An Analysis on the Application of Fintech in Social Islami Bank Limited

This report is submitted to the school of Business and Economics, United International University as a partial requirement for the degree fulfillment of Bachelor of Business Administration

United International University
QUEST FOR EXCELLENCE

Internship Report on
“An Analysis on the Application of Fintech in Social Islami Bank Limited"

Submitted to:

Ms. Zinnatun Nesa
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Submitted by:

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Trimester: Summer 2021
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Date of Submission:

15th April,2022

Letter of Transmittal

Date: 15th April, 2022

Ms. Zinnatun Nesa

Assistant Professor

School of Business and Economics

United International University

Subject: Submission of Internship Report

Dear Mam,

It is my pleasure to notify and submit my internship report regarding "An Analysis on the Application of Fintech in Social Islami Bank Limited" which I was appointed by your direction.

I have tried to complete the report with all the data that I have obtained while my internship at SIBL and data that were available in the internet and present it in a comprehensive manner.

I would like to show my gratitude and appreciation for your kind support and guidance in helping me to complete the report. It was a wonderful experience to work under your guidance and I hope that you consider if there are any information that is not accurate and portrayed in a way that is not correct.

Sincerely Yours

____

Shohana Islam

ID: 111171174

BBA

SOBE, United International University

Student's Declaration

I am Shohana Islam, ID: 111171174, majoring in Finance-BBA, United International University, do hereby declare that I have completed my 3 months internship period at Social Islami Bank Limited, Dhamrai Branch. After successfully completing the internship, I made the report on "An Analysis on the Application of Fintech in Social Islami Bank Limited" on the basis of what I learned and the information collected.

I believe that it is an original work that is made for academic purpose only and has never been previously submitted for any degree, diploma, title or recognition.

Sincerely Yours

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Shohana Islam

ID: 111171174

BBA

SOBE, United International University

Acknowledgment

I would like to begin by expressing my gratitude towards my internship supervisor Ms. Zinnatun Nesa, Assistant Professor, School of Business and Economics, United International University who helped me to carry out my internship program and the internship report at the Social Islami Bank Limited. It is her encouragement and advice that have assisted me with the completion of the report. I am also grateful to Md Rashedul Islam (Alam), Officer, SIBL, for giving me the opportunity to complete my internship at SIBL. I would also like to thank the general banking department who have been very supportive throughout the internship period. All the employees of the branch helped me to gain the most knowledge and gather all the information to fulfill this report.

Finally, completing the report would not be possible without the help of the people who helped with important information which was very essential for the report.

Executive Summary

The report is based on the analysis of the application of Fintech in SIBL. SIBL is commercial bank based on the Shariah Principles which was established in 1995. The bank currently has 172 branches and 104 sub branches in Bangladesh.

The main aim of the report is to analyze Fintech and its application in SIBL. To collect data and information for the report, both primary and secondary sources have been used. Primary data has been collected using online surveys through questionnaire and interviews with the employees at the bank. Secondary data has been collected through existing research papers related to Fintech and official website of SIBL.

However, there were some limitations in collecting primary data as many information are not shared with interns due to policies of the bank.

The report gives a clear idea of the banking system of SIBL. It's financial performance over a period of time, introduction of Fintech in the 21st century and its application in commercial banks like SIBL.

All primary data that has been collected through surveys have been presented through diagrams such as pie charts and references of the data collected have been mentioned in the report.

List of Acronyms

SIBL- Social Islami Bank Limited

ROA- Return on assets

EMI- Equated monthly instalment

IT- Information Technology

ATM- Automated Teller Machine

EPS- Earnings Per Share

BEFTN-Bangladesh Electronic Fund Transfer Network

RTGS-Real Time Gross Settlement

BACH-Bangladesh Automated Clearing House

NPSB- National Payment Switch Bangladesh

Table of Contents

Chapter 1: Background of the problem

Introduction

Social Islami Bank Limited (SIBL) started its journey in 1995 and currently operating all over Bangladesh with 168 branches and 82 sub branches with an employee number 4000. The head office of the bank is located in Motijheel Commercial Area, Dhaka. Moreover, there are 177 agent banking outlets to reach its potential customers. SIBL is a commercial bank which is also listed in the stock exchange. The unique feature of SIBL is that the operations are conducted under the Shariah principles and the operations and closely monitored to ensure that the Shariah principles are maintained at all times.

1.1 Origin of the report

In order to complete the BBA degree, it is necessary to work as an intern in an organization to gain work experience for a period of 3 months and to submit a report which includes the experience gathered from the internship. To fulfil the purpose, I have completed my 3 months internship program at SIBL and prepared a report under the guidance of my supervisor. At SIBL, interns are given the opportunity to learn various banking activities which was essential for the report " An Analysis on the Application of Fintech in Social Islami Bank Limited ".

1.2 Objective of the report

The general objective of the report to get an overall understanding of the operations and activities of SIBL. The objective is to implement the theoretical understanding and match them with the practical job environment. There are also specific objectives of the report:

- To get an understanding about the banking activities of SIBL
- To analyze the strengths against the weaknesses and opportunities against the threats of SIBL.
- To find areas where improvements might be needed and provide suggestions.

1.3 Methodology of the report

The report titled "An analysis on the application of fintech in SIBL" was completed using both primary and secondary sources of data. Primary Data that the report contains were collected from:

- Collecting information from the employees of the bank
- Existing papers that consist information regarding the report
- Gaining experience by working at the bank as an intern

Secondary data that the report contains were collected from:

- Information collected from the official website of SIBL
- Information collected from the internet

1.4 Scope of the report

The report has been completed to fulfil the requirement for the degree completion and for educational purposes only, however there are some scopes that the report can be used for other purposes:

- For other students who want to get an overview of the bank
- For SIBL, to improve the areas where recommendations have been suggested
- To know about the banking activities of SIBL

1.5 Limitation of the report

There were some limitations while preparing the report. The limitations are listed below:

- As there are confidential data and interns are not allowed for the access of all data, some information could be used which is a limitation of the report
- Time was a limitation for extensive research. A longer period of time is required for detailed information
- Interns are given to work at the bank with limited responsibilities which holds back to learn few things which are not presented in the report

Chapter:2 Overview of Social Islami Bank Limited

Company overview

Social Islami Bank LTD started its journey as a commercial bank in 1995 and currently has 168 branches and 82 sub branches with the company headquarters located in motijheel Commercial area. SIBL provides remote banking services through the use of digital technology and has recently launched a mobile application by the name of " SIBL NOW" to ease the process. In addition, SIBL is also concerned with Corporate Social Responsibility (CSR) and claims itself to be humanitarian as it works with social activities such as poverty reduction.

2.1 Logo:

2.2 Mission:

- To establish a banking model that is three sectors.
- A growth strategy that is both balanced and sustainable.
- Most favorable outcome of shareholders equity to attract and hold the best human resources.
- To create income opportunities by empowering poor families.
- To introduce new Islamic banking products.
- To ensure the best customer service in the fastest possible way.

2.3 Vision:

The vision of SIBL is "Working together for a caring society"

- Values
- Honesty
- Transparency
- Efficiency
- Accountability
- Religiousness
- Innovation
- Flexibility
- Security
- Technology

2.4 Recruitment Process:

Recruitment in SIBL is done by maintaining the proper procedure that is by giving advertisements so that potential candidates can apply to secure a job. A person needs to fulfil all the requirements in order to apply for the desired job.

2.5 Benefits provided to the employees at SIBL:

- SIBL introduces new training programs for the employees to keep them updated with the latest banking services
- Health and safety of the employees are ensured at all times while working at the bank
- Employees receive pension services from the bank
- Lunch is provided to the employees by the authority
- Employees receive bonuses in festivals (3 times a year)
- Employees receive a yearly if they meet some targets given by the bank
- Travel allowances are also provided to the employees

2.6 Marketing Activities by SIBL:

Marketing activities refers to the activities that an organization conducts to attract potential customers and increase the amount of its sales in the market. SIBL conducts its marketing activities to create awareness about the organization and attract clients. As SIBL is based on the Shariah principles the marketing techniques are unique compared to other banks. The ways that SIBL conducts the marketing activities are:

- First of all, the employees at SIBL tries to communicate with the customers personally so that customers can understand the benefits of dealing with the bank. Customer retention is also increased in the process.
- As digital marketing is the new way of marketing, SIBL is quite active in the digital marketing of the brand. SIBL promotes the brand in all sorts of digital platforms targeting the young customers who are the future potential customers.
- SIBL also provides sponsorships and other programs which is a proven technique to reach customers.

2.7 The 4P's of marketing:

- ✓ Product: The product line of SIBL is continuously being updated. The products in this case the services of SIBL consists of all the services that are being provided to the customers at all the branches of the country. Services provided online are also included in the product category.
- ✓ Place: The Place for SIBL would be the branches, Agent banking outlets and ATM booths from where the bank provide services to the customers. Moreover, online services are available for the customers from any place via mobile banking or online banking services.
- ✓ Promotion: SIBL promotes the services it provides in a very limited scale. It only conducts advertisements through some campaigns. SIBL concentrates on building personal relationships with the customers which is their main method of promotion. The bank does not conduct aggressive promotional activities.
- ✓ Price: The pricing strategy of SIBL is to keep the prices relatively low. As the competition is very intense in the private banking industry of Bangladesh, SIBL must keep low prices to be competitive.

Chapter 4: Role as an Intern

4.1 Role as an intern:

I have joined SIBL as an intern and started my internship on 10th August 2021 and completed my three months internship period on 10th November 2021. During my internship program, I was appointed at the general banking desk where I started learning about the banking activities with other interns. With the help of the employees at SIBL, I was given certain tasks that helped me to learn about the banking system during the internship program.

4.2 Duties and Responsibilities as an intern:

- ✓ Report to the supervisor at the workplace and receive guidelines for the tasks of the day.
- ✓ Collect information from the clients in regards of opening an account.
- ✓ Assisting clients with filling up the form with necessary documents to open an account.
- ✓ Filling up forms for the client who face difficulties in completing them
- ✓ Assist the clients with the required information.
- ✓ Reporting to the supervisor and receiving feedback at the end of each week.
- ✓ Receiving cheques and placing them in order.
- ✓ Reporting to the supervisor after the completion of the given tasks and seeking permission before returning to home every day.

Chapter 5: SWOT Analysis of SIBL

Analysis of an industry is quite essential to get an overall idea about the market. Among the tools that are used to analyze the competitiveness in an industry, SWOT analysis is very effective. Swot analysis is a strategic framework which helps to find out the strengths against the weaknesses and analyze the opportunities against the threats. Through the analysis, the weakness can be detected and measures can be taken to reduce them. Moreover, the threats need to be handled so that the business can flourish. The SWOT analysis of SIBL is shown here:

STRENGTHS	**WEAKNESSES**
• The banking system of SIBL is unique than other banks • Religious belief of the clients is a strength • Branches of SIBL available in all the divisions • Strong customer relationship • Digitalized banking system and user-friendly mobile application • High quality service from trusted employees	• Advertising of the brand is not sufficient compared to the competitors • The Shariah principles are sometimes confusing to some clients. • ATM booths of SIBL are less in number
OPPORTUNITY	**THREATS**
• Increasing the amount of advertisement can help reach more clients for SIBL • The number of branches can be increased in remote areas where banking facilities are less available • Make proper use of new modes of advertisement such as online social	• The competition is high and yet increasing as number of commercial banks is increasing in the country. • SIBL has many competitors who introduces the latest technologies very quickly so customers may perceive SIBL as outdated • Changes in the economic conditions

medias • Create awareness about the benefits of dealing with the Shariah banking system • Introduce new banking facilities that other commercial banks do not provide	of the country.

Chapter 6: Financial performance

Financial Performance of SIBL is a measure of the performance of how it can use its resources to generate revenues. Financial performance over a period of time is an essential tool to measure the performance of a firm for investors. The performance can be measured by using the data given in the analysis.

The financial performance of SIBL is given here for the period 2015 to 2019. Furthermore, graphical representation of all the particular information is given in the report.

SIBL AT A GLANCE

Figure in Million Taka

SL	Particulars	2015	2016	2017	2018	2019
1	Authorized Capital	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
2	Paid-up Capital	7,031.42	7,382.99	7,382.99	8,121.29	8,933.41
3	Total Shareholders Equity	12,950.32	14,187.8	14,166.45	15,749.88	17,271.33
4	Capital Base (Tier I & II)	16,916.08	19,195.04	21,725.08	26,111.51	27,901.80
5	Total Deposits	149,773.6	190,564.5	228,798.90	248,324.49	287,936.65
6	Client Deposits	138,537.3	178,846.1	203,126.69	224,339.78	267,828.58
7	Investments (General)	134,116.9	174,196.1	210,045.51	238,654.17	264,268.59
8	Investments (Shares & Securities)	9,222.39	12,310.58	13,082.52	13,086.55	19,118.98
9	Foreign Exchange Business	149,192.4	167,382.3	202,037.00	178,590.50	159,583.03
10	Operating Profit	4,849.82	5,698.08	6,166.21	6,143.12	6,342.11
11	Profit before Tax	3,479.17	4,192.19	3,535.13	3,848.29	3,134.03
12	Fixed Assets	3,072.04	3,257.52	3,480.82	3,563.53	3,606.05
13	Total Assets	180,112.1	227,704.2	276,348.95	307,305.32	345,056.23
14	Stock Dividend	5.00%	-	10%	10%	5%
	Cash Dividend	15.00%	20.00%	-	-	5%
15	Investments as a % of total deposits	89.54%	91.41%	91.80%	96.11%	91.78%
16	Investments as a % of Client deposits	88.52%	89.86%	89.30%	91.54%	89.47%
17	Capital to Risk Weighted Asset Ratio	12.33%	11.55%	11.57%	14.27%	13.78%
18	Ratio of Classified Investments to Total Investments	3.84%	4.44%	8.20%	7.69%	6.63%
19	No. of Foreign Correspondents	443	591	406	411	420
20	Number of Employees	2130	2363	2599	2844	2947
21	Number of Branches	111	125	138	155	161
22	Book Value per Share	10	10	10	10	10
23	Earning per Share (Restated)	2.81	3.1	1.79	1.77	1.70
24	Credit Rating by	ECRL	ECRL	ECRL	ECRL	ECRL
	Long Term	AA-	AA-	AA-	AA-	AA
	Short Term	ECRL-2	ST-2	ST-2	ST-2	ST-2

Total Paid up Capital:

The chart below is a graphical representation of the total paid up capital of SIBL from the year 2015 to the year 2019. The graph shows an upward trend in the total paid up capital of SIBL over the years. Total paid up refers to the amount of capital raised by selling shares to the shareholders. A positive growth means that SIBL performed better.

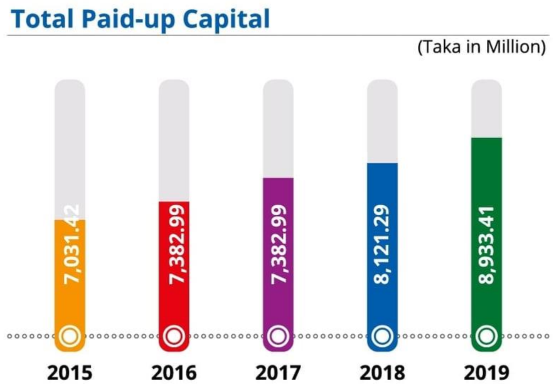


Figure: Total paid up capital

Total Assets:

The total assets of SIBL increased in the year 2015 to 2019. However, it decreased in the year 2016 but the trend is upward rising. The figures of the total assets show a positive trend which represents positive performance for SIBL.

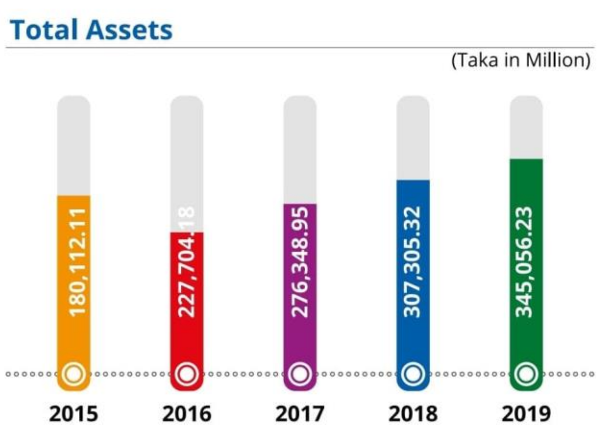


Figure: Total Assets

Earnings Per Share:

Earnings per share or EPS is a financial ratio which describes a company's profit per outstanding share of stock. A high ratio of EPS is associated with good performance. As the EPS figures show a declining trend, it can be analyzed that the performance of SIBL in EPS is not satisfactory

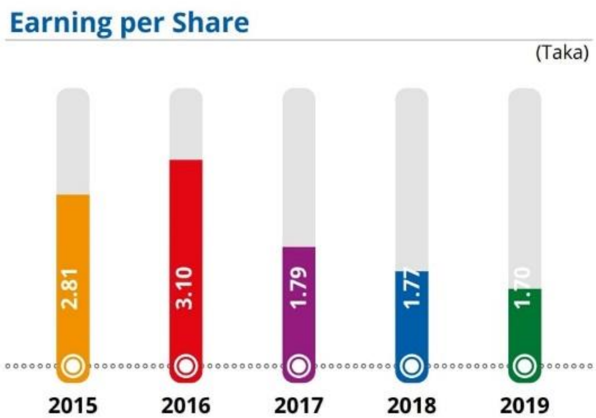


Figure: Earnings Per Share

Total Share Holders' Equity:

Total Shareholders' equity refers to the result of total assets minus the total liabilities. From the figure below, it can be said easily that the total shareholders'figure of SIBL improved from the 2015 to 2019 with an exception in 2017 only. It can be said more amount has been generated by SIBL than invested which is a positive aspect.

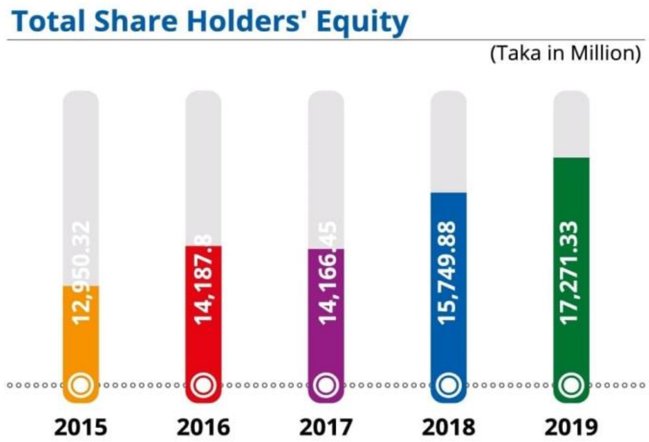


Figure: Total Shareholders' equity

Return on Assets:

Return on assets refers to the amount of profit that a business generates from the amount of its assets. It is a ratio of profitabilty. The ROA figure of SIBL showed a decreasing trend over the years. As ROA is a profitabilty ratio, it can be said that the profitabilty of SIBL decreased from the year 2015 to 2016.

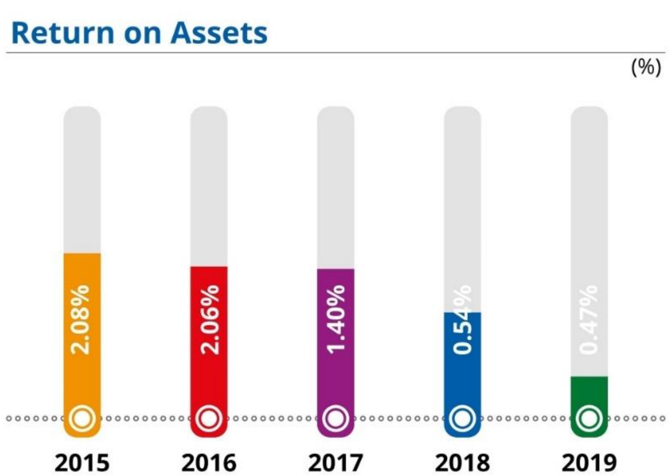


Figure: Return on Assets

Chapter 7: Fintech and its application

7.1 Financial Technology:

Financial technology is the collaboration of technology with financial institutions. The technology is growing continuously which helps to improve financial industry. To make the banking system more feasible for the people, the use of technologies such as mobile phones via the internet for conducting banking activities. Fintech enables the banking activities such as deposits and transfers without the aid of a person. Apart from banking system, Fintech is being used by other businesses in Bangladesh for making digital payments and the mode has gained immense popularity such as Bkash, Nagad etc.

7.2 Fintech in Banking System:

In the 21st century, almost all banks in the world have adopted fintech in their system for security purposes and to make the banking system easier and convenient for the users. Traditional banking system has changed drastically after the introduction of fintech. The advantage for banks in adopting fintech are numerous starting with speed of transaction, mobility of transaction and security has also increased.

7.3 Application of Fintech in SIBL:

Similar to other commercial banks in Bangladesh, Fintech is used in the Banking system of SIBL. SIBL mobile application: SIBL has launched a mobile application by the name "SIBL NOW". SIBL NOW is a part of fintech of SIBL with which it provides the latest tech-based services to their clients. The services clients can receive through the mobile application are listed here:

- With the aid of SIBL NOW, clients can transfer money between their bank accounts.
- Clients can pay utility bills and credit card bills through the application which helps them to pay the bills from anywhere and they do not need to be present in the bank physically.
- Customers can withdraw money through scanning the QR code.
- With the application, clients can easily make calculations of EMI of their loans.
- Introduction of e-payment with services like BEFTN, RTGS, BACH and NPSB

Moreover, Clients receive notifications through SMSs after any transactions or news related to SIBL which is a blessing of Fintech. Finally, SIBL ensures security of the application as they use updated IT services.

7.4 Risks for SIBL by Fintech:

Apart from all the advantages that fintech brings to commercial banks like SIBL, there are certain risks associated with further advancement of financial technologies. The possible risks that Fintech can bring to SIBL are:

- Although, digital currencies are still not legal in Bangladesh, there is risk of digital currencies becoming popular in the future.
- There are risks of online theft like hacking through digital banking which is a threat for SIBL in online banking.
- Fintech is changing too rapidly and catching up with the latest technology is expensive and need expertise

Chapter 8: Findings and Analysis

8.1 Findings of the report:

After conducting a survey on “An analysis on the application of fintech in SIBL” it has been found that:

- ✓ There are applications of fintech in SIBL
- ✓ Many banking operations of SIBL can be completed without going to the bank due to advancement of fintech
- ✓ Performance can be improved if SIBL focuses in improving Fintech

8.2 Analysis of the report:

Description of the survey:

In order to complete the report, a survey on the topic is essential. An online survey with 33 respondents has been conducted. The survey consisted of structured questionnaire that the targeted respondents had to fill up.

The respondents included 60.6% of existing clients of SIBL, however the remaining 39.4 % of the respondents are future potential clients of SIBL. The questionnaire was sent to the respondents via emails and social media platforms.

The survey was conducted using google forms. The convenience with google forms is that all data collected from the respondents can be presented using pie charts, as a result the data shows numerical values.

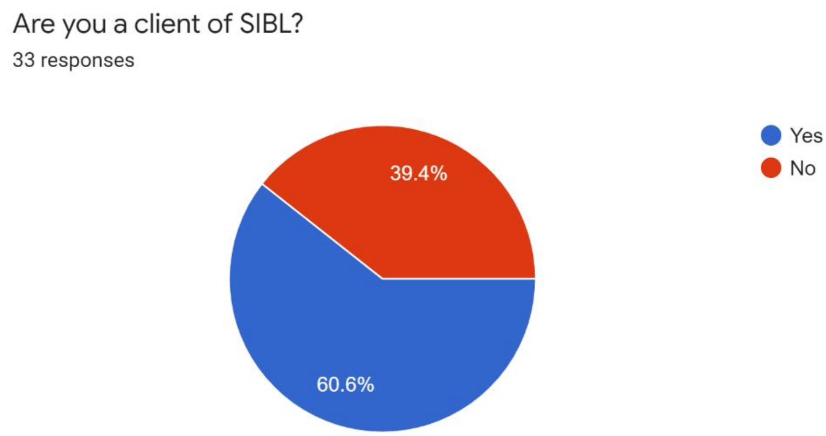
Purpose of the Survey:

The purpose of the survey was to find out the application of fintech in SIBL, awareness of people about fintech and their thoughts about the future prospects of Fintech. The purpose of the survey was fulfilled through the use of questionnaire.

Survey Analysis:

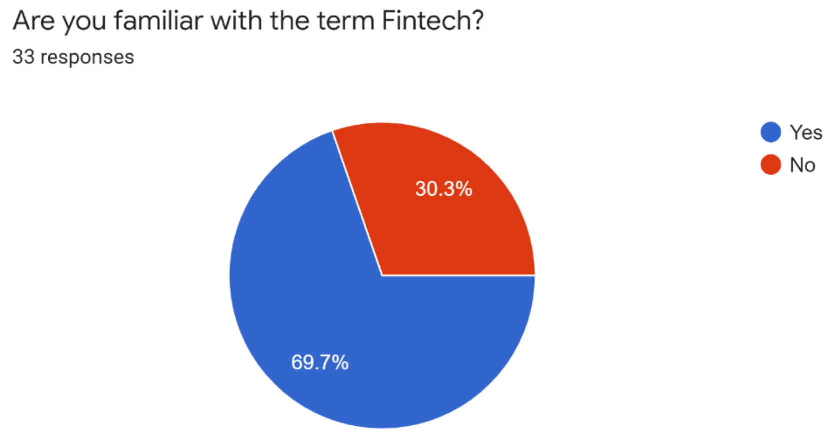
To analyze the application of Fintech in SIBL, an online survey using questions related to the topic has been conducted on a group of people. The respondents were some clients of SIBL while some of the respondents are future clients of SIBL. Their answers have been presented graphically for better understanding of the analysis. The analysis are as follows:

Figure 1:



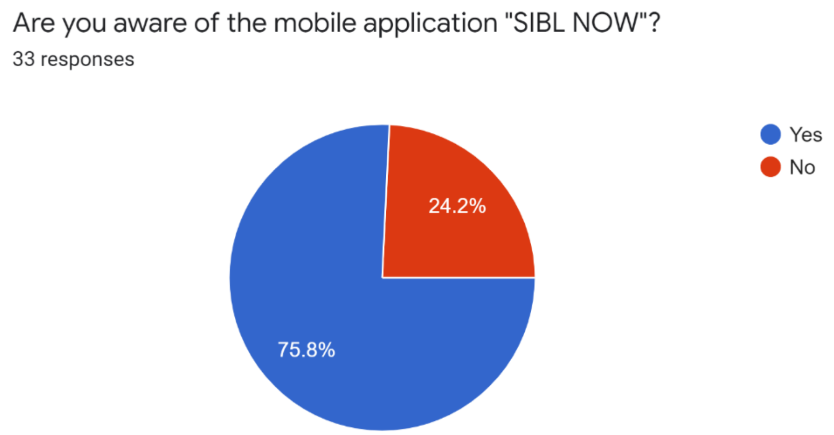
Analysis of figure 1: According to the chart, the majority that is 60.6% of the respondents are clients of SIBL. As many of the respondents are clients, it will make the survey more reliable.

Figure 2:



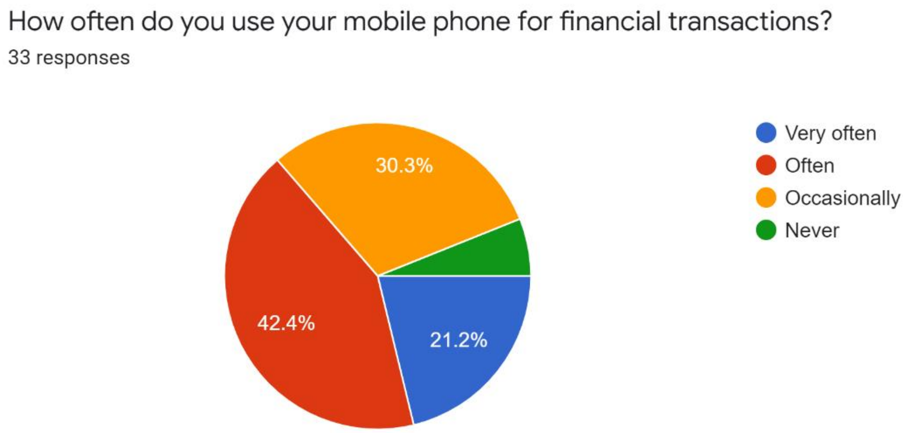
Analysis of figure 2: According to the chart, 69.7 % of the respondents are aware of the term Fintech. Most of the respondents are young people who are aware of the all the latest technologies and are users of new technologies. So, it is very obvious that they will know about Fintech.

Figure 3:



Analysis of figure 3: Respondents were asked about their awareness of the app “SIBL NOW” to which most of them answered that they are aware. The result may be such because most respondents are clients of SIBL and the clients are likely to know about their mobile application.

Figure 4:



Analysis of figure 4: According to the chart, all of the respondents use mobile phones for financial transactions. Many of the respondents use their phones occasionally because people are still not totally relied on online banking, which shows that traditional banking are still preferred by many people.

Figure 5:

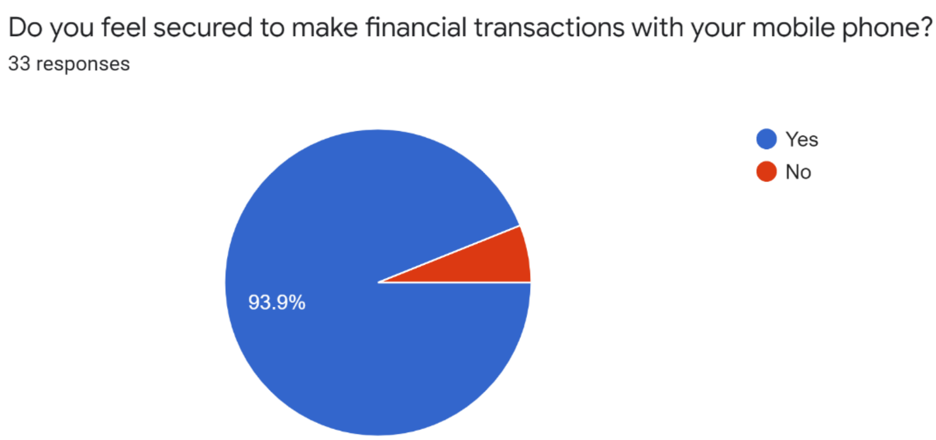
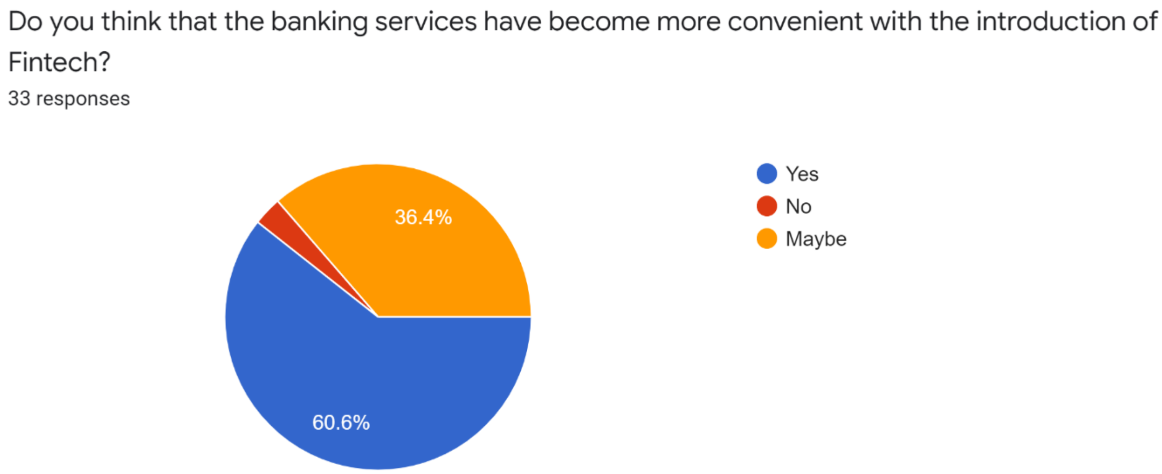
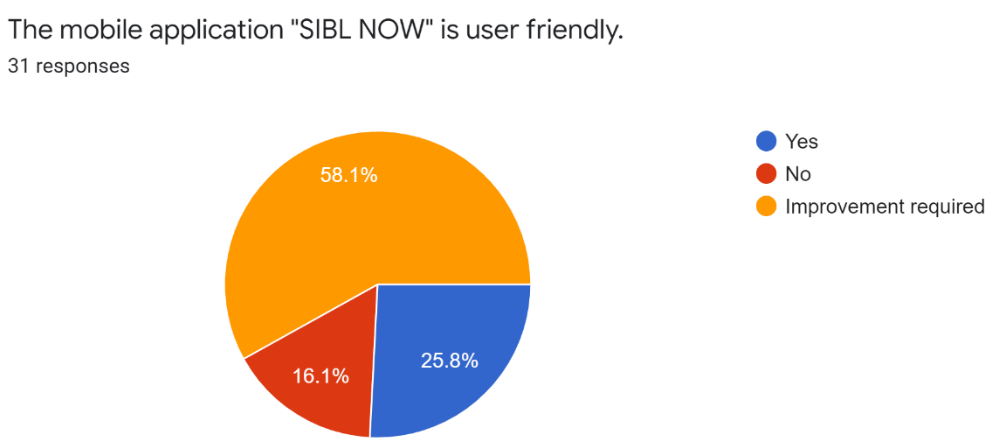


Figure 6:



Analysis of figure 5 and 6: Most of the respondents feel secured with financial transactions via mobile phone. This may cause due to the information technology that online fraud has been decreased nowadays and mobile banking has become very convenient and safe at the same time.

Figure 7:



Analysis of the figure 7: The mobile application is user friendly according to 25.8% of the respondents while 16.2% thinks that the app is not user friendly. Almost half of the respondents think that the app needs improvement. This is the result because the app is not very welcoming. An easy-to-use app will help customers feel comfortable to use the app hence the use will increase.

Figure 8:

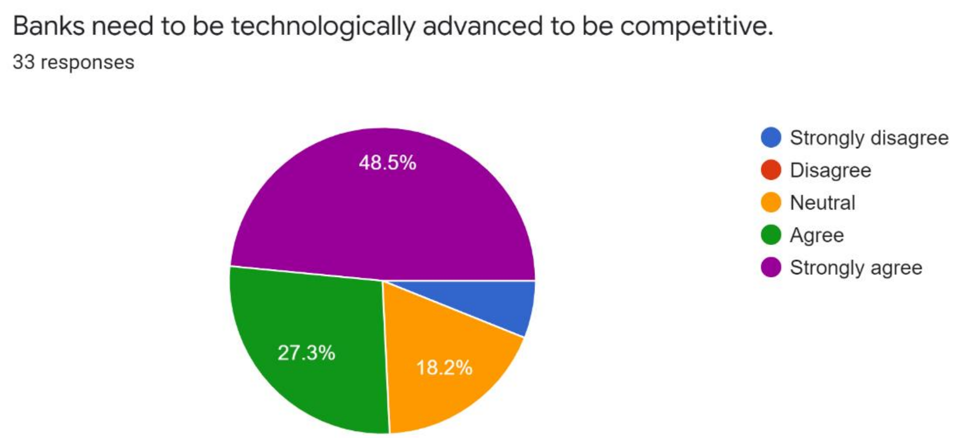
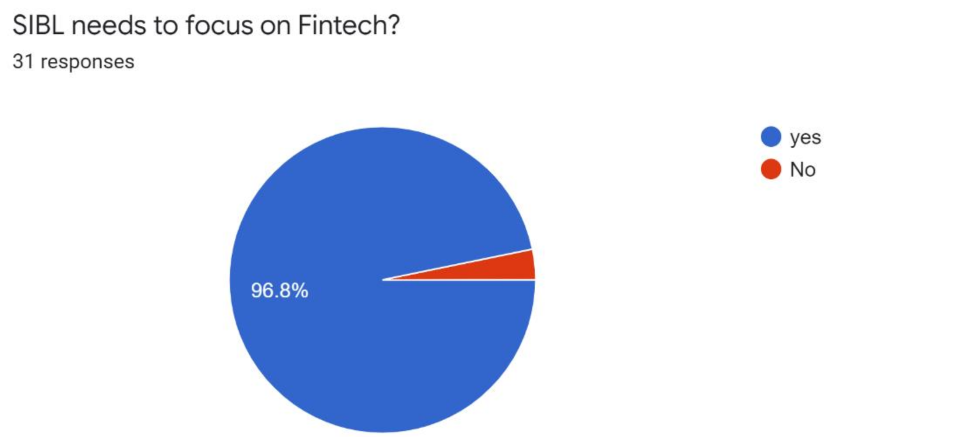


Figure 9:



Analysis of figure 8 and 9: Most respondents think that SIBL needs to focus on Fintech as most banks are focusing on the information technology and with the advancement of technology and increased reliability of financial institutions on technology, banks must be technologically updated.

Chapter 9: Recommendation

Through the report, some suggestions can be made by applying which SIBL can improve their performance in application technology in their banking system. The recommendations are as follows:

- SIBL should make their mobile application more user friendly
- Introduce all the new financial technology to compete with other financial banks
- Advertise about their internet banking services as many people are still not aware
- Include more banking services under internet banking as many predicts that internet banking will be more popular in the future.

Chapter 10: Conclusion

SIBL is a commercial bank founded in 1995 based on Shariah principles and its currently has branches all over Bangladesh. The financial performance of the bank shows a positive figure in some aspects while some figures are not up to the mark. The report concentrates on the application of Fintech in SIBL. Fintech which is new concept in banking system has been enormously popularized due to the availability of internet and advanced gadgets among the people. SIBL has been a traditional commercial bank in Bangladesh but they have also applied Fintech in their banking system and the report analyzes how effectively Fintech has been applied in SIBL.

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Appendix:

Survey on the analysis of application of fintech in SIBL:

1. Name

2. Are you a client of SIBL?

Yes, No

3. Are you familiar with the term Fintech?

Yes, No

4. Are you aware of SIBL NOW

Yes, No

5. How often do you use your mobile phone for financial transaction?

Very often, often, occasionally, never

6. Do you feel secured to make financial transactions with mobile phone

Yes, No

7.Do you think digital currency will take over traditional form of currency?

Yes, No. Maybe

8. Do you think that the app SIBL NOW is user friendly

Yes, no , improvement required

9.SIBL needs to focus on Fintech

Yes, NO

10. Banks need to technologically advanced to be competitive

Strongly disagree, agree, neutral. Agree, strongly disagree

Social Islami Bank Limited

Social Islami Bank Ltd
Dhamrai SME/Krishi Branch
Dhamrai, Dhaka.

Ref: **SIBL/Dham/GB/2021/216**
Dated: **10.11.2021**

To whom it may Concern:

This is certifying that **Ms. Shohana Islam** D/O: **Mr. Md Shirajul Islam**, student of **United International University** Department of **Finance** has completed his successful Internship period for 03 months with our Branch. At her 03 months internship period she shows very great deviation of her work and performed her assigned duties properly. We are extremely satisfied about her performance.

We wish every success in her life.

Truly Yours

Ma assalam,
Yours faithfully,

(Abdullah-Al-Mamun)
FAVP & Manager.

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