



**“An Analysis of General Banking Activities
of Al-Arafah Islami Bank Limited”:
“A Study on Panthapath Branch”.**



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Letter of Transmittal

26 January, 2013

Mohammed Masum Iqbal

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Subject: Submission of the Internship Report.

Dear Sir,

With due respect, I would like to inform you that it is a great pleasure for me to submit the report on “An Analysis of General Banking Activity of Al-Arafah Islami Bank Limited” : “A Study on Panthapath Branch” as a mandatory requirement for BBA (Internship) program. While conducting the working report, I have gathered extensive knowledge on banking activities of Al-Arafah Islami Bank Limited. Despite various constraints, I finished this working report at my best effort given where I was. It would be a great honor for me if you would add your opinions and suggestions for the future.

Thank you once again for supervising me during this difficult transitional time of my career.

Sincerely Yours,

.....

Abu Bakar Siddiq

ID: 092-11-1003

Letter of Approval

To Whom It May Concern

This is to certify that the Internship report on “**An Analysis of General Banking Activity of Al-Arafah Islami Bank Limited**” : “**A Study on Panthapath Branch**”. For the degree Bachelor of Business Administration (BBA) from the Dept.of Business Administration of Daffodil International University, Dhaka carried out by **Abu Bakar Siddiq, ID: 092-11-1003, BBA 23rd Batch** under my supervision.

No part of the Internship report has been submitted for any degree, diploma, title, or recognition before.

I wish him every success in his life.

Signature of the Supervisor

Internship Supervisor

Mohammed Masum Iqbal

Assistant Professor

Department of Business Administration

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Daffodil International University, Dhaka

Acknowledgement

At first, I should thank Almighty for enabling me to complete my Internship in time. I got appointed to work as an intern at Panthapath Branch of AIBL. I worked on analyzing their banking software and gathering experience of working in an office environment. I have tried my best to present both hands on experience and study in this paper. I would like to express my gratefulness and thanks to my respected academic supervisor, **Mohammed Masum Iqbal**, Assistant professor of **Daffodil International University** for giving me the useful instructions on how to work on real life activity. His dynamic guidance at all stages of work encouraged me to accomplish my work successfully. I am also thankful to

1. Md. Fazlur Rahman (Ashrafi), Vice president & Manager.
2. Mr.Arif Billah Mithu, 2nd Manager.
3. Md. Lutful Kabir, Sr. Principal Officer.
4. Md. Moin Akter, Principal Officer.
5. Md. Yakub Sharif Senior Officer, Md.Shafiful Hoque Executive Officer, Zayed Akram Officer.

They have been very helpful in showing me the work process and provided relevant information for my report whenever I approached. Although being in extreme business of workloads in office they tried to provide me with necessary information when I asked questions. It was a great opportunity to do internship in such an organization like AIBL. I always felt that I was under guidance of highly qualified and experienced personnel. The experiences I have gathered will be very beneficial in my career.

Executive Summary

An internship program is very important & essential for acquiring experience through learning and spreading the scope of knowledge. Internship program has done in Al-Arafah Islami Bank Limited (AIBL), Panthapath Branch, Dhaka.

This internship Report is aimed at providing a comprehensive picture to the areas of service marketing of Al-Arafah Islami Bank Limited (AIBL). The Report has been divided into four parts. These are: 1) Introduction of the report, 2) About Al-Arafah Islami Bank, 3) General Banking of AIBL, 4) Problems, Recommendations, and Bibliography.

Banking sector of our country is playing a pivotal role in our economic situation. There are a large number of banks operating in our country successfully. Most of the banks are automated. As a result every bank has banking software to operate their task easily and efficiently. It also helps them to give effective and quick service to the customers. That is why I took this opportunity to know about the business process of Al-Arafah Islami Bank Limited. As a mandatory requirement of the Bachelors of Business Administration (BBA) program under, Daffodil International University this report entitled - " An Analysis of General Banking Activity of Al-Arafah Islami Bank Limited" : "A Study on Panthapath Branch " - is a contrived depiction of the 90 days internship program at General Banking Services (Panthapath Branch) .My organizational supervisor was Mr.Arif Billah Mithu 2nd officer, Md. Sariful Hoque & Md. Zayed Akram, & Yakub Sharif Executive Officer was assigned to supervise me. Both of them co-operated with me and without their help completion of the report won't have been possible. In today's world banks are playing a significant role in financial sector. In my internship I spend my time in general banking department. I know about Cash section, Accounts Opening process, Clearing process, Remittance section etc.I have get some problem. Like, Banking is service-oriented business. Its business profit depends on its service quality. But the service holder or Employees is low. The marketing policy is not good, AIBL don't give advertisement in

electronic media. ATM booth is not available etc. For those problem I have some suggestion:- AIBL need recruit more employees, And need established more ATM booth. In today's world banks are plating a significant role in financial sector. The key to successful banking relies on ability of balance many activities simultaneously.

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Part - 1
Introduction of the
Study

Abbreviations

AIBL- Al–Arafah Islami Bank

GB- General Banking

ATM- Automated Teller Machine

FAD-Financial Administration Division

IAS-International Accounting Standard

BBA- Bachelor of Business Administration

EGM-Extraordinary General Meeting

AGM-Annual General Meeting

TP-Transaction Profile

KYC-Know Your Customer

IBCA-Inter Branch Credit Advice

IBDA- Inter Branch Debit Advice

OBC- Outward Bills Collection

LBC- Local Bills Collection

DD-Demand Draft

TT- Telegraphic Transfer

SME – Small and Medium Enterprise

1.1 Introduction:

Banking system occupies an important place in a nation's economy. A banking institution is indispensable in a modern society. It plays a pivotal role in the economic development of a country and forms the core of the money market in an advanced country. In recent times the banking sector over the world has been undergoing a lot of changes due to deregulation, technological innovation, globalization etc. Bangladesh banking sector is lagging for behind in adopting these changes. To thrive well in this changing environment, not only development of appropriate infrastructure is necessary but also infusion of professionalism in to banking service is essential. The Banking sector is one of the highly regulated sectors in our country. It is governed by the rules and regulation of Central Bank of the country i.e. Bangladesh Bank and Security and Exchange Commission. The bank companies are forced to comply the best accounting practices. It strictly follows International Accounting Standard (IAS) norms. It publishes the financial statement every year getting it duly audited by recognized audit firms. Every bank of our country has a division named Financial Administration Division (FAD) which takes care of the accounting issues of the Bank. Most of the personnel who lead these divisions are of accounting background. Among the accounting based FAD personnel who know the banking operation better can contribute more in the banks.

Al-Arafah Islami Bank Limited is an unconditional and specialized financial institution which is first of its kind in South East Asia performs most of the standard banking service and investment activities on the basis of profit-loss sharing system conforming to the principles of Islamic Shariah. Islami Bank does not pay interest to depositor. Instead depositors participate in the profitability of the bank. The Bank participates in financing long-term projects on the basis of profit-loss sharing instead of granting credit facilities with interest. AIBL also performs various social welfare activities. Career in Banking has become very lucrative over the last few years considering the work environment and remuneration package. As a student of BBA, I cherish to

be a banker and that is why I chose AIBL because it has a good reputation in the banking community.

1.2 Background of the Study:

There are three types of schedule commercial banks are in operation in our economy. They are Nationalized Commercial Banks, Local Private Commercial Banks and Foreign Private Commercial Banks. AIBL has discovered a new horizon in the field of banking area, which offers different General Banking, Investments and Foreign Exchange banking system. So I have decided to study on the topic **“An Analysis of General Banking Activites of Al-Arafah Islami Bank Limited” : “A Study on Panthapath Branch”**. Because the Dissertation report of the university is an integral part of the BBA program. So it is obligatory to undertake such task by the students who desirous to complete and successfully end-up their BBA degree. This also provides an opportunity to the students to minimize the gap between theoretical and practical knowledge. During the Dissertation report the teachers of the department are attached to actively and constantly guide the students. Students are required to work on a specific topic based on their theoretical and practical knowledge acquired during the period of the internship program and then submit it to the teacher. That is why we have prepared this report.

1.3 Scope of the Study:

The study gives a lot of knowledge about general banking activities of AIBL. This report gives a broad overview of GB department of Panthapath branch, Dhaka of AIBL. It consists of my observation and on the job experience during the internship period. This report incorporates the different aspects of general banking tools and techniques and its effect on the performance of the bank.

1.4 Objective of the Study:

- To describe general banking activities of Al-Arafah Islami Bank Ltd;

- To identify problems related to general banking activities of Al-Arafah Islami Bank Limited, Panthapath Branch;
- To make some recommendations to solve the problem.

1.5 Research Methodology of the Study

The report is prepared on the basis of information collected from primary and secondary sources. The secondary information is collected from AIBL archive, Annual report, Magazines and staff of the bank and primary data collected from Banks official as well as Customers. Majority information was collected from secondary sources.

Sources of Data

Primary data

Secondary data

Primary sources

- (i) Customers
- (ii) Officers

Secondary sources

- (i) Annual report of AIBL
- (ii) Some printed material like brushier, hand notes etc.
- (iii) Newspaper.

Sampling size:

Officers 7

Customers 21

Data Collection Method:

Observation Method.

Personal Interview Method.

1.6 Limitations of the study:

The banks always maintain very high security in their IT section. They do not provide any user account without their employee. As I was the Intern in their bank, they would not provide me any user account to access their application program. They only gave me some limited access in their IT activities, which was not helpful to analyze the application program. Though a very comprehensive and a well-organized report has been tried to be produced but there are still some limitations present here.

1. Lack of proper time:

The time period of internship study is too short. I only have 55 working days (almost 8 weeks) to spend in branch and to complete this report. So I am unable to go deep of the study. Most of the time the officers were busy and they are not able to give me much time.

2. Confidential Data or Insufficient data:

To make a reliable report must need confidential data or sufficient data. But preparing in my report I have not get sufficient data. For example the financial report 2012 is not published. Some desired information could not be collected due to privacy of the business.

3. Lack of Experience:

As a newcomer I have little experience in this regard. There was lack of experience in collecting information, doing analysis and taking assessment of the related topics.

4. Others Limitations:

Some other limitations are Certainty, Lack of Co-operation. And many practical matters have been written from my own observation that may vary from person to person.

The study has been completed based on information of Panthapath branch only, so it may not reflect the whole picture of AIBL. Lack of in depth knowledge and analytical ability for writing such report.

Part – 2

About Al-Arafah Islami Bank Limited

About Al-Arafah Islami Bank Limited

2.1 Profile:

With the objective of achieving success here & hereafter by pursuing the way directed by Allah and the path shown by His Rasul (SM), Al Arafah Islami Bank Ltd was established (registered) as a private limited company on 18 June 1995. The inaugural ceremony took place on 27 September 1995. The authorized capital of the Bank is Tk.5000.00 million and the paid up capital is Tk. 4677.28 million as on 31.12.2010. Renowned Islamic Scholars and pious businessmen of the country are the sponsors of the Bank. 100% of paid up capital is being owned by indigenous shareholders.

The equity of the bank stood at Tk. 9647.45 million as on 31 December 2010, the manpower was 1711 and the number of shareholders was 49,386. It has achieved a continuous profit and declared a good dividend over the years. High quality customer service through the integration of

modern technology and new products is the tool of the bank to achieve success. The bank has a diverse array of carefully tailored products and services to satisfy customer needs.

The Bank is committed to contribute significantly to the national economy. It has made a positive contribution towards the socio economic development of the country with 100 branches of which 21 is AD throughout the country.

2.2 Vision:

To be a pioneer in Islami Banking in Bangladesh and contribute significantly to the growth of the national economy.

2.3 Mission:

- Achieving the satisfaction of Almighty Allah both here & hereafter.
- Proliferation of Shariah Based Banking Practices.
- Quality financial services adopting the latest technology.
- Fast and efficient customer service.
- Maintaining high standard of business ethics.
- Balanced growth.
- Steady & competitive return on shareholders' equity.
- Innovative banking at a competitive price.
- Attract and retain quality human resources.
- Extending competitive compensation packages to the employees.
- Firm commitment to the growth of national economy.
- Involving more in Micro and SME financing.

2.4 Distribution of Branches:

AIBL started its working at 161; Motijheel C/A with a Branch named Motijheel Branch on 27th September, 1995 was the first & main Branch of AIBL and has been operating throughout the

country. The Head Office of the Bank was situated at the same holding of Motijheel Branch since its establishment but from 11 January, 2007 it has started its working at its own premises 36, Dilkusha (6th, 7th, 8th & 9th floor), Dhaka-1000. The age of the Bank is only 17 years and during this short period of time, the Bank has established total 100 Branches over the country and made a smooth network inside the country. The number of Branches as Division wise is mentioned in the following table:

Division	No. of Branches
Dhaka Division	51
Chittagong Division	21
Rajshahi Division	5
Khulna Division	7
Sylhet Division	7
Barisal Division	5
Rangpur Division	4
Total	100

2.5 Shariah Board:

Scholars of high repute with extensive experience in law, economics and banking systems and specialising in law and finance as prescribed by Islamic Shariah make up the AIBL's Fatwa & Shariah Supervision Board. The Board is appointed by the bank's Board of Directors. The Shariah Board supervises the development and creation of innovative Shariah -compliant investment and financing products and services. The Board is empowered to issue fatwas on any matter proposed to it by different business units of the bank. The Shariah auditors ensure that all the transactions are carried out in strict compliance to Islamic principles of banking. This framework along with a stringent compliance to rules has made AIBL the pioneering organization to practice Islamic finance in true letter and spirit. The name AIBL has come to signify innovation, financial dynamism, leadership and above all a complete assurance that all the transactions are free from riba (interest).

2.6 The Board's Role:

The Fatwa & Shariah Supervision Board oversees the application of different aspects of Shariah in the Bank. It also ensures that all transactions are in strict compliance with the right of contradicting (fatwa) any violating procedures, if found. The Board of Directors is obligated to obey the fatwas, irrespective of whether a unanimous or a majority consensus secured the decision (clause ---- of the Bank's Memorandum & Articles of Association).

Board meetings are held periodically or whenever the need arises. The rights of the Board are enshrined in Article Seven of the Bank's Memorandum & Articles of Association (Clauses).

2.7 Shariah Auditing:

The supervisory function forms a part of the Shariah Supervision procedures, its main task being to check Shariah compliance under the guidance of the Shariah Supervisor.

The auditors continuously review the Bank's transactional procedures to ensure adherence to the framework created by the Fatwa & Shariah Supervision Board. The Shariah auditors submit periodic reports to the Shariah Supervisor so as to monitor and maintain Shariah compliance.

Some data on the bank below:

(In million taka)

Particulars	2004	2005	2006	2009	2010
Authorized Capital	1000.00	1000.00	2500.00	2500.00	5000.00
Paid up Capital	586.99	677.94	854.20	1153.18	1798.81
Reserve Fund	488.00	542.22	835.98	1091.95	1223.33

Shareholders' Equity	957.26	1220.16	1690.18	2037.50	3564.74
Deposit	10108.28	11643.66	16775.34	23009.13	29690.12
Investment	8150.16	11474.41	17423.19	22906.37	29723.79
Import	9337.49	12631.60	1882.14	27042.72	32685.13
Export	3639.34	4932.90	914.27	12714.91	20176.64
Total Income	1120.85	1452.68	2172.48	2955.61	4387.26
Total Expenditure	771.96	904.48	1202.71	2199.43	2859.16
Profit before Tax	348.89	548.20	855.47	756.18	1528.09
Profit after Tax	158.76	262.90	470.02	347.31	668.24
Income Tax	157.00	215.10	385.45	235.53	590.66
Total Assets	12874.61	15336.89	21368.17	30182.32	39158.44
Fixed Assets	195.17	208.00	215.11	334.48	396.76
Earnings per share (Taka)	263.68	387.80	550.24	30.12	48.29
Profit Earning Ratio			4.89		
Dividend per share	15.5%	26.00%	35%	30%	38%
No. of Shareholders	5379	5402	4487	12013	12664
Number of Employees	803	771	912	1033	1124
Number of Branches	40	41	46	46	64
Manpower per Branch	20	19	20	23	39

Part - 3

General Banking Activities of AIBL

General Banking Activities of AIBL

3.1 PRODUCTS OF AIBL:

One of the significant and revolutionary development in the banking area of the world during last four decades is the emergence and extra ordinary development of Islamic Banking in different countries of the world which has drawn the attention of the scholars and general public of the Muslim and non-Muslim countries including the world bodies like International Monetary Fund, World Bank etc.

Products and services of AIBL

The products and services of AIBL are as follows

- i. Deposit Scheme
- ii. Investment Scheme
- iii. SMEs and welfare Oriented Special Schemes
- iv. Foreign Exchange Business
- v. ATM Services
- vi. Locker Services
- vii. Online Banking
- viii. The Bank gives counseling on different issues.
- ix. The Bank issues payment Order.

The Bank co-operates to remit money from one place to another through Demand Draft (DD) and Telegraphic Transfer (TT).

3.2 General Banking Functions at Panthapath Branch:

Financial institution/ intermediary that mediates or stands between ultimate borrowers and ultimate lenders is known as banking financial institution. Banks perform this function in two ways- taking deposits from various areas in different forms and lending that accumulated amount of money to the potential investors in other different forms. General banking department aids in taking deposits and simultaneously provides some ancillary services.

General banking is the front-side banking service department. It provides those customers who come frequently and those customers who come one time in banking for enjoying ancillary services. In some general banking activities, there is no relation between banker and customers who will take only one service from bank. On the other hand, there are some customers with whom bank are doing its business frequently. It is an important department for all banks because it provides day-to-day service to the customers. Front Desk is the important for general banking. Customers give their deposits and meet their demand for cash by honoring cheques. Besides this a customer opens new accounts, remit funds, issues bank drafts and pay orders etc. There are various sections in this department, which are as follows: -

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

3.3 Cash Section:

The most vital and important section of the branch is Cash Department. It deals with all kinds of cash transactions. This department starts the day with cash in vault. Each day some cash that is opening cash balance are transferred to the cash officers from the cash vault. Opening cash balance is adjusted by cash receipts and payments. This figure is called closing balance. This balance is then added to the vault. This is the final cash balance figure for the bank at the end of

any particular day. There is an important clause and duty practiced by the branch is to refund the principal amount that exceeds more than Tk. 1 crore at the principle branch of the bank.

3.4 Books Maintained By This Section:

- Vault Register: It keeps account of cash balance in vault in the bank.
- Cash Receipt Register: Cash receipt in whole of the day is recorded here.
- Cash Payment Register: Cash payments are made in a day are entered here.
- Rough Vault Register: Cash calculation for final entry in vault register is done here as any error and correction here is not acceptable. ,
- Cash Balance Book: Balance here is compared with vault register. If no difference is found, indicates no error.

Cash Payment {

1. Cash payment is made only against cheque.
2. This is the unique function of the banking system, which is known as “payment on demand”
3. It makes payment only against its printed valid cheque.

Cash Receipt {

1. It collects money only its receipts forms
2. It receives deposits in form of cash

3.5 Cheque Cancellation or Cash Payment Process:

Step 1

- Receiving Cheque by the employee in the cash counter
- Verification of the followings by the cash Officer in the computer section

Step 2

- Date of the Cheque (present within 6 months from issue date)
- Issued from this branch
- Amounts in figure and sentence written does not differ
- Signature of the drawer does not differ
- Cheque is not torn or mutilated

Step 3

- Gives pay cash seal and sends to the payment counter

Step 4

- Payment officers make payment

3.6 Account Opening:

Account opening section is an important factor for banks because customer is the main source of bank. Selection of customer is another important factor. Bank's success and failure largely depends on their customers. If customer is not good then may create fraud and other problems by their account with bank and thus destroy goodwill of banks. Therefore, bank must be conscious in selecting its customer. For this reason Al-Arafah Islami Bank Ltd. keep key information system.

3.7 Accounts Opening Process:

Recently, Bangladesh Bank has been declared, designed and enforced a unique format of form for every banks. This format should hold the important document in a same manner and process respectively for different kind of accounts. Al-Arafah Islami Bank Ltd. is not different from this practice. Accounts opening process can be as follows:

Step 1

- Receiving filled up application in bank's prescribed form mentioning what type of account is desired to be opened.

- The form is filled up by the applicant himself/ herself
- Two copies of passport size photographs from individual are taken and in case of firms photographs of all partners are taken
- Officer are taken information from customer by key information system

Step 2

- Applications must submit required documents
- Applications must sign specimen signature sheet and give mandate
- Introducer's signature and accounts number-verified by legal officer

Step 3

- Filling & signing up KYC or Know Your Customer Form
- Filling TP or Transaction Profile.
- Filling & signing up Owner Information Form

Step 4

- Authorized Officer accepts the application

Step 5

- Minimum balance is deposited-only cash is accepted

Step 6

- Account is opened and a chequing book and pay-in-slip book is given

3.8 Information Collected to Open Account:

Accounts opening information that is collected by the Al-Arafah Islami Bank Ltd. varies for each type of account.

- **Individual**

- Name of account holder
- Present and Permanent Address of A/C holder
- Sigh of account holder
- Date of birth and age
- Nationality
- Taxpayer Identification Number (TIN- if available)
- Passport or certificate provided by the employer
- Introducer
- Photograph of the account holder duly attested by the introducer.
- One photograph of the nominee duly attested by the account holder.
- Nominee declaration form
- Nominee Sign
- Money laundering leaflet

• Partnership Firm

- All the required information mentioned for Individual Accounts; along with,
- Copy of Partnership Deed
- Mandate from the partners is essential – indicating who will operate the account.

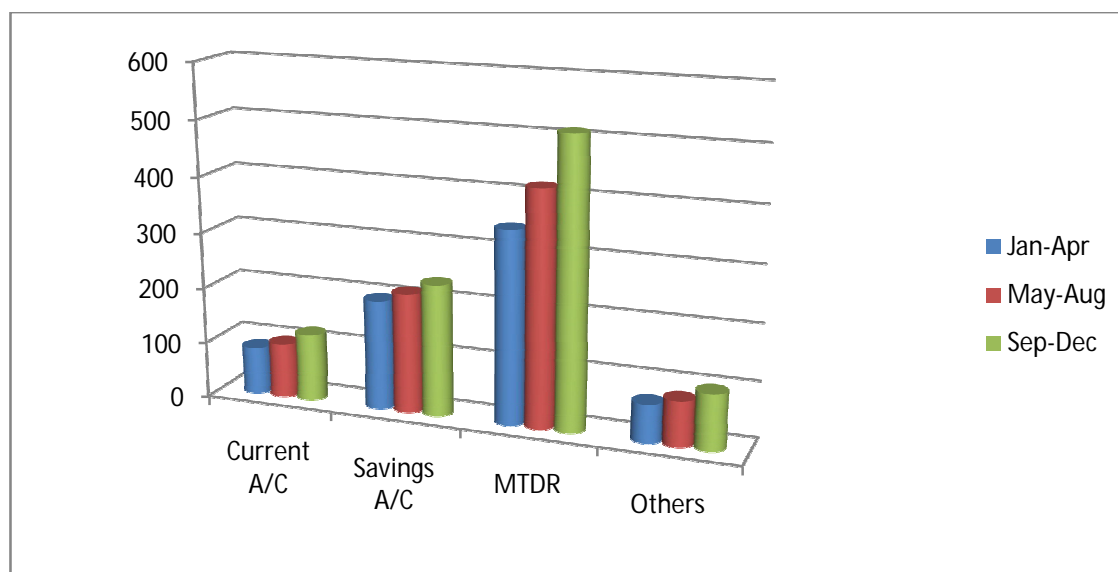
• Limited Company

- All the required information mentioned for Individual Accounts; along with,
- Certificate of Incorporation
- Copy of Memorandum and Article of Association
- Certificate of Commencement

→ Copy of Resolution of the Board of Directors

Account related information of Panthapath branch:

	January-April	May-August	September-December
Current Account	85	97	120
Savings Account	196	213	235
MTDR	343	417	511
Others	68	80	99
Total	692	807	965



A/C In Panthapath

As a new branch of panthapath number of account is low. But the number of account number is increasing day by day. Because the account number of December is more than October.

Dormant Account

If any account is inoperative for more than one year is called dormant account. To operate these accounts manager permission is necessary.

Transfer of Account

An account can be transferred from branch to branch and only from the same bank. Following steps are considered for this purpose:

- Application in written to the Manager of the account maintaining branch
- Manager sends a request to the manager of the desired branch of depositors
- Sends original Account opening application and specimen signature sheet with the balance remained in the account at he sent Manager's request
- New account is opened at desired branch.

3.9 Cheque Clearing:

Bank receives all kinds of cheque in favor of the client for clearing. When cheque is received it is necessary to endorse it and cross it specially.

Types of Cheque	Explanation	Clearing Process
Clearing Process	Cheque received from the clearing house of Al-Arafah Islami Bank Ltd.	Party's A/c...Dr. Al-Arafah Islami Bank Ltd. General A/c...Cr

OBC(Outward Bills for Collection)	Cheques of other branch of Al-Arafah Islami Bank Ltd. Within its clearing house area.	These cheques are directly sent to the respective branch and request them to send IBCA. When it comes, then customer's A/c is credited for the cheque.
Clearing Cheque	Cheques for another bank outside the clearing area	These cheques are sent to clearing house via Panthapath Branch. When drawee bank honor the cheques, then the account of cheque depositors are credited.
Outward Clearing	Cheques for another bank outside the clearing area	If any branch of Al-Arafah Islami Bank Ltd. Exists within the clearing house area of drawee bank then Al-Arafah Islami Bank Ltd. Send the cheque to that branch of Al-Arafah Islami Bank Ltd. And sends IBCA to it.

Inward Bills for Collection (IBC)	From other branch of Al-Arafah Islami Bank Ltd.	These cheques are settled by IBCA, i.e. debiting depositor's account and crediting sender's
	From another bank outside the clearing house	These cheques are settled debiting depositor's account and sending DD, MT, TT in favor of sender's bank.

3.10 Clearing Department:

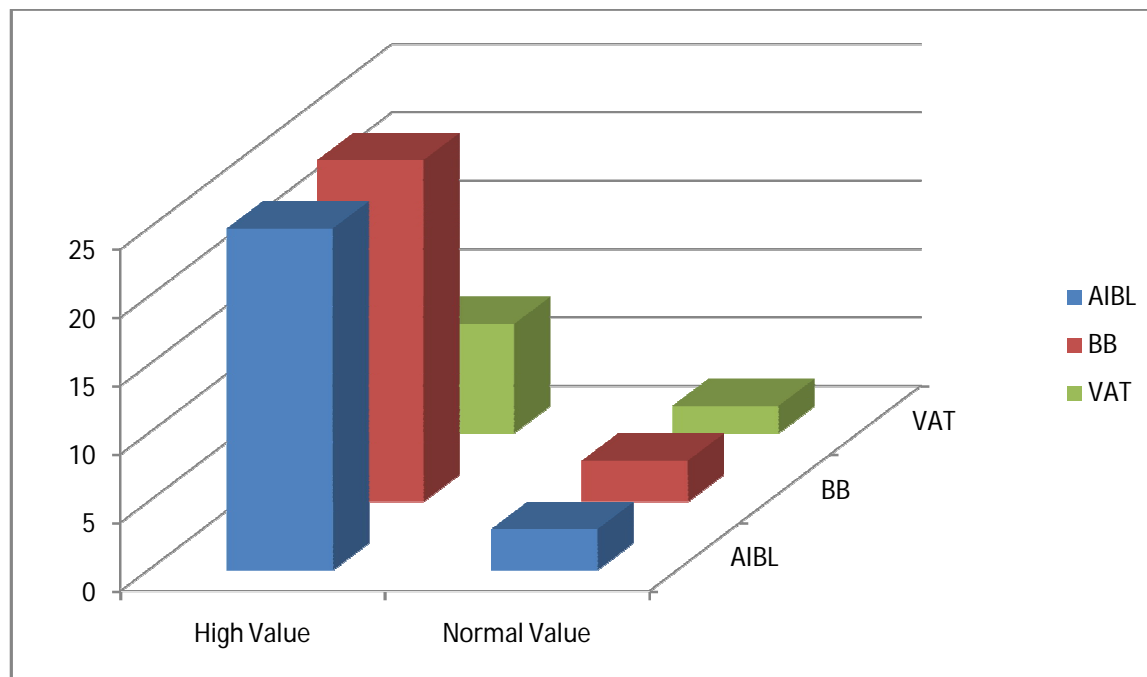
Cheques clearing section of Al-Arafah Islami Bank Ltd. receives cheque, demand drafts and pay orders of their clients. Upon the receipt of the instrument the cheque clearing section examines three types of payment modules.

- Whether the Paying Bank within Dhaka City: The cheques clearing section of Al-Arafah Islami Bank Ltd., Panthapath Branch sends Inter Branch Debit Advice (IBDA) to the head office on the receiving day of the instruments. The main branch takes those instruments to the clearing house on the following day. If the instruments are dishonored, Head Office of Al-Arafah Islami Bank Ltd. sends IBDA to the Al-Arafah Islami Bank Ltd., Dhanmond Branch.
- Whether the Paying Bank of their own branch: The cheque clearing section of Al-Arafah Islami Bank Ltd., Dhanmond Branch sends Outward Bills for Collection (OBC) to the concerned paying branch to get Inter Branch Credit Advice (IBCA) from the paying branch. If the paying branch dishonors the instrument, the paying branch returns it to the Al-Arafah Islami Bank Ltd., Dhanmond Branch describing why the instrument is dishonored

Charge of Clearing

Particular	AIBL	Bangladesh Bank	VAT	Total Cost
High Value	25	25	8	58

Normal Value	3	3	2	8
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Cost of Clearing

If a customer drops a cheque in clearing section he/she need bear those costs. It is noted that more than 5 (five) Lac Tk. cheque is high value. And less than 5 (five) Lac Tk. Cheque is normal value cheque.

If any cheque dishonors 115 Tk. Extra charge is need.

3.11 Remittance:

Sending money from one place to another through some charges is called remittance. To pay or receive money of customers in the form of remittance from one place to another, from one person to another inside and outside the national boundary is an earning source of every bank.

Panthapath Branch, Al-Arafah Islami Bank Ltd. operates both the foreign and local remittance to serve its customers. In addition, this service is an important part of country's payment system. Through this service, people can transfer their funds from one place to another place very quickly.

Foreign Remittance

Foreign remittance is to send money of customers from one place to another, from one person to another outside the national boundary. Though Panthapath Branch, Al-Arafah Islami Bank Ltd. Is a non-ad branch, it can able to serve the customers by receiving and paying their incoming foreign remittance in the form of local currency. Foreign remittance is received by the bank via some internationally authorized agents. There are two medium of agent for foreign remittance at Panthapath Branch, Al-Arafah Islami Bank Ltd.; they are:

Moneygram

Moneygram is a money transfer medium/agent serves both domestic & international services. Its identification number consists 12 digits.

Local Remittance

Sending money of customers in the form of remittance from one place to another, from one person to another inside and outside the national boundary is another earning source of every bank. As being a non-ad branch Panthapath Branch of Al-Arafah Islami Bank Ltd. Only operates the local remittance to serve the customers. In addition, this service is an important part of country's payment system. Through this service, people can transfer their funds from one place to another place very quickly. There are several techniques for collecting local remittance. These are:

- Pay Order

- Demand Draft (DD)

3.12 Pay Order

Pay order gives the payee the right to claim payment from the issuing bank. It is payment from issuing branch only within the clearing house area of issuing branch. Payment is made through clearing.

- Examine genuineness of the pay order.
- Enter into Pay Order register and give contra entry
- Debit, if the fund is sufficient then it is OK for payment.

Charges of pay order are shown in bellow by a chart:

Amount of P.O.	Commission	VAT	Total
1-100000	20	3	23
100001-500000	30	4	34
500001-1000000	50	8	58
1000001-Above	100	15	115

3.13 Demand Draft (DD):

This is an instrument through which customer's money is remitted to another person/firm/organization in outstation (Outside the clearing house area or from one district to another). Demand Draft Payment is made through the following process:

- Confirm that the DD is not forged one.
- Confirm with sent advice.
- Check the “Test Code”
- Make payment

3.14 Various Types of Deposit Account:

Al-Arafah Islami Bank Ltd. offers following types of deposit account:

Mudaraba Savings Deposit Account (MSD)

To maintain smooth and certain life in future Mudaraba Savings Deposit Account is very suitable for middle class groups. The attributes of this are:

- 500/- is the minimum amount of initial deposit.
- Client cannot withdraw money more than twice a week,
- The profit rate is 8% against MD account

For opening of this type of accounts following requirements are necessary:

- The introducer must be attested photograph.
- The introducer must be account holder of Al-Arafah Islami Bank Ltd.

Al-Wadia Current Deposit Account

Al-Wadia Current Deposit Account facilitates the account holder to draw money at any times but no profit is given to the current account deposited money. This can be opened by any individual or joint or any name of proprietorship business, private limited company or public limited company, association, clubs, societies, trusts etc. Generally, current account is opened for

businessman and traders for easy transaction. By taking this liability, Al-Arafah Islami Bank Ltd. takes a service charge of Tk. 100 for six months.

Mudaraba Term Deposit Receipt Account (MTDR)

It's a certain period deposited system, which is not repayable before the maturity date of a fixed Period. Al-Arafah Islami Bank Ltd. offers higher rates of profit on such deposits. Usually customers are allowed to open this account for a certain period and the rate of profit in accordance with the terms of the deposit. The features of this scheme as follows:

- Minimum balance: TK 10000.00

Particulars	3 months	6 months	1 year
Profit	12.50%	12.50%	12.50%

Short Notice Deposit Account (SND)

Short Term Deposit has following attributes:

- 6% profit rate against STD.
- No restriction over withdrawal of money
- 1000/- is the minimum balance.

Installment Term Deposit (ITD)

Installment Term Deposit (ITD) is a sure investment for a steady return. It can be opened for 2, 5, 8, 10, or 12 years for Tk. 200, Tk. 300, Tk. 500, Tk. 1000, Tk. 1500 and Tk 2000. The savings amount is to be deposited any day of the month. If the depositor has a separate account in the bank for which a standing instruction can be given to transfer the monthly deposit in the schemes' account. In case of failure to make the monthly installment in the schedule time 5% on overdue installment amount will be charged. The lowest charge will be Tk. 10 and this will be

added with the following monthly installment. After 3 years of savings in this scheme the depositor is eligible for a loan up to 80% of his deposited amount.

- **Highlights of the Scheme**

- Mudaraba Lakhpoti Scheme
- Mudaraba Millionaire Scheme
- Mudaraba Kotipoti Scheme

Mudaraba Lakhpoti Scheme: For Mudaraba Lakhpoti Scheme 3, 5, 8, 10, 12 year's monthly installments are Tk. 2,375, Tk. 1,275, Tk. 670, Tk. 460 and Tk. 335 respectively and will get Tk. 1 lac.

Mudaraba Millionaire Scheme: For Mudaraba Millionaire Scheme 3, 4, 5, 6, 7, 10, 12, 15 and 20 year's monthly installments are Tk. 23,950, Tk. 16,950, Tk. 12,750, Tk. 9,950, Tk. 8,000, Tk. 4,600, Tk. 3,345, Tk. 2,170 and Tk. 1,150 respectively and will get Tk. 10 million.

Mudaraba Kotipoti Scheme: This is the most popular & target oriented schemes. One can open for 3,4,5,6,7,10,12,15,18,20 years and have to pay (Monthly installment) Tk. 2,39,500, Tk. 1,69,500, Tk. 1,27,500, Tk. 99,500, Tk. 80,000, Tk. 46,000, Tk. 33,450, Tk. 21,485, Tk. 14,330 and Tk. 11,100 respectively and will get Tk. 1 crore.

- Condition of these Schemes

- By filling up a form an account is opened.
- A non-transferable deposit receipt will provide to the customer after opening the account.
- If the deposit is withdrawn before a 5-year term, then saving interest rate will be applicable and paid to the depositor. However, no in profit paid if the deposit is withdrawn within 1 year of opening the account and Monthly Income paid to the customer will be adjusted from the principal amount.

- This scheme will be credited to the loan account until liquidation of the loan amount inclusive of profit. A depositor can avail loan up to 80% of the deposit amount under this scheme.

Mudaraba Double Deposit Scheme: Savings works as the very foundation of development. Savings is the prime source of business investment in a country. So it helps to build up capital. To create more awareness and motivate people to save, Al-Arafah Islami Bank Ltd. offers Mudaraba Double Deposit Scheme. Here people put their money for double return after 6years.

- Conditions of the Scheme

- The deposit can be made in multiples of TK. 10000.00.
- This is 6 years period deposit. The deposit cannot be withdrawn at any time with in the maturity date.

Mudaraba Special Savings Schemes

Mudaraba Hajj Savings Scheme

AIBLhas introduced a Scheme in the name & style of ‘Mudaraba Hajj Savings Scheme’ to facilitate the intending Muslims to perform Hajj properly at appropriate age. This is purely a savings scheme for performing Hajj. Any Muslim intending to perform Hajj by building-up deposit required for meeting Hajj expenses will select one of the 25 alternative choices based on duration of period from 1 year to 25 years for building-up savings by monthly installments under this Scheme.

Mudaraba Savings Bond Scheme

Person(s) aged 18 years and above shall be eligible to purchase Mudaraba savings Bond(s) in single name or in joint names. Educational institutions, Clubs, Associations and other non-trading and non-profit socio-economic institutions shall also be eligible to purchase Bond(s) in the name of institutions. Guardian(s) shall be allowed to purchase Bond(s) jointly with a minor mentioning the age of minor. Mudaraba Savings Bond shall be available in Tk.1000, Tk. 5000, Tk. 10000, Tk. 25000, Tk.50000, Tk. 100000, Tk.500000, and Tk. 1000000 denominations.

Terms: 5(five) years and 8(eight) years.

Mudaraba Special Savings (pension) Scheme

Considering increasing demands from the people of all walks of the country for special & attractive savings schemes on the basis of the Islamic Shariah so as to enable and encourage them to save as per their capacity in Islamic way for their old age when they will normally retire from their active economic life, AIBL has introduced “Mudaraba Special Savings (pension) Scheme” in which a person gets the opportunity to build-up savings by contribution small monthly installments for getting an attractive amount at the end of a specified term or a monthly amount for a specific period after the expiry of the term.

Term: 5 years and 10 Years.

Under this scheme account may be opened for monthly deposits of Tk. 200, Tk. 300, Tk. 400, Tk. 500, Tk. 600, Tk. 700, Tk. 800, Tk. 900, Tk. 1000 and multiple of thousand Taka up to Taka 20,000 only.

Mudaraba Monthly Profit Deposit Scheme

Any individual may open Account under this Scheme by depositing a minimum amount of tk. 1,00,000/- and multiples thereof at a time for 3 or 5 years. Monthly provisional profit shall be given to the account just after completion of 30 days from the date of opening of the account. The profit amount will be adjusted on completion of each accounting year after declaration of final rate of profit.

Mudaraba Muhor savings Scheme

AIBL has introduced ‘Mudaraba Muhor savings Scheme’ which has been designed for all classes of people particularly the professionals & service-holders aiming to create an opportunity for them to save in monthly installments according to their capability for building up sufficient fund

in order to meet the obligation of Muhor to their wives and to protect the rights of the women Ensured by the religious faith. The Scheme is of 2 (two) different terms, 5 years and 10 years. Accounts under this Scheme may be opened for monthly deposit of Tk. 500, Tk.1,000. Tk. 2,000, Tk. 3,000, Tk.4,000 and Tk. 5,000 only. Any married bonafide citizen of the country with sound mind may open Account in his wife's name.

Mudaraba Waqf Cash Deposit Account

The Bank has introduced 'Mudaraba Waqf Cash Deposit Account' through which savings made from earnings for the purpose of Waqf by the well-off and the rich people of the society can be mobilized and the income to be generated there from may be spent for different benevolent persons. Through the Scheme the Bank will be able to contribute to popularize the role of Waqf in the country including Cash Waqfe which will be instrumental in transferring savings of the rich to the members of the public, in financing various religious, educational and social services of various social investment projects. Under this Scheme one may create Cash Waqf at a time or may start with a minimum deposit of Tk. 10,000/- only and the subsequent deposit shall be made by installment(s) in thousand Taka or in multiple of thousand Taka. Higher profit is given against this Account is utilized for social and human welfare as per instruction of the Account holders.

Mudaraba Foreign Currency Deposit Scheme

Mudaraba Foreign Currency Deposit Scheme (savings) has been introduced under Mudaraba principle and endeavoring to invest the foreign currency funds in profitable way through its foreign correspondent Banks under Shariah principle so as to enable the Bank to pay profit to its FC/PFC depositors, who will intend to open/maintain Mudaraba Foreign Currency Deposit (MFCD) Account in minimum \$ 1,000/=

Progressive Analysis:

At the end of financial year 2010, the number of depositors stood at 3, 43,273 and the amount of Deposit has accumulated to BDT 38,355.50 million. The total amount investment extended to a sum of BDT 36,134.08 million. The investment income was BDT 4,004.54 million during the year 2010 which registered a growth of 15.86% over the previous year. Investment income is 75.48% of the total income of BDT 5,305.63 million. The bank has the depositors BDT 2,667.34 million which is 66.61% of the investment income and 74.59% of the total expenditure for the year 2010. It indicates 20.13% growth over the year 2009.

Part - 4

Problems and Recommendations

4.1 Problems:

- ✓ AIBL Panthapath branch is a new branch. So, in the time of account opening introducer is not available.
- ✓ Due to lack of ATM Booth facilities, the bank is not able to attract new deposits and thus lending ability of the AIBL is in threat now.

- ✓ The number of AIBL branches less than other bank. For example-Farmgate, Kawranbazer AIBL has no branch, but those places are very important for banking business.
- ✓ In agriculture sector its banking is not satisfactory, because our branch is satiated in city area.
- ✓ Mobile banking, internet banking, remittance etc. is not good. AIBL do not introduce Credit card. So credit card is almost zero. For this reason this bank lags behind other modern commercial banks.
- ✓ Lack of manpower slows down to provide better services to its clients.
- ✓ The Marketing policy is not satisfactory. Because AIBL advertisement policy is very poor from other bank.

Those are the problems of AIBL.

4.2 Recommendations:

Recommendations of those report has been made on the basis of the research findings of the General Banking of AIBL, Panthapath Branch. It is very difficult to recommend about this topic because of research restriction and unavailable data. Despite these problems there is something that the Panthapath Branch should look sat:

1. As a new branch AIBL need to account opening system can be relax.
2. Bank should offer more facilities to the consumers such as credit card, master card, ATM machine etc.
3. Banking is service-oriented marketing. Its business profit depends on its service quality. That is why the authority always should be aware about their service quality. Employees must give individual attention to the consumer. For that, they can recruit more employees.
4. More employees are to recruit. For the better service, training is must and according to the skill and education background of employee needs to be positioned.
5. The Bank should make a good co-ordination with the other department so that they can give quick service to the customers.
6. Scope for training, motivation & orientation programs for Islamic Bankers be widened & strengthened.

By taking the above steps the management of AIBL Can improve their service quality and create a good impression to customer's mind. Fimaly, AIBL need set up more barench.

4.3 Conclusion:

The Banking arena in recent time is one of the most competitive business fields in Bangladesh. As Bangladesh is a developing country, a strong banking sector can change the socio economic structure of the country. So we can say, the whole economy of the country is linked up with its banking system. AIBL Bank is the bank which is highly potential commercial Bank of Bangladesh. This bank performs hundreds of important activities both for the public and for the government as a whole. It has an outstanding bearing to thrive our business sector. It has strong performance on General Banking, Investment, and foreign exchange. I had the privilege to learn many things from the general banking Corporate Branch through my active involvement in this branch. In this paper I have tried to highlight General Banking Business of AIBL Bank. With wide network of branches at home and also a large number of correspondent banks worldwide it is singularly handling the large volume of export-import business including homebound remittances. The effective and efficient general banking, investment and foreign exchange business of the Bank helps in the continuous growth and progress of national economy.

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