General Banking of Al Arafah Islami Bank Limited

United International University



 This research on 'General Banking of Al Arafah Islami Bank Limited’

Submitted To:

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# Letter of Transmittal

February 4, 2021

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Subject: Submission of Project report

Dear Madam,

On December 06, Mehedi Hasan, ID#111 152 288, submitted to Lamia Alam, Assistant Professor of Bachelor of Business Administration (BBA), the Internship Affiliation Report titled “General Banking activities of Al Arafah Islami Bank LTD”. The report has been accepted and may be presented to the Internship Defense Committee for evaluation.

Truly yours,

Mehedi Hasan

# Acknowledgement

It is a very good experience for me I can learn many things in the real world outside of my classroom. It is helped me to improve self-confidence & interpersonal skills by learning through this internship.

First, I want to thank Allah for doing this report within a period by giving me the ability to conduct this report. Without Allah's help, I cannot do this report within my time.

Secondly, I give thanks to my beloved lecturer, Lamia Alam, for his guidance and excellent supervision through which I have been successful in building balance of theoretical and practical knowledge in the preparation of this paper.

I am increasing my respect for Md. Rezaul Haque, Gulshan Link Road Branch Branch Manager, under whom I have developed a huge amount of technical experience of commercial banking activities. I would also like to thank the other staff of Al Arafah Islami Bank Ltd., Gulshan Link Road Branch, for their support and guidance in getting the appropriate details.

Finally, for their love and motivation, I convey to my family that I have got a lot of support from my family and friends.

**Executive Summary**

Al-Arafah Islami Bank Limited is a commercial bank founded by Bangladesh Bank Limited. It has a broad range of functional activities but in this report, I have covered only the General Banking activities of this bank regarding how their banking activities operate and what are their services.

I used different strategies during my research, such as face-to-face interviews, desk work in various departments and the standardized questionnaire to determine customer satisfaction of Al Arafah Islamic bank Ltd. by using statistical methods. The data collected from the survey was then analyzed and interpreted. A variety of outcomes and suggestions have been proposed from the analysis of the survey outcome that can help the company to take the appropriate steps to enhance its service and get more happy customers.

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**Chapter – 1**

**Introduction**

**1.1 The Research History**

Every student needs to conduct a 4-month internship program under any organization for fulfilling his/her Bachelor of Business Administration (BBA). By doing an internship program a student can experience a real job sector environment. A student can learn only theoretical in his classroom but when a student doing an internship program, he can learn the real job world. How actually the real corporate world does its job.

An internship report needs to be prepared by a student for fulfilling his requirements of Bachelor of Business Administration (BBA). The primary objective of this report is to have exposure to the business world. After the completion of 123 credit hours of the BBA program, the students are required to prepare a report on professional working experience in a particular organization for a specific time period. The internship program is an important part of BBA students. It helps to get a proper vision and knowledge about working place. It also gives a good opportunity to see the reality of business activities along with academic learning during student life. In this time duration, it helps to enable the students to build confidence and gather working knowledge for the start of their career.

I choose Al Arafah Islami Bank Ltd for two reasons. The first one was this Bank is established and follows Islamic Shariah. It has 182 branches all over Bangladesh. All branches have online services which mean the bank is trying to be digital. That’s why I applied to this bank. And the second reason was this branch was near my house.

For preparing the internship report I was assigned to Al Arafah Islami BANK LTD. I was joined in Gulshan Link Road Branch. I worked in the Retail banking department. The duration of my internship was from March to July.

## Statement of the issue

In residential area people live there so all the time the bank is so busy to maintain their customer and solving their problem. In our Branch since that was an industrial area so deposit in cash was very low so that when people come to withdraw a big amount they need to wait for few minutes and sometimes it is half an hour. And, there have no place for customer waiting so people need to stand up there. Though our bank situated in industrial area so most of the time it was empty and that’s why we didn’t open customer account. Where from head department they pressurize us to open account. So many times, we need to visit organization to open a bank account. Though for opening an account need to 500 BDT so most of the person didn’t want to open an account. Most of them have common answer that, “since we didn’t want to run this account so it’s unnecessary to open an account through 500 Taka.

**Recommendation for Problem**

* Bank should be stock money in there branch so that people don’t wait for their money.
* They have enough place for give a place for waiting room so they can utilize this by placing some chair like other bank for waiting till there serial.
* For opening a bank account, they can give free account opening facility for student like DBBL Bank.

## The Study’s Goal

### Broad Objective:

### To meet the internship. programs. partial requirement as a full credit subject of the BBA program.

### To learn about. Bangladesh’s banking system and get an. overall. understanding. of AIBL's management strategy and retail banking activities.

### 1.3.2 Specific Objectives:

* To Learn how a bank such AIBL conducts its Retail Banking Undertakings.
* To know the official rules and regulations of AIBL.
* To know the functions of different sections under the general banking division of AIBL.
* To describe the.AIBL.customer.service process.
* To learn the procedures of new account opening.
* To Gain knowledge about customer handing

**1.4 The research inspiration**

For doing anything perfectly if you do not have a motive to do that work then you can’t do that work perfectly. I have some motive for doing this report. To doing something new which is not published before this report and people who can use this as a basic knowledge for doing their further research if they want. There is another motive work for me to doing this research that is my personal satisfaction.

## 1.5 Scope of the Survey

This report has been covered by various activities of the General Banking of AIBL. During my course of the internship, I have very few words to do at first. But I learned many important things such as how to handle the customer in a professional manner, transferring cheque from one bank to another banking, managing different types of bank account, inspecting the client place for ensuring quality services. It provides me the opportunity of introducing too many professional and corporate personnel including the general director of the Islamic Foundation of Bangladesh. I have joined several official meetings. I have insisted them to increase their bank account in their branch.

## 1.6 Limitation of the Study

As an intern, I have limited access to the operation and systems of the AIBL. I assist them in opening a client account, giving information to the client about how to open an account, the benefit of opening the account. While working as an intern, I have faced some problem who are:

* It was very difficult at the beginning to open a bank account to fill up a form accurately because most people are not acquainted with the banking formalities.
* Most of the clients didn’t provide the required papers to open an account.
* There has some account which is open before I joined there but they didn’t give proper data so I need to call them and cooperate with them for completing the file.
* Only four months of the internship was not proper for learning the whole thing.

## CHAPTER – 2

## HISTORY

## Introduction

Compared.to.the.scale.of.its.population, Bangladeshi banking.sector.is substantially faster.than.many.countries.with.comparable.rate.of.growth and.per.capita.income. At 26.54 percent of GDP, the overall scale of the sector dominates the financial system. (Chowdhury, 2017). The Bangladesh Bank is the Bangladesh National Bank and the sector's principal regulator. In Bangladesh, there are 60 scheduled banks functioning under the complete oversight and supervision of the Bangladesh Bank, which can do so by the 1972 Bangladesh Bank Order and the 1991 Bank Company Act. (Chowdhury, 2017)

The.industry. comprises of. a variety.of.banks.in different categories. The industry can be divided into the following categories, considering ownership. -

• State-Owned Commercial Banks (SOCBs),

• State-Owned Development Financial Institutions (DFIs),

• Private Commercial Banks (PCBs) and

• Foreign Commercial Banks (FCBs)

There are.60.banks.in Bangladesh as of November 2019, and the number of bank branches is 10,467, both private and public. (Chowdhury, 2017)

## Historical Background of AIBL

Al Arafah.Islami.Bank Ltd was.founded (registered) as.a.private.limited.company on 18 June 1995 with.the.aim.of.achieving.success here.& hereafter.by following.the.direction.led.by.Allah and the path shown by His Rasul (SM). It was on 27 September 1995 that the inaugural ceremony took place. The Bank's approved capital is Tk.15000.00 million and Tk. is the paid-up capital.10440.22 million as on 31.12.2018. 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 bank's.equity.stood.at Tk. 2348.32 crore as of 31/12/2018, the.workforce.was 3682 as.of 31/12/2018 and.the.number.of.directors as of 31/12/2018 was 25793. It has.earned a.continuous profit.and.over.the.years has.announced.a.successful.dividend. The.bank's.tool.for.achieving performance.is.high.quality.customer.support.through.the.combination of advanced technology and innovative products. The bank has a diverse array of carefully tailored products and services to satisfy customer needs.

The Bank is dedicated to.the.national.economy.substantially.contributing. It has.made the socio-economic.development.of the.country a positive.contribution.to. with 182 branches, 25 of which are AD nationwide. (AIBL Profile, n.d.)

## Mission & Vision

* **Mission**
* Achieving Almighty.Allah's fulfillment.both.here.and forever.
* Shariah.Based.Banking.Activities.Proliferation.
* Adopting.the.latest.technologies.for better financial services.
* Quick and reliable service for customers
* Maintaining.elevated.corporate ethics levels
* Balanced growth.
* Steady.& competitive.return on the equity of shareholders.
* Innovative banking at a competitive price.
* Attract and maintain human capital of quality.
* Extending workers fair benefits packages.
* Strong contribution to the advancement of the national economy.
* Involving more in Micro and SME financing.
* **Vision**
* To be a pioneer in Islami Banking in Bangladesh and contribute significantly to the growth of the national economy. (AIBL Profile, n.d.)

## Al-Arafah Islami Bank Ltd schemes or instruments:

* **Current Account:** This account.is. effectively opened.by an organization or corporation. for. business transaction purposes. For business transaction purposes, they open the account.
* **Mudaraba Saving Account:** Individual individuals may open this account for their personal use.
* **Mudaraba Term Deposit:** This is the key fixed deposit paper. Which is to give their client a bank. This paper will return to the bank and back to its money when the customer withdraws the time.
* **Short Term Deposit:** This is the one-month deposit system for their client.
* **Hajj Deposit Scheme:** Usually, this. deposit. serves. Hajj purposes. When a. customer feels. they are. going to hajj.at. that time, the. Bank will. provide. Their hajji. customer with the additional facility.
* **Small Investment Scheme:** A limited term scheme, such as a 2-year scheme, should be made by the client.

**Installment Term Deposit**

* **Mudaraba Kotipoti Scheme:** These are.the.12-year. deposit.scheme.that.should reach.Tk 50,000.per.month.There.rate.of.benefit.is.also.high.compared.to other deposits in the system.
* **Mudaraba Millionaire Scheme:** This is the 10-year deposit scheme procedure that should be deposited at Tk 30,000 every month.
* **Mudaraba Lukhpoti Scheme:** This is the standard 3,4,5-year deposit scheme that can be any amount deposited by their customer.

## Management

A.15-member Board of Directors organizes the company. The Panel Replaces a pedagogue of Sponsor Directors (Chainman, Vice Chairman), its presidents, Ex-Director of Officers, Secretary of Company, Director of Shareholders. The Board of Trustees is authorized to honor and audit major day-to-day operating results, including investment plans, budgets, and other investment programs. The.department.is.responsible for developing the policies of the company and reviewing the company's operational efficiency. The Board also focuses on the creation of investment consideration sectors that are more beneficial to the business, so that the board of trustees still focuses on the investment field. They can build a lot of policies that are realistic and pleasant for their company that choosing rights also have the board of trustee. (Shakil, 2019)

**Advantage of Opening an account of AIBL**

* It’s easy to open an account in AIBL.
* People can transfer their money without going to bank from other bank to AIBL bank account by using their APPS.
* It’s an Islamic Bank so people who want Islamic Bank they will prefer this Bank.
* Since it’s a less crowdy place than other bank so people will get fast service than other Islami Bank.
* They are increasing there both and branch so people can withdraw their money from the booth.
* People who want to purchase from online by card they can use AIBL debit card for purchasing their product and will get a discount every purchase.
* People can now access their general information and bank service from their personal devices through Internet-Banking.

**Digital initiatives by the bank**

Customers and.banks.profit.from.Internet.Banking.applications and it.is no.longer a "nice to.have" but an "impossible.to survive.without for.all banks. 'Internet Banking' means programs.that.allow.bank.customers.to use a.personal computer (PC) or other intelligent devices to access accounts and general information on bank products and services. By keeping these views in mind, Al-Arafah Islami Bank Limited launched its I-Banking.

Bank are also using SMS banking and most advantage of SMS banking is bank can instantly reach to the customer by using this channel.

**Chapter 3**

**Research Method**

**Introduction**

In a research method, information can be carried out in various ways. Most of the two methods of collecting the data are primary and secondary methods. But the methodology for making this report is quite different from another report which is done in a presentable manner. In this report, I have followed descriptive information as well as collecting data through observing from my practical experience. The rest of the data collected by using primary and secondary methods.

**Research Design**

The design which is made for research is a framework where a researcher chooses the research method and research technique. This design helps a researcher doing their research on a subject that he takes for research. Here the design is carried out in a three-step:

* First, we collect the data,
* We measure the data,
* And we analyze the data.

**Sample**

We research over 60 people in this questioner. And they are the client of this Gulshan link road branch. There are two techniques for a sample which are-

1. Probability sampling
2. Non-probability sampling

In these two techniques the most used technique is probability sampling for qualitative research but since my questioner will be based on the quality of our AIBL services so I will use Non-Probability Sampling.

**Data Collection**

There are two ways of collecting data first one is primary and another one is secondary. I collect primary data by making some questionnaire.

**Data Analysis**

Based on my questioner I get responses from 47 people, where they answered my questioner by giving response agree, strongly agree, disagree, strongly disagree, neutral.

## Chapter 4

**Findings and Review of studies**

**Details about Respondents**

1. Gender
2. Male 90%
3. Female 10%
4. Age
5. 20-30 70%
6. 31-40 26%
7. Above 40 04%
8. Occupation
9. Job holder 65%
10. Businessperson 35%

**Q 1: - When you face a banking related problem, are they employee give proper attention to your problem?**

**Q 2: - Can you get the service fastest way, which you need?**

**Q 3: - During banking transaction offline, do you feel secure?**

**Q 4: - Do you feel secure giving your personal Information?**

# Q 5: - How much attention they provide on your problem regarding different banking issue?

**Q 6: - Are you satisfied the quality of service provided by the bank compared to another Islamic Bank?**

**Q 7: - Are they employee of the cooperative and modest towards clients?**

**Q 8: - Do you secured about the bank digital security systems or two factor authentications while transacting in the online?**

**Q 9: - Do you face any difficulties for server down or being slow while transacting with the bank?**

**Q 10: - Do you recommend this bank to other customer?**

## Chapter 5

## Conclusion

## 5.1 Recommendation

* Employee should focus more on their customer problem when anyone comes to bank-related any problem.
* They need to upgrade their security system so that customer feel safe.
* Need to increase their service quality like another bank so that more and more customer opens their account in this bank.
* Their server system is very poor according to customer response sometimes the customer needs more time to wait for the transaction.
* The number of employees is less than another bank so that one employee needs to work different work and that is the reason sometimes customer need to wait for getting service so they should increase their employees.

## 5.2 Conclusion

Al Arafah Islami bank is one of the largest banks in our country and it is day by day increasing their branch. Is also increasing the economic growth of a country. A few years ago, many people did not hear about this bank so much but now people know more about this bank because of their branch and good service quality. Though in our questioner we can see that many people disagree that in our branch employee are not focused to customer bank related problem it has only happened just because of the insufficient employee to this bank but another branch they are good to their service.

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Appendix (**Questionnaire)**

1. **When you face a banking related problem are, they employee give proper attention to your problem?**
2. Completely agreed
3. Agree
4. Central
5. Dispute
6. Completely Disagreed
7. **Can you get the service fastest way, which you need?**
8. Completely agreed
9. Agree
10. Central
11. Dispute
12. Completely Disagreed
13. **During banking transaction offline, do you feel secure?**
14. Completely agreed
15. Agree
16. Central
17. Dispute
18. Completely Disagreed
19. **Do you feel secure giving your personal Information?**
20. Completely agreed
21. Agree
22. Central
23. Dispute
24. Completely Disagreed

# How much attention they provide ton your problem regarding different banking issue?

1. Completely agreed
2. Agree
3. Central
4. Dispute
5. Completely Disagreed
6. **Are you satisfied the quality of service provided by the bank compared to another Islamic Bank?**
7. Completely agreed
8. Agree
9. Central
10. Dispute
11. Completely Disagreed
12. **Are they employee of the cooperative and modest towards clients?**
13. Completely agreed
14. Agree
15. Central
16. Dispute
17. Completely Disagreed
18. **Do you secure about the bank digital security systems or two factor authentications for transacting in the online?**
19. Completely agreed
20. Agree
21. Central
22. Dispute
23. Completely Disagreed
24. **Do you face any difficulties for server down or being slow while transacting with the bank?**
25. Completely agreed
26. Agree
27. Central
28. Dispute
29. Completely Disagreed
30. **Do You Recommend this bank to other customer?**
31. Completely agreed
32. Agree
33. Central
34. Dispute
35. Completely Disagreed
36. Completely Disagreed