



**Shahjalal Islami Bank**

L I M I T E D

## **Shariah Principles in Investment Models: A Study of Shahjalal Islami Bank PLC**



# Shariah Principles in Investment Models: A Study of Shahjalal Islami Bank PLC

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## LETTER OF TRANSMITTAL

October 12, 2024

Dr. Muhammad Rehan Masoom  
Assistant Professor  
School of Business & Economics  
Dhaka, United International University

**Subject: Submission of Report on Internship in Evaluation Investment Modes & Shariah Compliance at Shahjalal Islami Bank PLC**

Dear Sir,

I am delighted that I have been able to submit my internship report on Shahjalal Islami Bank PLC as part of the BBA program. This paper have focused on "The Investment Modes and Their Shariah Compliance at Shahjalal Islami Bank PLC." As I have embarked on this three-month internship, your mentoring has helped guide me and develop my skills.

Study of the Investment Modes at SHAJALAL ISLAMIC BANK P.L.C. Emphasize on Shariah Principles. The report also highlights common customer satisfaction pain points, along with tangible suggestions for growth. I have personally recruited and deeply processed this report, it has made my writing of a report to the next level to sum up I which flex academic muscle into practical world.

I hope you are satisfied with this report and would be delighted to assist further if I failed in my task.

Thanks for reading

Best regards,  
Shahreen Binte Jalal  
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DECLARATION

This is to certify that the Internship Program Report on "Investment Modes and Their Shariah Compliance of Shahjalal Islami Bank PLC" submitted by me after completion 3 months internship at Shahjalal Islami Bank PLC., Gulshan Branch.

The report is only meant for academic purposes, and does not speculated otherwise which in no way will benefit the company. I also ensure that this report has not been prepared or published in any other places of Bangladesh.

Shahreen Binte Jalal

ID: 111 192 091

Major: Marketing

BBA Program

United International University (UIU)

## Acknowledgements

Foremost, I would like to praise the Almighty for allowing me mentally and physically safe return from Pakistan in order to complete this report. I am grateful to the contributors who have guided me during this report preparation.

Firstly, I would like to express my profound gratitude towards Muhammad Rehan Masoom (Faculty Supervisor) who pushed me and made investment in this topic and guided me continuously throughout the process of Internship. He has been a constant source of encouragement and inspiration which helped me I n complete this report successfully.

I also grateful to my office supervisor Mr. Nasir, Deputy Manager and MD, JAVP of Shahjalal Islami Bank PLC Gulshan Branch. We appreciate the warm support and provision of relevant information from him which was instrumental in writing this report.

Also, I would like to express gratitude for the resources (webpages/journals/research papers/books) which had been instrumental in making me authorized on my topic. Lastly, I would like to offer thanks to my classmates; friends and others who helped me in the preparation of this report. While it was something that I did the work, on my own when all these people back me up behind and no question from anyone.

## EXECUTIVE SUMMARY

Shahjalal Islami Bank Limited (SJIBL) is a Shariah-compliant commercial bank ranked as the fifth largest Islamic bank in Bangladesh. Named in honor of the revered saint Hazrat Shahjalal (R), who dedicated four decades of his life to promoting peace and humanitarian values, SJIBL upholds these principles in its banking practices. Established as a public limited company under the Companies Act of 1994, the bank officially commenced operations on May 10, 2005. Today, SJIBL boasts a network of 123 branches across Bangladesh and employs over 3,000 staff members, committed to delivering Shariah-compliant financial services to meet diverse customer needs.

During my internship at SJIBL's Gulshan Branch, I was privileged to work across three critical divisions: General Banking, Investment, and Foreign Trade. Under the guidance of the Senior Vice President and Branch Head, I gained hands-on experience and an in-depth understanding of various Islamic investment products and their compliance with Shariah principles. My role provided valuable insights into SJIBL's investment offerings and Shariah governance, leading me to develop this report titled “Shariah Compliance of Investment Modes at Shahjalal Islami Bank PLC.”

This report is structured into five chapters for comprehensive understanding. Chapter one introduces the report's objectives, motivation, and study scope, setting the stage for a detailed analysis. Chapter two offers an extensive background of SJIBL, covering its history, corporate structure, and mission and vision statements. Chapter three presents my personal experiences and reflections as an intern, highlighting key learning moments. Chapter four delves into an analytical exploration of SJIBL's Shariah-compliant investment models, presenting a core analysis of their practical application. Finally, chapter five addresses challenges identified during my internship and proposes suggestions to enhance SJIBL's operations and compliance practices.

This report provides a thorough overview of SJIBL's commitment to Shariah principles, along with practical insights into its operational strengths and potential areas for improvement, offering valuable perspectives for stakeholders invested in Islamic finance.

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CHAPTER - 1  
BACKGROUND OF THE REPORT

## 1.1 INTRODUCTION

Internship program is also a main concern for Bachelor of Business Administration (BBA) course. It allows students to utilize their theoretical knowledge in practical environments, obtaining precious business experience. This was tangible mainly because as a partial requisition of the BBA program, I had been assigned to Shahjalal Islami Bank PLC., Gulshan Branch. This report has been prepared about the " Their Shariah compliance and Customer Satisfaction at Shahjalal Islami Bank Limited" The reports place a particular from their own experiences on completion of my internship.

## 1.2 OBJECTIVES OF THE REPORT

Goal of the Study The prime Goal is to Investigate the "Islamic Shariah compliance and Customer Satisfaction on Shahjalal Islami Bank PLC" An Internship Report in BBA Program. The goals are separated into two parts.

### 1.2.1 BROAD OBJECTIVE

In this study is customer satisfaction on the Islamic shariah compliance activities of Shahjalal Islami Bank.

### 1.2.2 SPECIFIC OBJECTIVE

- So we can understand how the bank does it thing.
- To Use Classroom Knowledge Annually
- In order to know their products and services bless the bank (Shahjalal Islami Bank).
- For Banking Procedures
- To have an overlook on the SWOT analysis which will help to compare the strengths and weaknesses of Shahjalal Islami Bank with its rivals.
- To Tell Area Departments apart

- When speaking from experience; To broaden my understanding of bank operations, which will also help me in future.
- To analyze SJIBL economic performance as a whole.
- To know A Study on Customer Satisfaction at SJIBL Objectives Of The Report 1.
- General Banking activities at SJIBL — as an Analysis

### 1.3 MOTIVATION FOR THE REPORT

This study is notable for one major reason, it gives you the exposure with how banks are working in real time business and practical experience which can make up a determining factor as to this age's competitive job market. The results of the report will be an aid for management in enhancing customer service quality and providing new products to customers. Similarly, this report will help top management to solve customer satisfaction problems. In my case, it is an opportunity to gain experience in the banking sector and thus interesting for me personally as well as maybe of relevance to a possible employment at the bank.

### 1.4 SCOPE AND LIMITATIONS OF THE STUDY

#### 1.4.1 SCOPE OF THE STUDY

My hands on work experience at Shahjalal Islami Bank PLC is the primary source of this report. Aimed to connect the gap between theoretical knowledge and practical applications, it ensures that students gain a better understanding of how things work in the way of life. Reading the report also helped me learn more about their company culture and working processes. I did several types of work like Account opening clearing check processing Pay order writing, Account closing LC register maintenance & DR/CR voucher on my internship SJIBL. Even though it is difficult to understand the entire banking process for an intern in such a short time, I tried my best to catchup with every minute detail as long as i could so that this report can benefit everyone who wants learn and grow.

## 1.4.2 LIMITATION OF THE STUDY

- Like any study, this one has its limitations. I faced a problem during my work in SJIBL and also at the time of write this final report.
- The Trust is also bound by strict confidentiality rules, preventing the release of financial and other important information from being released. This posed a challenge to collect data across the board as they did not want any information getting leaked over competitors.
- The length of the internship was not enough to understand how complexities here affects all over banking process.
- There were many questions to be answered, so it was difficult for me by the time I had finished going through all of your vars: that scope made every analysis a tough one to do in more than fleeting depth.

CHAPTER- 2  
COMPANY PREVIEW

## 2.1 specification of the company

Shahjalal Islami Bank PLC (SJIBL) commenced its business through the Bye-law of Institution on 2001 and Memorandum to commence-business by an Amendment dated August 26, 2001 under relevant Act & Law with the principles of Islamic Shariah. SJIBL emerged as an eminent and first Sharia compliant bank among the banks operating in Bangladesh. This reputation began to establish SJIBL from 2000. Having well-established its footprint across the country, it has invested in 140 branches to provide a wide-range of deposit and investment options tailored to meet customer needs.

Besides being an interest-free financial body SJIBL is a vibrant organization which helps to create new ventures, facilitate export and imports of all type helps increase the GDP of country. Al Baraka Islamic Bank offers a complete philosophy of the Ethical (Islamic) Financing with commitment to genie revenue for supporting sustainable development.

SJIBL — Board of Directors within the business domain in nation latter is considered as par excellence. Chaired by Mr. Mohammed Younus, Vice Chair Moinuddin Ahmed and Board Member Abdul Karim Nazim (Shamsuddin Khan & Harun Miah Ltd.) the Trustee board is committed to upholding best practice excellence throughout an ethical financial system. The governance of the company is based on Shariah as a guiding principle, authorities ensure that management and auditing operations are conducted in keeping conformity to the Sharia.

We are fully compliant with the guidelines of Islamic Banks in Bangladesh and Shariah Board, beside it is under a central bank regulation. The bank meticulously follows the cardinal principles of Shariah, ensuring that its transactions comply with the ethical requirements of Islamic finance. Similarly, the deposit rates at SJIBL are market-based — supply and demand-driven as opposed to conventional interest rate-related. It also does not finance businesses involved in haram (prohibited) activities, which include those doing with clubs, taverns and entertainment venues that are non-compliant to the Shariah.

Export Business: SJIBL closely monitors all its decisions to make sure they are in compliance with Shariah, even while making investments. Thanks to credit facilities provided by the bank, business owners can buy goods responsibly and successfully run their businesses in an ethical

framework outlined in Shariah law. In turn, investors and depositors who trust SJIBL with their money earn an interest in the bank's profits prompting a relationship of faith based cooperation.

In other words, Shahjalal Islami Bank PLC is not merely a financial institution; it acts as the torchbearer of Islamic Banking and Economics in this market while helping to take forward Bangladesh with its robust practices.

## 2.2 VISSION

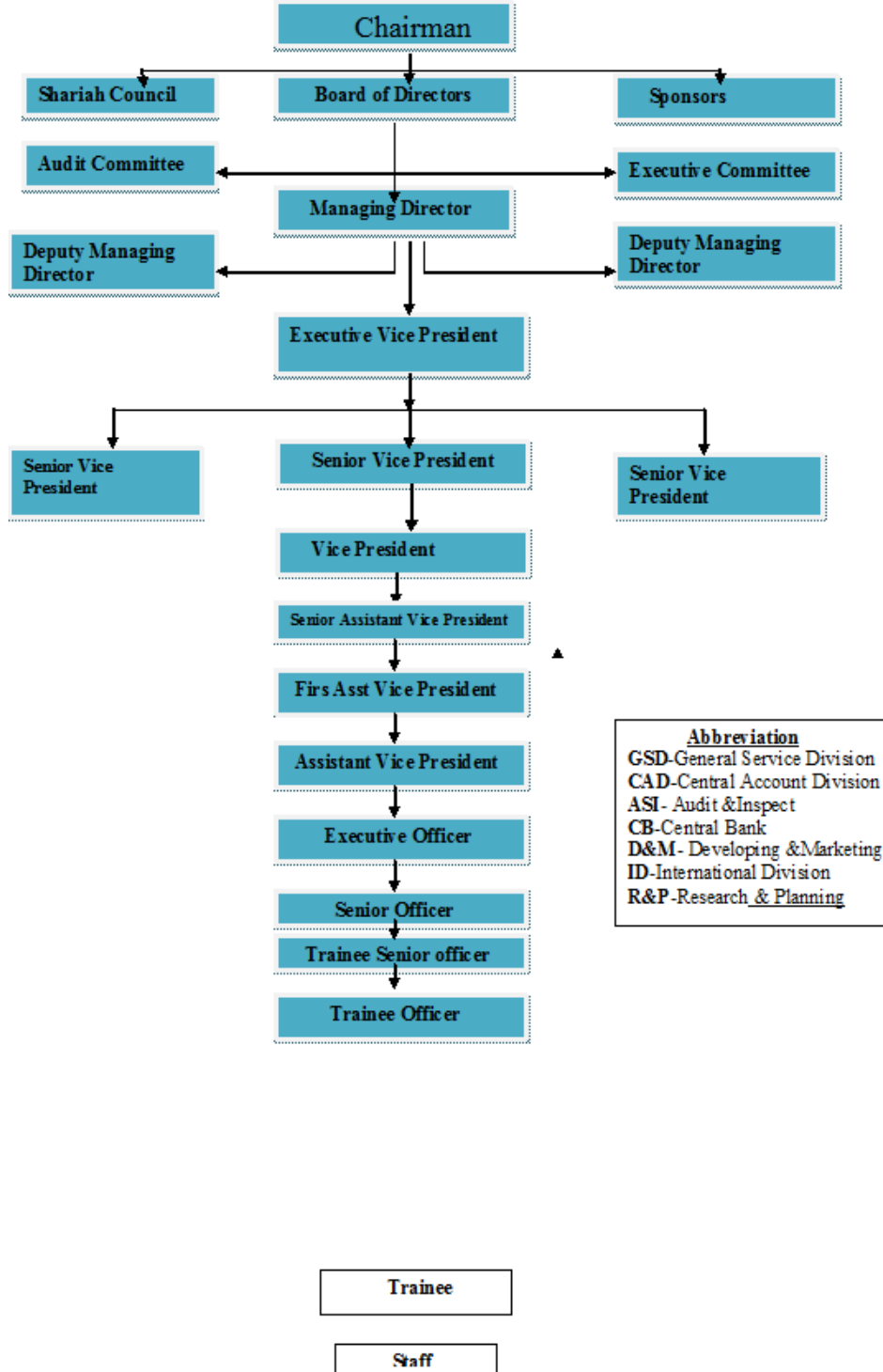
Being a bank and investment brand that complies with Shariah and is highly esteemed in Bangladesh, we are dedicated to providing long-term value to all of our stakeholders by promoting morally and ethically driven human development.

## 2.3 MISSION

- Operate With Excellence: Deliver superior service that goes above and beyond the competition.
- Integrity: We will work with and for you having the highest integrity in all our dealings.
- To Invest Wisely: Use your money for better, by investing ere it in earning and shariah way.
- To Encourage Sustainable Growth: To promote growth and a viable future operation.
- However, there was another set of objectives... Maximize Shareholder Value: Ensure the maximization of shareholder value through strategic and responsible business practices.
- Integrate concept of Innovation and Ethics: A promise to provide state-of-the-art services in a manner that shall merge modern technology with the age-old principles Islamic finance.
- Develop To Empower: Invest in human resource development are will our team to face the challenges of this new world, be evoked.

## 2.4 ORGANIZATIONAL STRUCTURE

### 2.12 ORGANOGRAM OF THE MANAGEMENT





## 2.5 PRODUCT AND SERVICES MIX OF SJIBL

Shahjalal Islami Bank Limited (SJIBL), with a dedicated group of professional executives, is operated by smart managers who are accomplished in the field of banking having vast experience. In no small part because the bank has already introduced an impressive range of deposit products, to grow its resource base and also align various deposit products with investment options. It is committed to cater the need based on customer's demand and changing tastes.

### 2.5.1 PRODUCT MIX

The financial intermediation is the process of mobilizing funds from surplus units and deploying them to deficit units, much likely banking. SJIBL mobilizes its fund from surplus units through different deposit schemes and deploys it in various investment schemes. Therefore, it mainly focuses on the deposits and various investment products.

#### 2.5.1a DEPOSIT SCHEMES

Deposits are life-blood of any bank and SJIBL put a great impetus on the deposit mobilization through different logical & successful schemes. The cash deposits are reinvested back into economic activities as productive and stable investments. SJIBL provides a long list of deposit schemes like;

- Conventional Deposit Schemes
  - Al-Wadia Current Deposit
  - Mudaraba Savings Deposit
  - Mudaraba Short Notice Deposit
  - Mudaraba Term Deposit Reciept (MTDR)
  - MTDR-Special Scheme
  - Mudaraba Foreign Currency Deposit (MFCD)
- Special Deposit Schemes

- MMS — Mudaraba Monthly Scheme
- Mudaraba Monthly Deposit Penguins!
- Mudaraba Double/ Triple Benefit Scheme
- Mudaraba Millionaire Scheme
- Mudaraba Hajj Scheme
- Mudaraba Housing Deposit System
- Mudaraba Mohor Deposit Scheme
- Mudaraba Marriage Deposit Scheme 6
- Mudaraba Education Savings Scheme
- Mudaraba Cash Waqf Scheme

### 2.5.1b INVESTMENT SCHEMES

As a provider of investment SIBL rejects profit which is fixed and pre agreed upon, opting for one where return would be variable, ie depends on the success level of an enterprise. The bank also aims to make a profit and it insists on having an eye for social good, job creation as well. INVESTMENT AND CREDIT DEPT. —Are responsible to allocate money that is gathered from surplus units (investors) In the deficit unit's hands(borrowers). The failure of this department has the potential to produce huge losses and could potentially bankrupt a bank. Thus, the specific attention is required to build this department.

SJIBL practices a number of profitable investment avenues being reputed by its creditworthiness and strong track record, such as:-

- Mudaraba
- Bi-Muajjal
- Hire Purchase & Ijara

- Investment Against L/C
- Bill Purchase/Discount
- Insurance For Scheme Deposit
- Quard
- Household Durable Scheme
- Small Scale Business Investment Scheme
- Sole Entrepreneur Incubation Program Five Small Enterprises Investment Programs
- Medium Entrepreneur Program
- Housing Investment Scheme
- Rural Investment Program
- Car Investment Scheme
- Women Entrepreneur Investment Scheme

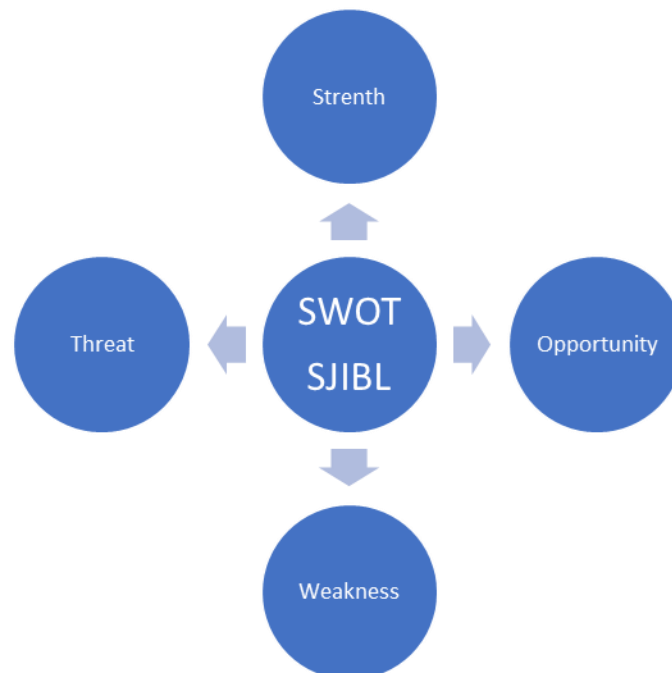
### 2.5.2 SERVICE MIX

Today's modern institution as per international standard jointly built up by Hajj People, elite of our society and the Government, which has viewed customers' orientation as their priority is Shahjalal Islami Bank Limited In the video, it is clear that the bank hold state of art infrastructure and are keen on providing technology based contemporary banking services to its esteemed customers. SJIBL's services include:

- SJIBL Online Banking Service: Keeping in mind the growth of technologies and implementation of electronic media SJIBL is also using online platform to reach all over its customer. The bank is to set up an entirely networked, online, branchless banking system which can be accessed from anywhere via the technologies (like Automated Teller Machines ATMs / POS (devices) in force.

- VISA SJIBL Debit & Credit Card: In the quest of modern banking era, which is highly motivated by technology; introduction of VISA debit and credit card reflects an epoch-making innovation in the field. The cards launched by SJIBL for use in VISA ATMs and POS systems are affiliated with Grade 1 member of VISA International.
- SMS/Push & Pull Service: With this mobile phone-based service, SJIBL can be able to pull new customers. Service allows customers to transact at Merchant points of sale, Quick and Secure transactions (SMS/Push & Pull service).
- SWIFT: Society for Worldwide Interbank Financial Telecommunication. SWIFT is a worldwide cooperative that provides secure messaging between financial institutions. SJIBL implemented SWIFT Transport Network (STN) in October 2002 and introduced the SWIFT Alliance Access system in October 2003 to expedite its forex remittance.

## 2.6 SWOT ANALYSIS OF SJIBL



## A. Strengths

1. **Efficient Workforce:** SJIBL management team is so much diversified and strong which can face any kind of challenge or uncertainty. This helps for a financial institution in updates of both external as well internal economic factors. Management also sets employee satisfaction on a pedestal, which they know that happy employees → happy customers. That patient employee empowerment is a critical driver in providing stellar customer service.
2. **Brand Name:** SJIBL have positioned itself as a leader of Islamic banking in the country. Its competitive financial services have made it into an iconic organization in the world of Islamic banking.
3. Employees are back bones of SJIBL's service oriented culture, there shall be strong employee bonding. The Bank's extensive coaching allows employees to serve clients with the highest level of quality and this affects customer satisfaction.
4. **Corporate Environment:** SJIBL has ensured the corporate environment in all branches. In a competitive market, this professionalism is important for making the brand image right and positive. The organization is much more informal and communication is open which minimizes the chances of miscommunication.
5. if you are looking for an online banking service, SJIBL can help its customers to do so with internet banking. The bank relies on its best-in-class IT department to make this service available, in order to ensure that banking becomes more convenient for their clients.
6. **Shariah-Based Banking:** In its role as a Shariah-compliant bank, SJIBL practices Islamic banking by sharing profit on the contrary of interest with customers. This conforms to the ostensible demand in a nation like Bangladesh that has an immense Muslim populace with most accepting and following interest is haram.
7. **Branch-wise Monthly Targets:** SJIBL has planned branch-wise monthly targets for all branches like deposit procurement, financing disbursement & profitability. These achievements serve to enhance the market credibility of the bank.

## B. Weaknesses

1. Weak Advertising: SJIBL has little to no advertisements in mass media like television and billboards. The bank mainly dedicate social media to its website, but not all potential customers have access.
2. Device Problems: The fact is the devices such as printers and photocopiers are not always reliable with customers in a hurrying; this can do more than delay you.
3. Card Problems: A few people have a problem where ATM will swallow the debit cards at different back ATMs. It can also land the customers to branch where they opened a A/C which is mean further inconvenience.
4. Some of the customers does not make their installments in time which is known as credit risk to bank. This became even more pronounced amidst the COVID-19 pandemic, as it was hard for customers to come all the way from their houses and pay in-Bank.
5. Many Fees: The bank charges customers with many fees, including card fees, SMS fee, check book charge and statement fee in addition to government VAT & taxes. They add up and lead to reluctance by customers on opening accounts.

### C. Opportunities

1. Key Benefit — High Demand for Cards: SJIBL proffers Visa cards that are valid across almost all the bank ATMs and online stores. It has additionally partnered with some brands to give seasonal discounts for the cardholders as well that may increase their customer base.
2. Extending Branches: Present with 132 branches over Bangladesh, SJIBL branch is opened strategically by customer demand and location. This allows for quicker access to the rushy locations near workplaces and industries area driving more customers.
3. Wide range of products: SJIBL provide its product to various types customers like corporate clients, general customer, employee and day laborer. This helps not only fuel investments and increase customer loyalty in a very competitive market, but provides the bank with segment-specific products.
4. Friendly Staff: SJIBL is very proud of having friendly staff who warmly welcome their customers in any situation to assist or answer the smile with a familiar face. General Banking (GB): General banking department is one of the most important and very sensitive departments in a bank.

## D. Threats

1. **Competitor Organizations:** Bangladesh banking is positively cut throat, and one tiny mistake can lead to ruin. Other companies that can offer their products with higher revenue share rates are always a threat.
2. **Regulatory Constraints:** As an Islamic bank, SJIBL is bound by the Shariah laws and regulations that could affect its ability to cater to a wide-ranging customer preference.
3. **PROFIT SHARING RATES:** Basically, SJIBL offer easy way of profit-sharing rates is also not high as comparing to another workplace. That would be bound to prompt customers into fleets to the icon bank with better rates of return.
4. **ATMs —** With ATM network is 190, SJIBL has far a smaller number of ATMs across the country compared to other banks. This limitation network is a major disadvantage in the growing marke

## 2.7 CHALLENGES FACING SJIBL AND STRATEIC SOLUTION

### Challenges:

- High Service Charges
- Limited Number of ATM Booths
- Inefficient Manpower

It will be concluded that SJIBL has to address its major problems in order to keep it competitive status within the Islamic banking industry of Bangladesh. Service charges are high, with few ATM booths and the manpower is inefficient which they need to address in principle. Unless these issues are dealt with, SJIBL could lose market share to other better-performing Islamic banks like Al-Arafah, Exim Bank, SIBL, Standard Bank Ltd and IBB. These banks are already known as big players in the market.

SJIBL should use the following strategies in order to stay afloat everywhere and gain market share as well:

1. **Decrease Service Charges:** Reducing service charges would help SJIBL compete better and drive a greater customer reach.
2. **Expand ATM Network:** Setting up new ATM booths at opportunistic places is imperative to increase interoperability, and better access of services hence enhances customer satisfaction & convenience.
3. **Boost Manpower Productivity:** Service levels and the operational efficiency will both skyrocket if you pour resources into employee training & development programs.

SJIBL can improve its market position and profitability if these issues are resolved.

### SJIBL Opportunities and Action Strategies

#### Opportunities:

- Institutional Social Responsibility (CSR) Activities
- Product Variety
- Market Expansion

SJIBL has multiple openings that can help SJIBL in the market and brand formation. CSR plays a vital role (look at it as the strategic barometer) for building & improving an organization's brand image with which even Banks cannot ignore. By continuing to carry out and expand these operations, you demonstrate that your business is socially responsible and appeal to new clients who are more concerned about community-minded enterprises.

Moreover, it has comprehensive customer solutions through extremely diversified product range that makes SJIBL well positioned to serve different types of customers. Through consistent innovation and increasing its product portfolio the bank is all set to take a lead in Islamic banking industry into future.

Another major opportunity is market expansion. The broader reach of SJIBL will help to engage new customer segments, which means that the bank is likely to see higher level of both customer acquisition and profitability. The broader a bank's footprint, the more people there are to trust it and put money there; which means growth — or at least success.



In a nutshell, by tackling its threats and opportunities strategically SJIBL can become more competitive player in the market with enhanced market share which eventually will lead to long term sustainability of SJIBL as an Islamic bank.

CHAPTER – 3  
INTERNSHIP EXPERIENCES

### 3.1 Tasks Associated with Work

My internship at the Gulshan branch of Shahjalal Islami Bank PLC started recently. I work in a variety of divisions within the bank as part of my employment, but I spend a lot of time providing customer assistance in the general banking, investment, and foreign trade departments.

### 3.2 Service Sections

Within each of its branches, Shahjalal Islami Bank Ltd. offers services through three primary sectors. Among these industries are:

- General Banking

1. Front Desk
2. Despatch
3. Account opening
4. Clearing desk
5. Cash Service

- Investment

1. Services
2. Admin
3. Bi Muajjal

- Foreign Trade

1. LC opening

2. Bi Salam (PC)
3. Foreign Currency Endorse
4. Others services

### 3.3 My responsibility of every department

#### 1st month

This is my 1st month working experience in the general banking sector at Shahjalal Islami bank PLC. As an intern i am normally responsible for assisting everyday banking operation and achieving great client satisfaction. Here is a full explanation of the job:

**Client introduction:** I support customer in person, over the phone call, and over email. Respond to customer concerns about Islami banking product and services and give information into bank policies. Try to manage customer concern and challenges efficiently.

**Account Services:** As an intern I strive to assist customer for account establishment and closure, and also help customer apply for loan, credit card, and other banking product.

**Operational Support:** Assist process transactions such as deposits, withdrawals, and transfers, and ensure appropriate data entry and maintenance of customer information. Also help in creating daily, weekly, and monthly reports

**Compliance and Security:** promise respect to bank regulations and procedures. Maintain confidentiality of customer information, and maintain up-to-date on regulatory requirements and aid compliance actions.

**Perform administrative:** help in duties such as filing, copying, and scanning files, and support the general banking department with diverse activities as required.

## 2nd month

My second month working experience in the foreign trade department. As an intern in this department, below is a full breakdown of my normal internship responsibilities:

**Customer interaction:** I help customers with queries concerning international trade transactions, such as letters of credit and document collections, and provides information and assistance for the bank's trading products and services.

**Paperwork:** Prepare and check trade papers to conform with international norms and laws, And aided with documentation of import and export paperwork, such as bills of lading, invoices, and certificates of origin..

**Administrative support:** comprises creating and verifying trade documentation to fulfil international standards and bank requirements

## 3rd month

In the last month of my internship, I work in the investment department. Below is a detailed summary of my responsibilities at the bank's investment section during my internship:

**Interaction with customers:** Answer consumer questions about investing in goods and services. In addition to providing clients with information regarding transactions, account balances, and investment options, I also assist clients in opening and closing accounts by ensuring that all required documentation is completed accurately.

**Assist Investment advisers:** Maintain and prepare client portfolios and recommendations for investment advisers.

## Chapter-4

### Investment Modes and Their Shariah Compliance

## 4.1 Assessing Customer Attitudes Toward the Investment Modes of Shahjalal Islami Bank PLC

Islamic Bank means a banking company or an Islamic Banking-Banking Company as licensed by Bangladesh Bank to operate its business in accordance with the principles of Islamic Shariah. At every level, these banks are to refrain from paying or receiving of interest. Because Islamic banks are asset-based rather than focussed on money market transactions even though they do their business in terms of money. The main types of investment active in an Islamic bank are;

- Mudaraba
- Musharaka
- Bai-Murabaha (Murabaha with purchase orders)
- Bai-Muajjal
- Salam and Parallel Salam
- Istisna and Parallel Istisna
- Ijara
- Hire Purchase Musharaka Mutanaqasa

**Mudaraba:** Mudaraba is a kind of partnership where one party provides the source of finance (the bank, hereinafter known as sahib-Al-Maal) and the other party (the investment client, called as the mudarib) is the manager of business. The client and the bank share the profits as per some ratios set in advance, while the losses are absorbed only by the bank.

**Musharaka (Partnership):** Musharaka alternatively known as equity participation scheme is a partnership where both the bank and the investment client inject equity in the firm. In this case both parties can also take part in the management of the business, though the bank may consider imposing restriction on the ability of its client to make alone the management of the business. In terms of profits, the bank and the client will share the profits made according to a

pre agreed shareholding. Any losses suffered will be divided up in the same ratio as capital vis a vis the loss made.

**Bai-Murabaha** is a transaction involving a bank that at the express request of a client buys goods on then sells them because of a mark up. In this case, the purchaser is aware of the purchase price as well as the profit, both of which are explained in a separate section of the contract. The buyer gets the goods after making payment of the previously agreed sum that incorporates the bank's profit.

**Bai-Muajjal** under this contract entails any sale of goods where the seller sells to the buyer particular goods at an agreed price which the buyer agrees to pay at some future date either as a lump sum or in installments. Here, the bank buys the goods to be bought on behalf of the customer and sells them bearing a profit margin to the customer as per the contract.

**Parallel Salam and Salam:** Salam is defined as a forward contract wherein the buyer pays the full price in advance and the seller agrees to supply the determinable goods at a specified date in future.

The Parallel Salam is a follow-up contract under which the seller under an existing Salam contract, enters into another Salam contract to satisfy that Selamos obligation. The execution of the second contract is not subject to the first one, meaning that the performance of the seller under the first contract does not occur the second one.

With particular reference to the above-mentioned conditions, in order to conclude a Salam or a contract of Parallel Salam, the following must be observed:

- The number/quantity of the goods
- The quality of the goods
- A sample, if applicable
- The price and profit margin
- The date and time of delivery
- The place of delivery
- The responsibility for supply costs



- The payment timeframe, especially for Bai-Murabaha and Bai-Muajjal contracts

**Istisna and Parallel Istisna:** Istisna is that contractual agreement in an Islamic finance system where the seller is bound to manufacture or produce any goods as per the buyer's request. The buyer, here called Mustasni, makes an order, the seller in this case called Sani, guarantees to provide the finished goods Masnu within the agreed amount and time.

**Parallel Istisna** If the original istisna contract does not impose on the seller the obligation to produce the goods, the seller can make an additional contract with a third contractor for fulfillment of the order. This arrangement is termed Parallel Istisna, extending horizontally to act as a subcontract. The key aspects include:

- The original istisna contract which was entered into by the parties shall still be currently viable even if the parallel istisna contract must have failed, meaning the seller is still liable for the performance of the sale of goods under the first contract.
- Istisna and parallel istisna are regarded as separate contracts.
- The second party in the original istisna contract is liable for the failure of the subcontract performance.

**Ijara:** From the term of Ijara, it can be inferred that this is a lease whereby the bank raises a charge on its own asset, which it leases out. The lessee shall pay an agreed rent for the asset and shall return the asset to the bank upon the agreed date. The asset of the bank is in the position of lease it is however sale able to the lessee after the agreed period of renting as stated.

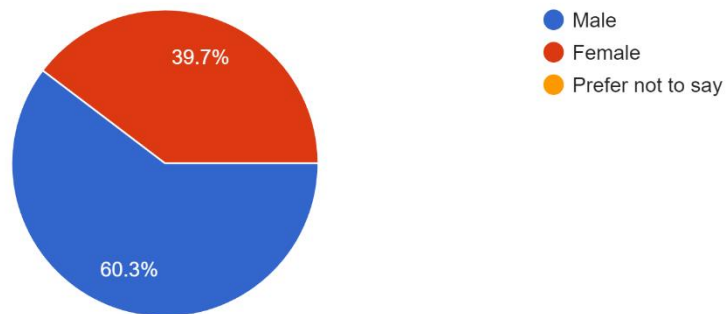
**Hire Purchase Musharaka Mutanaqasa (HPMM):** And the consumer gets possession of the property on contribution of the total cost to Purchase Property Finance Lease Musharaka Mutanaqasa. In this scheme, a particular asset such as a vehicle, machinery, building or an apartment is purchased by the bank and the client. The consumer, without owning the structure due to partial ownership by the bank, rents the asset's respective ownership still held by the bank

and buys back the bank ownership equity in that asset through periodical payments inclusive of the bank's equity and portion of agreed rent.

#### 4.2 Understanding the respondents' view with respect to the investment policies of Shahjalal Islami Bank Limited has been the goal of the study.

- Gender

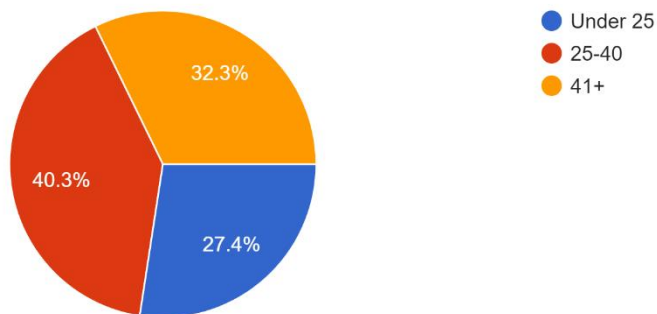
Please indicate your gender  
63 responses



From the respondents' demographic data, it was established that 60.3% were male, 39.7% female, while there is none as other for the respondents.

- Age group

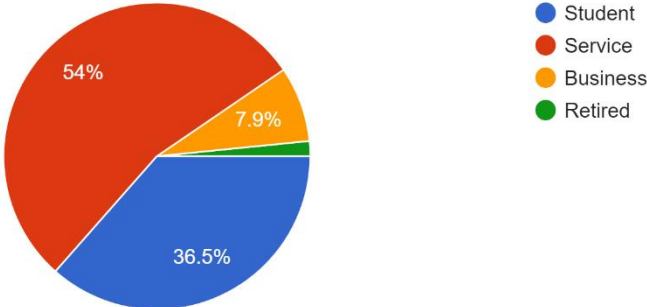
Please select your age group  
62 responses



Participants aged between 25 and 41 years formed the majority at 40.3 percent of the total, while at 32.3 participants aged 41 and above and participants aged below 25 years formed 27.4 percent.

- Profession

Please specify your occupation  
63 responses

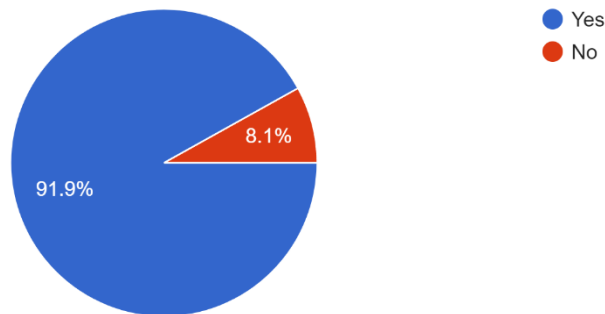


Most of the respondents possess a profession, most of them being service holders, which was 54%, second most being student about 36.5%, and the least business and retired at 7% and 1% in that order.

- Heard about Islamic Banking and Finance

Have you heard about Islamic banking and finance, along with its Shariah compliance?

62 responses

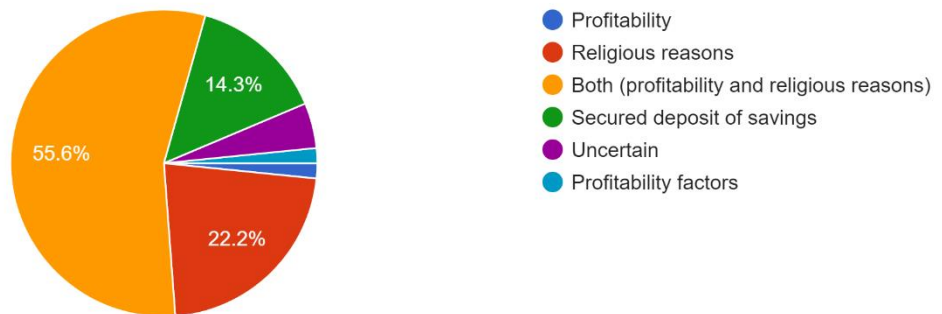


Of Islamic banking and finance, 91.9% of the respondents have already heard about Islamic financing, only 8.1% of respondents have some knowledge

- Factor motivated to deposit

What motivated you to deposit your savings/money in Shahjalal Islami Bank PLC?

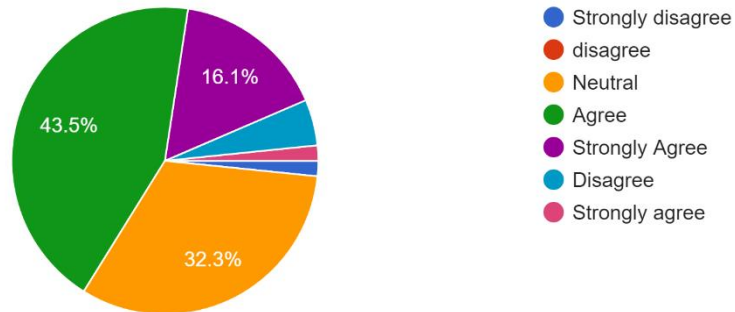
63 responses



The most important factors for clients were secured deposits of savings and self financing that is profit where 1% and 22.2% of clients were attracted religious . Reasons of a religious and profitability nature were 55.6% of the clients were drawn by this factor.

- Awareness about shariah compliant product

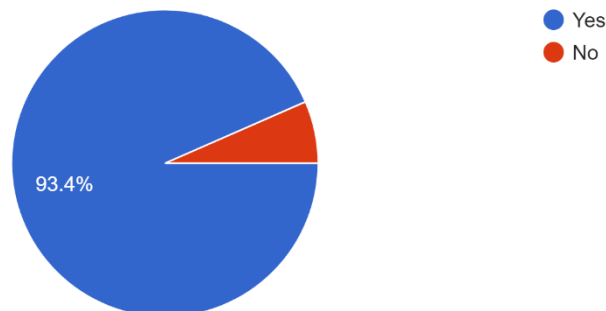
Are you fully aware of the Shariah-compliant products offered by Shahjalal Islami Bank PLC?  
62 responses



43.5% of the respondents also stated that they are familiar with all the content of the Shariah compliant products as offered by Shahjalal Islami Bank Limited, 1% of these respondents strongly disagreed with the latter point.

- Support and comfortable with shariah based investment

Do you support Shariah-based investments, and do you feel comfortable with them?  
61 responses

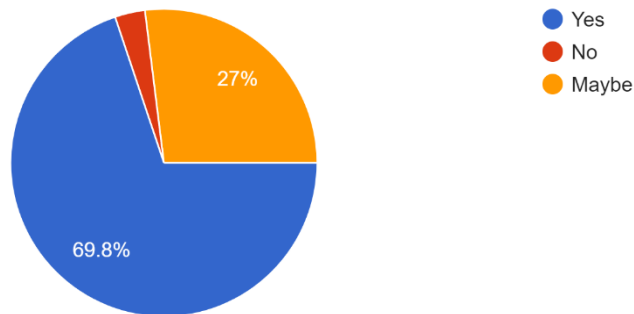


Unlike the previous case, where more than 93.4% of respondents expressed their support for and comfort with Shariah investment, while 6.6% disagreed.

- Providing enough investment

Do you believe Shahjalal Islami Bank PLC offers sufficient investment/retail products?

63 responses

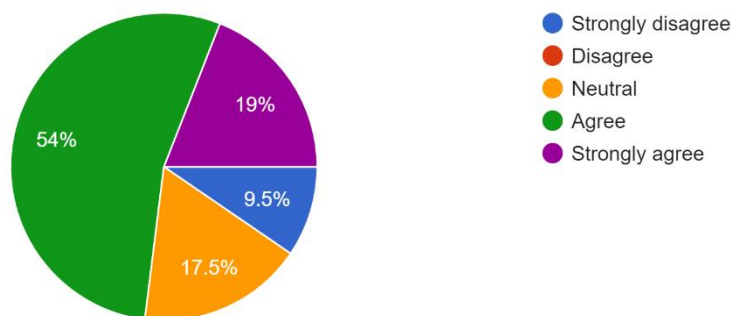


69.8% of the respondents agreed that Shahjalal Islami Bank Limited has a fairly wide spectrum of retail products, about 2% did not agree with this statement and 27% my agree with this statements.

- Providing customer with utmost care and efficiency

Shahjalal Islami Bank PLC provides excellent care and efficiency to its customers.

63 responses

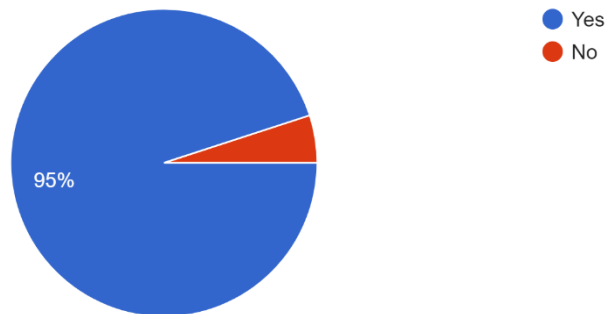


54% of respondents attested that the customer services of the bank are offered with professionalism and attention to detail; the balance 19% strongly agreed with this view.

- Good attractive of conversational banks

Do you consider them a good alternative to conventional banks?

60 responses

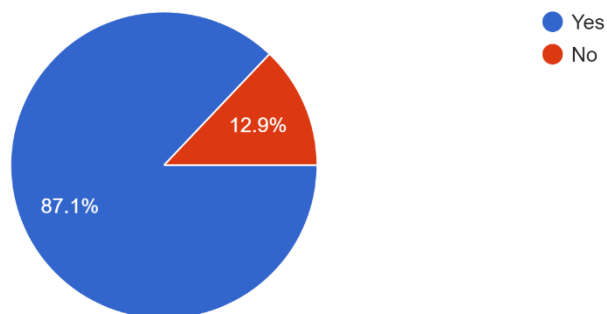


95% of the respondents viewed the bank as a suitable substitute for other types of banks, 5% of them held the opposite position.

- Providing secure higher returns than other Islamic bank

Are they offering higher, secured returns compared to other Islamic banks?

62 responses

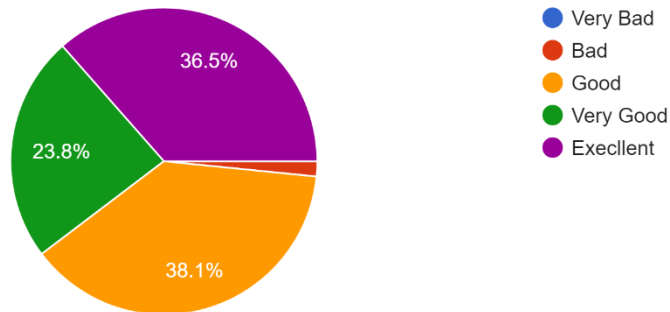


87.1% of the participants believed that the bank has secured higher returns, while 12.9% did not believe that the bank was providing secured returns.

- The customer service

How would you rate the customer service of Shahjalal Islami Bank PLC?

63 responses

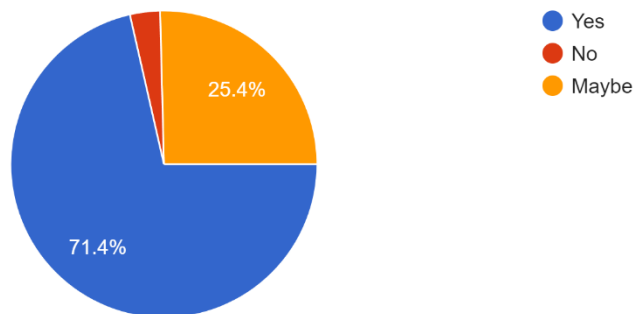


36.5% of the respondents pointed to the fact that the quality of customer service at the bank is rated highly, while 23.8% of the respondents rated the customer service as very good.

- Following Guidelines provided by Bangladesh Bank

Do you believe Shahjalal Islami Bank PLC adheres to the guidelines set by the Bangladesh Bank?

63 responses



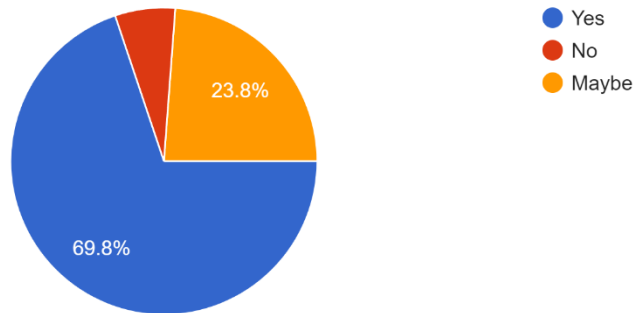
71.4% of participants of the research expressed their belief that the Bank has complied with the policies which have been issued by Bangladesh Bank, while 25.4% of participants were neutral on this issue.



- Not indulged in businesses like gambling

Do you think Shahjalal Islami Bank PLC avoids involvement in activities like gambling and other prohibited businesses in Islam?

63 responses

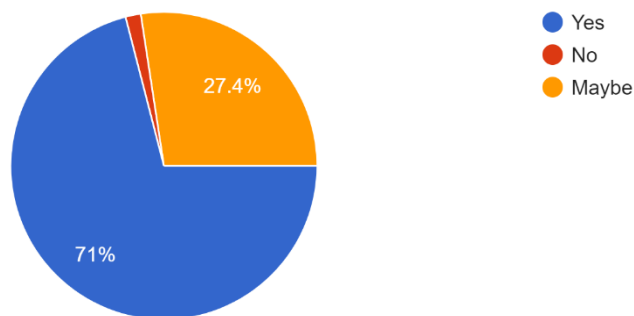


69.8% of the respondents think that the bank does not participate in banned businesses such as betting, while 23.8% of the respondents are concerned about this matter.

- Shariah board plays their role while issuing products

Do you believe the Shariah scholars of the Bank's Shariah Board actively participate in the issuance of various products?

62 responses

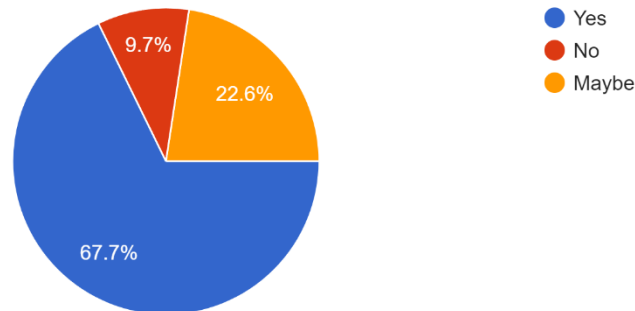


71% of the respondents stated that the retail product issuance requires the involvement of the Shariah board, while 2% disagreed and 27% were neutral.

- Do not indulge in misleading advertisement

Do you think Shahjalal Islami Bank PLC does not engage in misleading advertisements?

62 responses

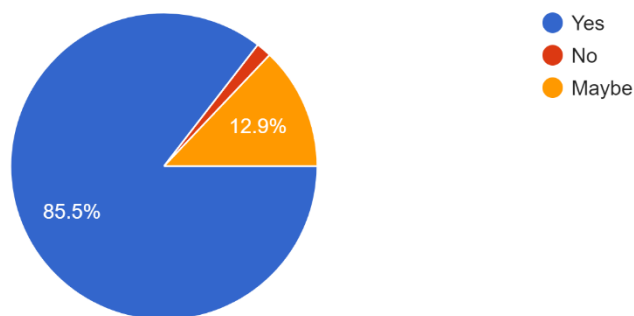


Most 67.7% of respondent's believe that the bank does not indulge in false advertisements, while 9.7% are indecisive about it.

- In consonance with the principle of fair dealing

Do you believe Shahjalal Islami Bank PLC aligns with the principles of fairness, justice, and benevolence?

62 responses

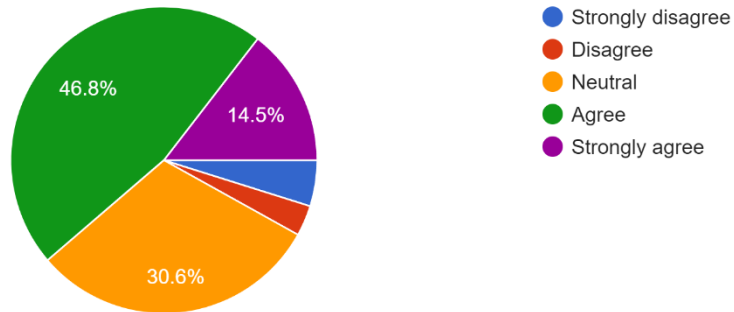


Regarding the issue of the bank's observation of principles of honesty, justice and kindness, 85.5% of the respondents said yes, while 12% remained silent.

- Maximizing profit as objective of Islamic finance

Do you agree that maximizing profit (a good return percentage for investors) as an objective of Islamic finance is being achieved by Shahjalal Islami Bank PLC?

62 responses

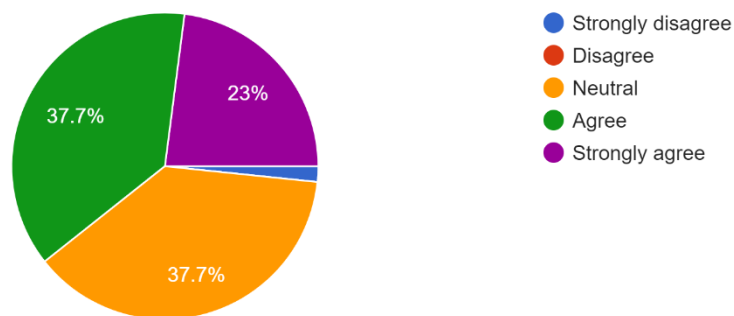


A total of 30.6% of respondents did not agree with the view that profit maximization is a goal of Islamic finance while only 3% strongly disagreed.

- Helping in alleviating poverty

Do you agree that alleviating poverty (poverty eradication) as an objective of Islamic finance is being fulfilled by Shahjalal Islami Bank PLC?

61 responses

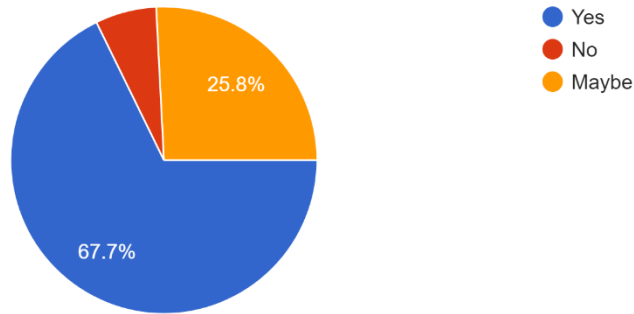


38% of the respondents were of the opinion that the objectives of Shahjalal Islami Bank Limited include alleviation of poverty, while 2% of them were of the contrary.

- Contributing in removing society's inequalities

Do you think Shahjalal Islami Bank PLC contributes to reducing societal inequalities and improving the general standard of living?

62 responses



67.7% of the respondents, however, maintain that Shahjalal Islami Bank Limited contributes to the reduction of societal inequalities.

Chapter-5

# Challenges and Recommendations

## 5.1 Challenges

Analysis shows that for investment modes and their Shariah compliances of Shahjalal Islami Bank Limited through observation, it can be said that both the individual customers or corporate clients are usually happy dealing with this bank. Well, there are a couple of stumbling blocks that the bank has to face:

- The above about the absence of a Shariah Act in Bangladesh and defector working on conventional banking principles by Bangladesh Bank, literally opens up for serious issue. This sometimes makes it impossible for Shahjalal Islami Bank to be 100% full shariah compliant.
- Furthermore, it is difficult for conventional bank oriented senior management — to be created in practice otherwise not seen by Shariah which may deviate from between difference of a plus and minus management with forms some systems of that policy

## 5.2 Recommendations

- The investment modes are yet to perform as per expectation; only 1.78% for both market and economic (Murabaha and Musharaka) - Shahjalal Islami Bank Limited need more empirical research, customer survey so that they can renovate the product with science base solution such these touch points become successful in attaining goals legitimately!
- As most of the management comes from normal banking background, basic Shariah compliance training is imperative to make their job on Islamic principals more easy and operational at bank level.

### 5.3 Conclusion

The banking industry in Bangladesh is fiercely competitive, with each institution striving to expand its market share by offering various services to customers. Consequently, banks must formulate effective business strategies and policies to strengthen their position in the market. Shahjalal Islami Bank Limited (SJIBL) is no exception. The management at SJIBL consistently aims for steady growth by providing their banking services nationwide. This report also evaluates the effectiveness of SJIBL's investment policy, revealing that the bank's investment strategy is successful across multiple sectors. SJIBL has made investments throughout Bangladesh, with classified investments increasing year by year. Shahjalal Islami Bank Limited is making significant progress in the investment sector.

Now recognized as a modern bank, Shahjalal Islami Bank Limited operates at international standards. Over the years, it has established itself as a cornerstone of Bangladesh's financial sector, playing a vital role in enhancing the private sector's contribution to the economy. The bank's top-notch services have earned high customer satisfaction. The investment division is particularly commendable, effectively expanding the bank's investment portfolio.

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## Appendix: Questionnaire

### Assessing Customer Attitudes Toward the Investment Modes of Shahjalal Islami Bank PLC

Please indicate your gender

Male
Female
Prefer not to say

Please select your age group

Under 25
25-40
41+

Please specify your occupation

Student
Service
Business
Retired

Have you heard about Islamic banking and finance, along with its Shariah compliance?

Yes
No

What motivated you to deposit your savings/money in Shahjalal Islami Bank PLC?

Profitability
Religious reasons
Both (profitability & religious reasons)
Secured deposit
Uncertain

Are you fully aware of the Shariah-compliant products offered by Shahjalal Islami Bank PLC?

Strongly disagree
disagree
Neutral
Agree
Strongly Agree

**Do you support Shariah-based investments, and do you feel comfortable with them?**

Yes
No

**Do you believe Shahjalal Islami Bank PLC offers sufficient investment/retail products?**

Yes
No
Maybe

**Shahjalal Islami Bank PLC provides excellent care and efficiency to its customers.**

Strongly disagree
Disagree
Neutral
Aagree
Strongly agree

**Do you consider them a good alternative to conventional banks?**

Yes
No

**Are they offering higher, secured returns compared to other Islamic banks?**

Yes
No

**How would you rate the customer service of Shahjalal Islami Bank PLC?**

Very Bad
Bad
Good
Very Good
Execllent

**Do you believe Shahjalal Islami Bank PLC adheres to the guidelines set by the Bangladesh Bank?**

Yes
-----

No
Maybe

**Do you think Shahjalal Islami Bank PLC avoids involvement in activities like gambling and other prohibited businesses in Islam?**

Yes
No
Maybe

**Do you believe the Shariah scholars of the Bank's Shariah Board actively participate in the issuance of various products?**

Yes
No
Maybe

**Do you think Shahjalal Islami Bank PLC does not engage in misleading advertisements?**

Yes
No
Maybe

**Do you believe Shahjalal Islami Bank PLC aligns with the principles of fairness, justice, and benevolence?**

Yes
No
Maybe

**Do you believe Shahjalal Islami Bank PLC aligns with the principles of fairness, justice, and benevolence?**

Yes
No
Maybe

**Do you agree that maximizing profit (a good return percentage for investors) as an objective of Islamic finance is being achieved by Shahjalal Islami Bank PLC?**

Strongly disagree
-------------------

Disagree
Neutral
Agree
Strongly agree

**Do you agree that alleviating poverty (poverty eradication) as an objective of Islamic finance is being fulfilled by Shahjalal Islami Bank PLC?**

Strongly disagree
Disagree
Neutral
Agree
Strongly agree

**Do you think Shahjalal Islami Bank PLC contributes to reducing societal inequalities and improving the general standard of living?**

Yes
No
Maybe