changing and updating customers signatures, phone numbers and other information in the database.
- Providing information of IBBL's products and services to clients.

Accounts Closing:

Here, customers close their accounts by submitting an application form. My task in this section was to review the application form to check whether it is acceptable or not.

Clearing Section:

Here, I learnt about inward and outward clearing. At the same time, I observed the procedures clearing section and how a false cheque can be figured out.

Information Providing Sector:

My prime task in this sector was to provide bank statements, solvency statements and other information to the clients.

Other than this, I've learned about different local remittance procedures, such as outward bill collection (OBC), interbank collection (IBC), DD, Pay Order, and fund transfer using Real Time Gross Settlement (RTGS), EFT methods.

4.6 Tasks at Foreign Exchange Department

Foreign exchange department of IBBL has two main sections.

1. LC (import, export) processing Section
2. Foreign Remittance Section

Foreign Remittance:

- I learned about foreign remittance procedures, and exchange houses.

- I understood how foreign remittances and imports are linked with each other in a bank and how banks make profit from foreign remittances and imports.
- Documents required for withdrawing money of remittance.

Import & Export Section:

- I've learned about international settlement methods.
- Analyzing some documents of import financing. Import financing is done through different modes such as Mudaraba Post Import (MPI), HPSM and Bai Muajjal. I reviewed some LCs and import financing documents of companies such as FashionStep, K.A.S Knitwear.
- Documentation for back-to-back LCs.
- Finally, I learned the 11 most important Inco Terms for foreign trade.

4.7 Tasks at Additional Delivery Channels (ADC) Department

ADC department of IBBL works with fintech products. In this department my tasks were:

- Activating debit cards, VISA Master card, etc. with PoS Machine
- Solving clients' problems in m-Cash, i-Banking.
- Providing checkbooks to clients
- In the last week, my supervisor, Md. Khairul Islam, Manager Operations at IBBL Rampura Branch, assigned the interns to a short project related to debit card and checkbook handover. It was teamwork. First, we need to identify and sort out the clients with pending checkbooks and debit cards (Visa card, Visa Platinum Card). Then we contacted with the corresponding clients and informed them about the issue. Finally, many of the clients came to bank and we handed over their cheque books and debit cards.

4.8 Evaluation Program

On 30th November, I had attended the evaluation test of interns taken by Islami Bank Bangladesh Ltd. The purpose of this examination was to examine each intern and grade them.

The evaluation process was divided into-

| |
|------------------------------------|
| Written Test |
| Branch Manager's Evaluation |
| Report Submission on a given topic |
| Presentation of the Report |

In the evaluation test, I've stood 2nd among the interns of IBBL. After the exam, there was a cultural program.

4.9 Project Report Submission at Islami Bank Training & Research Academy

During the last month of my internship, I was instructed to work on a project and submit a report to Islami Bank Training and Research Academy. The project was about: "Foreign Exchange Principles and Foreign Exchange Transactions under Islamic Framework." My main activities associated with this project are:

- Identifying the key differences between Islami Bank and conventional bank in foreign exchange operations.
- Understanding the foreign exchange principles such as Murabaha Post Import, Bai-As-Serf, Kefala, Wakala, and export financing.
- Collecting different records of foreign exchange transitions from different branches of IBBL.
- Interviewing several officials of the foreign exchange department of IBBL to gather data and insights of foreign exchange operations.
- Analyzing the collected data to measure the performance of the foreign exchange department of IBBL, Rampura Branch
- Finding the problems associated with the foreign exchange operations and suggesting alternatives to solve these problems.

4.10 Difficulties and Challenges Faced while doing the Internship

- Banking functions are operations are vast. I heard new terms every week.
- Maintaining high level of confidentiality.
- Limited access in banking database.
- Managing multiple clients at the same time in accounts opening sector was hard.
- I couldn't able to work with marketing department of IBBL since there is no marketing wing in the branch level.

4.11 Interaction with Company Employees

I had to interact with employees on a regular basis. At the start of a workday, I had to talk with my supervisor. He provided me the instructions regarding my responsibilities for each day. After that, I went to a particular section like investment and accounts opening. There I had to communicate with the corresponding employees. The mode of communication was face-to-face speaking.

Section 5: Analysis of Duties

5.1 Company Level Analysis

IBBL has 4 common departments in every branch. While working in the IBBL Rampura branch, I closely observed every department's functions, and workflow. Thus, I've found some internal processes that are exceptionally efficient. The first one is the customer-friendly mindset of the employees. Whoever comes to the bank for service, whether he is rich or poor, employees of IBBL treat them gently, and solve their problems. While working in the accounts opening section, I observed employees of that section went to lunch late. Their first priority was the customers. Thus, in IBBL a client doesn't need to wait long for getting any service. The second thing I found is that most employees are ethical and rational. Rules and norms of the bank are maintained in an effective way. In IBBL, Islamic rules and regulations are held in an organized manner. There is separated prayer rooms for male and female employees in every branch . Lastly, I want to mention that every employee was co-operative and helped me to understanding different banking functions. However, there are some downsides as well as. Thinking as a whole, IBBL doesn't really that much care about strategic marketing. Existing marketing process isn't quite efficient. A value chain can be drawn to illustrate the primary business processes and supportive processes of IBBL.

5.2 Market Level Analysis

IBBL already placed at the number one private commercial bank in Bangladesh. I will analyze its competitive position in the market with different approaches.

Analysis with Porter's Generic Strategies: Firstly, the bank's competitive position in the market can be assessed with Porter's generic strategies.

| | Low Cost | Differentiation |
|--------|-----------------|--------------------------|
| Broad | Cost Leadership | Differentiation Strategy |
| Narrow | Cost Focus | Differentiation Focus |

According to my analysis, IBBL has achieved cost leadership among the private commercial banks. Many services of IBBL cost lower than its competitors. Though IBBL offers a lower price for their services, but the bank maintains quality of services and products strictly. In addition IBBL has achieved the position of differentiation strategy. It has so many unique products and services to offer the customers. Govt. banks have low cost products and services but they do not

have a diverse range of products and services. On the other hand, private banks do have a wide variety of products which means they achieved differentiation strategy. But private banks couldn't compromise on cost of their products and services. As a result, most of the private banks cannot achieve the cost leadership position. Here, IBBL comes with its comparatively low-cost products and a diverse range of products and services. Thus, IBBL has the competitive advantage of cost leadership and differentiation strategy over the other banks in the industry.

BCG Matrix Analysis: Secondly, I've assessed IBBL's competitive position with BCG Matrix. This is because IBBL has a wide range of products and services. However, not all of them are profitable and have a good growth rate. Therefore, a BCG Matrix analysis will show which products and services are providing IBBL a competitive edge.

Stars: These market offerings have a high market growth rate of 12% and high market share of 7.5%.

Cash Cows: Comparatively low growth rate of 5% approx, but high market share of 9%.

Question Marks: Market share low as only 4% approx but growth rate 9%.

Dogs: These offers are in the lowest position in terms of market growth and share respectively 1% and 2%.

Figure 18 shows the BCG matrix analysis of IBBL:

| | | Market Share | |
|---------------|------|--|--|
| | | High | Low |
| Market Growth | High | <p>Stars: Mudaraba term deposit Mudaraba savings account Musharaka Mudaraba</p> | <p>Question Marks: Mudaraba Mohor savings account Mudaraba industry employees savings account Hire purchase under shirkatul milk Rural development scheme Bai' mechanism</p> |
| | Low | <p>Cash Cows: Wadiah current account Mudaraba NSB savings bond Foreign currency account Non resident investor takaful Mudaraba savings bond</p> | <p>Dogs: Mudaraba Upohar deposit account Mudaraba Hajj savings account Mudaraba farmers savings account Mudaraba school students savings account Mudaraba waqf cash deposit account</p> |

Figure 18: BCG Matrix Comparison of IBBL

Lastly, a noteworthy competitive advantage of IBBL is adequate finance. IBBL holds a dominating position in terms of market share of deposit, investment, import, export. According to annual report of 2020 showed in Table 6:

| Criteria | Market Share of IBBL in the Banking Sector (%) | |
|--------------------|--|------|
| | 2020 | 2019 |
| Deposit | 9% | 8% |
| General Investment | 9% | 8% |
| Export | 11% | 9% |
| Import | 8% | 8% |
| Remittance | 25% | 19% |

Table 6: Market Share of IBBL

At the last quarter of 2021, market share of IBBL in foreign Remittance was almost 33%, which one third of country's total remittance.

This is why IBBL doesn't need to take money from other banks. Instead, IBBL lends money to other banks.

5.3 Professional Level Analysis

The internship provided me a practical expose of finance & banking system. In our theoretical courses, we learnt about accounting, managerial accounting, financial management. Though in my course curriculum there is no banking related course, but at the training session at IBTRA, I was taught basics of banking system.

Finally, at the branch level I got hands-on experience in financial systems and banking functions. The learnings of this internship are helping me at my professional life. Currently, I'm working at Walton as a Thrive in Three intern. My tasks are mainly associated with the Television department of Walton. The knowledge I gained from working in the Foreign Exchange department of IBBL has helped me in my current workplace. For Television products, Walton has to make import LC, back-to-back LC on every month. Since I've knowledge of this area, I can now able to assist the relevant team in Walton. Therefore, the internship is already influencing at my career. Moreover, I've learnt some other important aspects as follows:

- How to keep a balance between office time and personal time: Maintaining a well-balanced work time and personal time for family wasn't easy for me at the starting. But the internship helped me in time management properly.
- Corporate Culture: I didn't have any clear vision of corporate culture. By doing the internship, I get to know about it clearly.
- Customer Management: Through my internship program, I learned as an employee how should I deal with the customers in a bank.
- Team Work: I had to complete one project in the branch and submit one group report on a particular topic at IBTRA. In these tasks, teamwork was of utmost necessity.
- Communication: I had to maintain time to time communication with my supervisors and other officials of IBBL in a formal way.
- Documentation: Documentation is a very crucial step in every company. In banks, it's a must-do activity. I've learnt the process of documentation in regard of banking.

Section 6: Conclusion & Recommendation

6.1 Recommendation

Although Islami Bank Bangladesh Ltd. is a market leader in the corresponding field, it has room more room for improvements. In my opinion, the following alternatives IBBL can adapt to improve its efficiency furthermore:

- ❖ IBBL is already incorporating with different technologies. The company has implemented modern fintech services. But these services aren't using in an efficient manner. For example, with the Cellfin app of IBBL a person can open his/her account from the app. Thus, when a customer comes to the bank for opening a bank account or fixed deposit, that account can be opened through from Cellfin app from smartphone. Opening accounting through app takes less time than the conventional form fill-up account opening process. When I started my internship at IBBL Rampura Branch, the employees knew about this process but didn't apply it. Their conventional account opening procedure was somewhat time-consuming, and people had to wait in a queue. When I was working in the accounts opening sector, I reported this issue to my supervisor, and with his instructions, I initiated the account opening through Cellfin app for those who had smartphones. As a result, people didn't have to wait to open an account in Rampura Branch. This process is used in some branches of IBBL, but not all branches. In my opinion, IBBL can implement this process in all branches.

- ❖ For mobile banking, IBBL has a scheme like Bkash, called mCash. But people don't know much about it. IBBL can improve mCash app's efficiency to compete with MFS companies.
- ❖ There are some products of IBBL which can be more popular. Thus, IBBL can follow a market penetration strategy like aggressive marketing for these products.
- ❖ IBBL should invest more to promote the image of Shariah-based banking.
- ❖ Marketing and HR departments of IBBL need more improvements.

6.2 Conclusion

Islami Bank Bangladesh Ltd. is a major player in Bangladesh's finance and banking industry, and it operates in a dynamic environment. In order to stay competitive in the market, the company has tracked trends and made the required adjustments. Most importantly, the company has earned the trust of the people.

I must say doing internship in IBBL is different from other banks. Here, I'm able to get a 360-degree overview of the banking functions. I learned about every department of the bank. The knowledge I get from here is influencing my personal life also. I can make savings decisions in the banks more easily now. Everyone involved in the internship was supportive of me. Overall, it was an excellent journey. It helped me to practice and improve several skills.

Section 7: References

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Section 8: Appendices

Weekly Reports: