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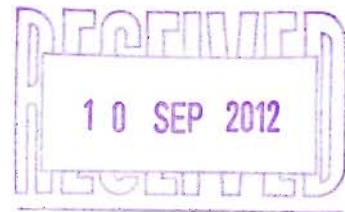
An
Internship Report

Performance Evaluation of First Security Islami Bank
(FSIBL)

East West University



ফার্স্ট সিকিউরিটি ইসলামী ব্যাংক লিঃ
ফার্স্ট সিকিউরিটি ইসলামী بنك ليميتد FIRST SECURITY ISLAMI BANK LTD.



Performance Evaluation
Of
First Security Islami Bank
(**FSIBL**)

Report on:

Performance Evaluation of First Security Islami Bank (FSIBL)

Course:

Internship Work (BUS 499)

Prepared for:

Dr. Tanbir Ahmed Chowdhury
Professor
Department of Business Administration

Prepared by:

Md. Rezwanul Islam
Id# 2007-2-10-155
Department of Business Administration

Date of Submission:

21th December, 2011

East West University

December 21, 2011

To,
Dr. Tanbir Ahmed Chowdhury
Professor
East West University

Subject: Submission of Internship Report

Dear Sir,

With immense pleasure may I inform you that under your constant supervision and guidance I have been able to complete my Internship Program as a part of the BBA Curriculum and prepare the report on First Security Islami Bank Limited, Bangshal Branch with depict the present status in terms of array of services provided by the bank.

Have prepared the report according to the work- schedule and the working experience in the bank, but with the available Data and information, I have tried my level best to make the report as Comprehensive and details as possible.

I am grateful to you for satisfying my inquisitiveness by allowing me to undertake this task, which I am sure, will prove invaluable in broadening my outlook.

Thank you.

Sincerely yours,



Md. Rezwanul Islam
Department of Business Administration
East West University



PREFACE

As the importance of theoretical knowledge is enormous in any discipline the need for practical knowledge is also indispensable. We have moved a long way from the time when the banks were mere deposit taking and money lending institution. The old concepts, attitudes and methods in banking have undergone a marked change all over the world and Bangladesh has not lagged behind. The field of banking industry has enormously increased in all spheres and it would not be exaggerated to say that the banking industry could now be looked upon as the pivot around which the economic activity revolves. It is truer because of interdependence that has developed between banks and economic growth.

The students have to prepare their reports on the basis of the collected information individually and submit it to their respective supervisory teacher.

I have completed my academic life and going to start a much broader practical life. My thought will no more reflected by imagined mirror. Bangladesh is a treasure-trove, but was still in the list of most poor countries. We are very much needed by qualified management bodies to explore new ideas, to utilize our resources, and for development of entrepreneurship. Internship study sharpens the knowledge on Management theories and practices; the study of First Security Islami Bank Ltd. (FSIBL) carries enormous importance in the sense that small industries are increasingly playing vital roles in the export business sector of the country. I think it will be a milestone in my future career.

It is really a great honor for me to have an opportunity to work as an intern in the First Security Islami Bank Ltd. During my internship, I find myself as a part of its committed workforce and I put the utmost effort to bring the relevant facts and figures with respect to the preparation of the internship report. My effort will be some of value if this report can help other students in their future study or the related organizations or some other people.

ACKNOWLEDGEMENT

My deepest gratitude goes to my internship supervisor Dr. Tanbir Ahmed Chowdhury, Professor, Department of Business Administration, East West University who gave me his utmost assistance and sincere cooperation with effective guidelines to make this report worthwhile.

I am very grateful to Nahid Hassan Khan, Advisor, Students' Welfare & Head, Career Counseling Center (CCC) East West University for supporting me to have an internship program as a course requirement for three months in First Security Islami Bank Ltd. (FSIBL), Bangshal Branch.

My heartiest thanks go to the Human Resource Department of First Security Islami Bank Ltd. who has given me the opportunity to satisfy my inquisitiveness by allowing me to undertake the task. I would like to express my gratitude to all the officials of the First Security Islami Bank Ltd. Bangshal Branch, especially Mr. Md. Tahurul Haque, First Vice President and the manager of Bangshal branch, Mr. Mahabub Ali Khan, SPO and worked as an operational manager of Bangshal, Md. Shafiullah Bhaiya, who gave me invaluable cooperation with necessary data, information and support.

I want show my great honor to Md. AKM Dostagir (SO), Md. Ariful Islam (Officer), Mr. Reza Parveg Jony (JO), Md. Zamshed Chowdhury (AO), Md. Alamgir (AO) and Halima Akter (ACO) of the First Security Islami Bank Ltd. Bangshal Branch.

Finally I would like to thank all of my friends who have shown keen interest to make my internship a success.

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EXECUTIVE SUMMARY

Bangladesh has huge potential in islami banking. Those banks who are providing Shariah banking systems, First Security Islami Bank limited is one of them. FSIBL is a new generation bank. It is committed to provide high quality financial services to contribute to the growth of G.D.P of the country through stimulating tread & commerce, accelerating the pace of industrialization, boosting up export, creating employment opportunity for the educated youth and over all sustainable socio-economic development of the country.

The internship report is prepared with respect to the three months internship program in First Security Islami Bank Ltd. This Report is composed of three parts, which are further divided into five chapters. In the first two chapters a preview of general economy and Bangladesh economy has been delineated along with the background of the bank. In the first chapter, I briefly discuss the general economy as well as the objective of the study, methodology, limitations of the study. In the second chapter the organization structure, historical background, objectives of First Security Islami Bank Ltd. and its progress have been discussed. From chapter three, I have highlighted principle activities in different desks according to the departments. I have mentioned different products of First Security Islami Bank and its services. Chapter four, deals with the Financial Performance and Performance evaluation by ratio analysis. In Chapter five, problems of FSIBL, Bangshal branch and some general recommendations are mentioned.

Chapter

ONE

“Introduction”

INTRODUCTION

Bank is very old institution that is contributing toward the development of any economy and is treated as an important service industry in modern world. Now a day the function of bank is not limited to within the same geographical limit of any country. Due to globalization and free market economy, this industry is facing severe competition in any country. The overall performance of Bank does not only depend upon the banking industry itself but also on the performance of economy where it is operating.

Today banks are achieving a great pressure to perform- to meet the objective of their shareholders, employees, depositors and borrowing customers, while somehow keeping government regulators satisfied that the banks policies, loans and investments are sound. As banking organizations have grown in recent years, more and more of them have been forced to turn to the money and capital markets to raise funds by selling stocks, bonds etc. At the same time, competition for banks traditional loan and deposit customers has increased dramatically. Credit unions, money market, mutual fund, insurance companies and brokerage firms all are fighting for a slice of nearly every credit and deposit market traditionally served by banks. Bankers have been called upon to continually reevaluate their deposit policies, review their plans for expansion and growth, and assess their returns and risk in light of this new competitive environment.

In Bangladesh, banking sector dominates the financial sector and the macroeconomics management largely depends on the performance of the banking sector. The Ministry of Finance in conjunction with Bangladesh Bank regulates the banking sector through monetary policy and fiscal policy whereas banks are operating under the guidelines set by Bangladesh Bank. The country's banking sector comprises Bangladesh Bank, four nationalized commercial banks, around fifty privatized commercial banks, five specialized banks and fourteen foreign banks.

Economy often plays an important role in the bank's performance and its existence in the market. So while evaluating the performance of First Security Islami Bank Ltd. I believe that it is important to talk about both the world economy and the economy of Bangladesh.



The world economy is still passing through its worst economic downturn since the Great Depression. Yet many industrial economies are still struggling. Encouraging Gross Domestic Product (GDP) growth rates in the first quarter of 2010 for the group of major industrial economies – the US, Euro zone and Japan, decelerated in the second quarter. With signs of stagnant employment in the US and UK fiscal strains in parts of the euro zone, and pressures from currency appreciation in Japan, the gloom over the global recovery in these economies, even speculating that a “double dip” recession may be on the horizon.

The malaise of the industrial economies contrasts starkly with the dynamism in emerging markets. Brazil, the Russian federation, India and the people’s republic of china, the so called BRICS had strong growth results through the first half of the year. The expansion in these economies is attracting foreign investors.

In the year 2010, world economic growth observed 4.50% and the forecast for 2011 is expected to remain unchanged. At the same time, down side risks have risen sharply amid renewed financial turbulence. In this context the new forecasts hinge on implementation of policies to rebuild confidence and stability, particularly in the Euro area. More generally policy efforts in advance economies should focus on credible fiscal consolidation, notably measures that enhance medium-run growth prospects, such as reforms to entitlement and tax systems. Supported by accommodative monetary conditions, fiscal actions should be complemented by financial sector reforms and structural reforms and in some cases greater exchange rate flexibility.

Growth in Bangladesh Economy for the FY2010 was better than expectations, as pickup in domestic demand neutralized the impact of weak expansion in exports. Inflation came in below the projection and the current account surplus was higher. For FY2011, this retains the outlook of a moderate uptick in growth, but with a slightly lower forecast for inflation and a larger fall in the current account surplus. To raise growth prospects power and gas shortage need to be eliminated and reforms accelerated. More fundamentally, political stability will be critical to boosting growth.

Ministry of Finance sources estimate GDP growth for FY2010-11 at 6% on a preliminary basis. This is higher than the projection of 5.5% in the previous year’s 5.7%. Given the sharp decline in the growth of exports and remittances the economy’s two traditional drivers the better than the expected performance stemmed from a boost in domestic consumption, which was underpinned

by a strong expansion in credit to the private sector and rise in the private sector wages. Investment was reported to be unchanged at 24.4% of GDP. Growth in agriculture is estimated at 4.4% as major crops performed better than the forecast. The higher production was added by continued government support (including subsidies on input prices), higher procurement prices, expanded credit, and better delivery of extension services. The service sector grew by 6.6% reflecting stronger than expected performances of whole sale and retail trade and transport services. Industrial growth of 6.4% came in slightly lower than a year earlier as power shortage continued. Still it was higher than the projection of 5.6% with domestically oriented manufacturing more than offsetting the effects of slower production of export. Robust growth of mining and quarrying and continued expansion of construction and the housing sector, especially in the second half of the fiscal year also bolstered the sector's performance.

Origin of the Study

As an obligatory requirement of BBA Internship program, I have prepared this report for the partial fulfillment of our BBA internship program. In my report entitled "Performance Evaluation of First Security Islami Bank", I am supposed to evaluate the financial Performance of First Security Islami Bank Ltd (FSIBL). I am placed at Bangshal Branch of FSIBL during the period of September 11, 2011 to December 10, 2011. I worked as an internee under the supervision of Dr. Tanbir Ahmed Chowdhury, Professor of East West University.

Objectives of the Study

- To apprise the Financial performance of FSIBL
- To gather knowledge about various services of different departments of the Islamic bank Like FSIBL.
- To identify the problems of FSIBL

- To identify the scope of improvement and suggestible necessary steps for the improvement in FSIBL.

Background of the Study

In today's modern world the banking sector is uprising and playing a vital role in our economic development. It is also playing a significant role in expanding investment operation of the country. It builds up the country day by day and rural people are improving their daily life. Islamic Banking system is one of the most effective systems in banking sector. Islami Banking is a new role of banking that operates on principles adhering to the *Quranic* norms forbidding *usury* and transactions, including granting of loans or credits for interest in Arabic terms. The economic rationale for eliminating *Riba* (interest) and establishing the Islamic Banking system is based on values of justice, efficiency, stability and growth.

First Security Islami Bank Ltd. is one of the largest commercial bank and Islamic financial institution of the country. As according to the principle of Islamic Shariah, interest is strictly prohibited, so FSIBL is conducted based on profit & loss sharing approach rather than interest basis. To operate the financing on the basis of the Approach, FSIBL considers financial transactions under different Islamic modes and executes "Buy & Sell" operation with the clients. In my report I try to find out the Islamic ideas regarding performance analysis, function of FSIBL and also try to find out problem and the recommendation.

Scope of the Study

It is an internship report on First Security Islami Bank Ltd. The task of the study is to narrate the activities of FSIBL. So it is all about the overall banking operation, products and services of the Bank. This report may act like a guide in revealing some of the important aspects of First Security Islami Bank Ltd. The scope of the organizational part covers the organizational structure, background, objective, functional department and business performance of FSIBL as a whole. The main part covers the operational scenario of credit, foreign exchange, remittance,

investment of Bangshal branch. This refers that how the bank help customers in exporting and importing the goods, providing loans, how it remits the money of the foreign clients and how the customers money are invested in various sectors etc.

Methodology of Study

I worked as intern in the General Banking, Investment and Foreign Exchange department of the First Security Islami Bank (Bangshal branch) according to the three months internship program. Though this three months program is not enough to know the details about the general practices of banking but due to proper cooperation of the bank officials, my internship enables me to widely enhance my conception with respect to general practices of banking. I have tried to analyze last five (05) years data (2006, 2007, 2008, 2009, 2010) in this report.

Sources of Data: All the data and information in the study has been incorporated and collected from the primary sources as well as secondary sources.

Primary Sources:

- Interviewing officers and staffs.
- Relevant file study provided by the officers concerned.
- Face to face conversation with the respective officers and staffs.

Secondary Sources:

- Annual reports of 2007, 2008, 2009 and 2010 of First Security Islami Bank Ltd.
- Manuals for investment published by the bank.
- Website of the bank.
- Internet
- Relevant books, Research papers, Newspapers, Articles and Journals.

Limitations of the Study

Like any other study the limitations of the study is not out of questions. But the following factors seem to me the main points of weakness of the study:

- Time duration was not enough to make a report on this type of vast topic.
- Because commercial banks are very crucial and sensitive, have to face hard competition so they are not willing to provide all the exact information.
- FSIBL has no sufficient information in their website to fulfill the report's requirement.
- There is no Research and Statistical division of FSIBL to provide correct and required data and information in Bangshal Branch.
- Since the bank personnel were very busy, it was hard to talk with them in case of data or information collection.
- It was impossible to easy access to various information and financial data of FSIBL because of the bank officials' secrecy.
- Views varied from person to person.

Chapter

Two

FSIBL's Profile

FSIBL'S PROFILE

An Overview of the Bank

First Security Islami Bank started its operation on 25th October 1999 as a conventional bank. During the year 2008, the company has successfully completed its IPO for 1,15,00,000 Ordinary shares of Tk. 1,15,00,00,000. The company got tremendous responses from the General public, Institutions and Non Resident Bangladeshi category investors. The shares of the company have been listed with both Dhaka and Chittagong Stock Exchanges.

From January 01, 2009, the bank has converted into Islami Shariah based banking system instead of conventional banking system. The bank has constituted a Shariah Council consisting prominent Ulama, Bankers, Lawyers and Economists to advice and guide on the implementation of Islamic Shariah in business activities. The council enjoys a special status in the structure of the bank and playing a vital role to make the bank as Shariah complaint. Sheikh (Moulana) Mohammad Qutubuddin is the Chairman of the council.

Vision

To be the premier financial institution in the country providing high quality products and services backed by latest technology and a team of highly motivated personnel to deliver excellence in Banking.

Mission

- To contribute the socio-economic development of the country.
- To attain highest level of satisfaction through extension of services by dedicated and motivated professional.

- To maintain continuous growth of market share ensuring quality.
- To ensure ethics and transparency in all levels.
- To ensure sustainable growth and establish full value of the honorable shareholders and
- Above all, to add effective contribution to the national economy.

Strategies

- To strive customers best satisfaction & win their confidence.
- To manage & operate the bank in the most effective manner.
- To identify customers' needs & monitor their perception towards meeting those requirements.
- To review & updated policies, procedures & practices to enhance the ability to extend better customer services.
- To train & develop all employees & provide them adequate resources so that the customers' needs reasonably addressed.
- To promote organizational efficiency by communicating company plans policies & procedures openly to the employees in a timely fashion.
- To ensure a congenial working environment.
- To diversify portfolio in both retail & wholesale markets.

Core Values

- Responsiveness to their need
- Flexible in their approach
- Professional in their manner
- Always striving for excellence of service



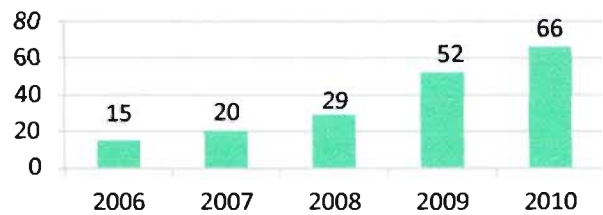
Branch Networks

At present, the bank has 75 branches of which 29 branches are in Dhaka Division, 26 branches are in Chittagong Division, 07 branches are in Sylhet Division, 03 branches are in Rajshahi Division, 02 branches are in Rangpur Division, 06 branches are in Khulna Division and 02 branches is in Barishal Division.

All the 75 branches are computerized under distributed server environment. Another few branches are planning to open very soon. FSIBL has already started their on-line, SMS and ATM banking facilities for their clients.

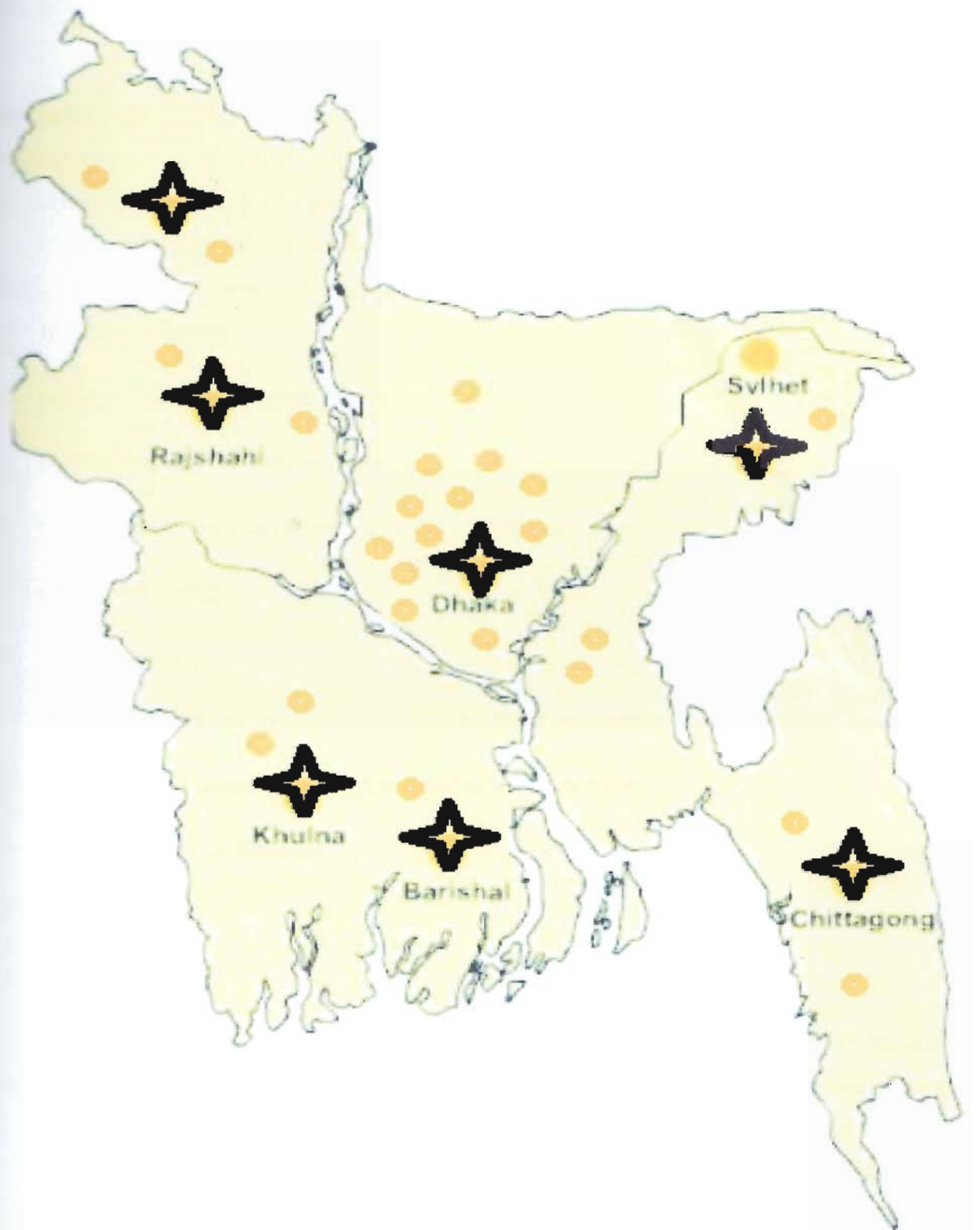
Branches:

Year	Branches	Growth
2006	15	
2007	20	33%
2008	29	45%
2009	52	79%
2010	66	27%



Source: Annual report 2010 of FSIBL

During the year under review, the bank's focus and strategy was concentrated on sustainable growth of business, better deposit mix, improving the quality of assets, rationalizing operating cost, improving operational efficiency and productivity of resources, better and faster customer service, expansion of branches and strengthening the overall risk management and corporate governance system. With this end in view, a number of steps were taken in 2010. Fourteen new branches were opened during 2010 to have 66 branches to expand the banking service at the door steps of the customers across the country and to provide online banking services to a wide range of customers. This was supported by increased investment and up gradation of Online Banking Software and Infrastructure. New personnel were recruited in 2010 to strengthen HR to support the business growth and expansion of network and to provide personalized services to the customers.



Branch Networks

Future Outlook of the Bank

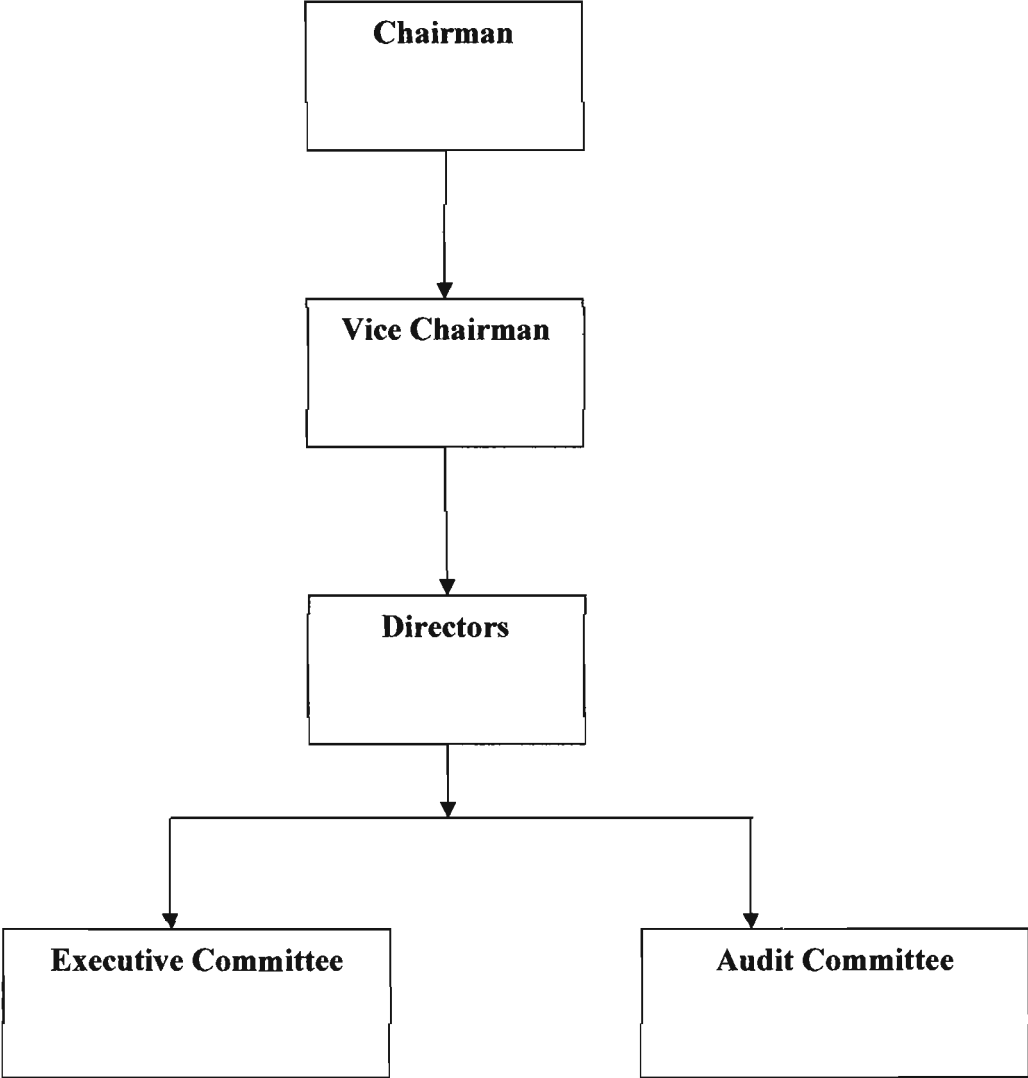
Formulation of a long-term strategic plan for carrying on business vis-à-vis achieving profitability goals is underway so that a momentum may be brought about. The bank has started the process of formulating a long term strategic plan so as to maintain the momentum of overall growth and strong performance in its core business. To meet the changing need of the customers FSIBL has planned to expand its exposure in the following areas:

- ✓ Merchant Banking
- ✓ Enhancing in-house Training Facilities
- ✓ By modernizing the Training Institute
- ✓ Expansion of business network at home and abroad
- ✓ Credit card facility
- ✓ Internet banking
- ✓ Opening of new branches to important location of the country
- ✓ Innovation and introduction of new liability/ asset products
- ✓ Full duplex on line Banking
- ✓ Mobile Banking
- ✓ Own ATM facility

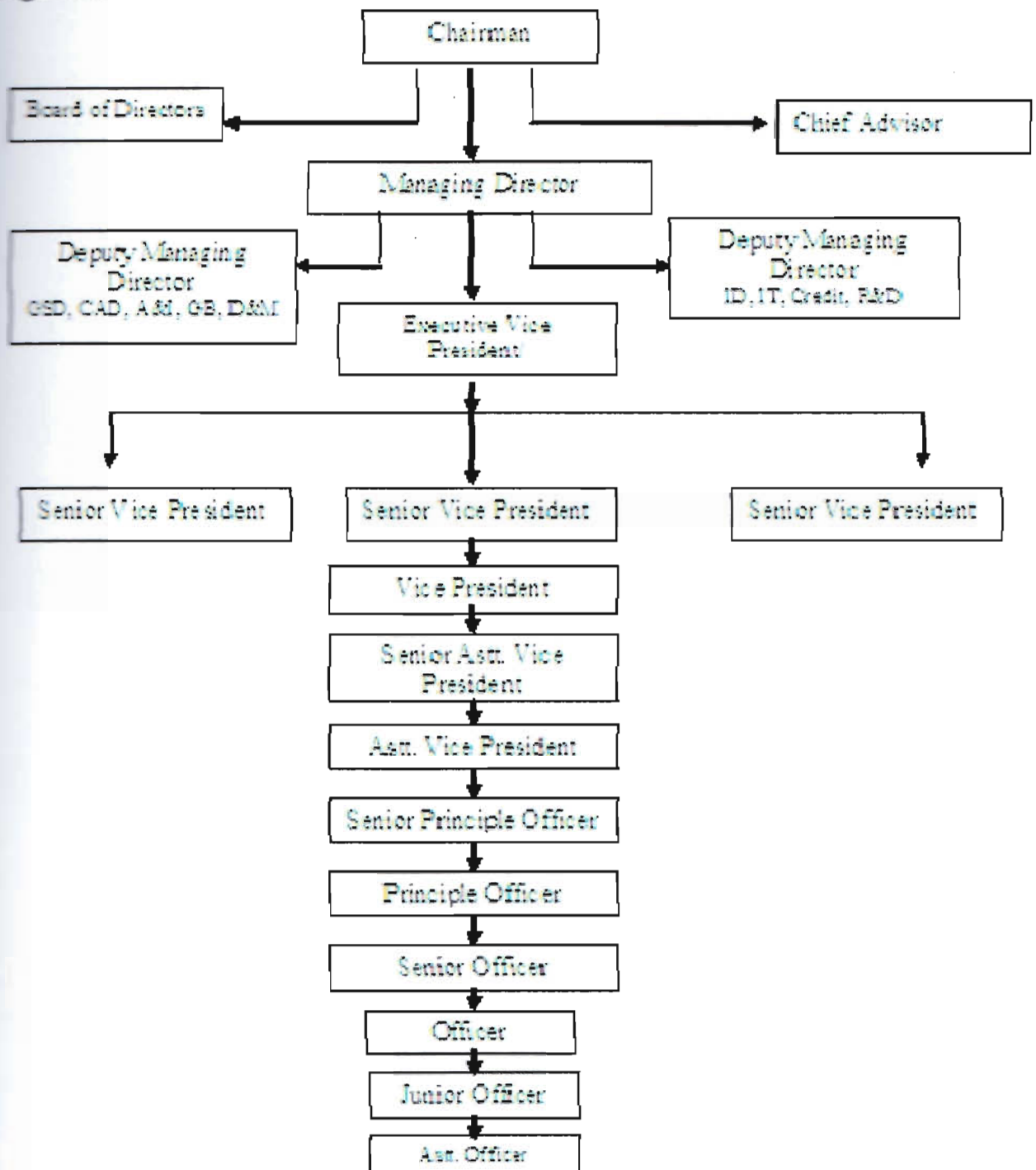
Thus FSIB will be turned into a dynamic modern Islamic bank of the country and will expand its banking business all over the country to provide multi-dimensional banking services and facilities to the door steps of customers including the deserving and low income groups of the society who do not have easy access to the banking channel. This will help alleviation of poverty, generate income, creation of employment opportunity, up-grading the standard of living of the lower income groups, which will ultimately contribute to the economic emancipation of large segment & people and will also contribute to the growth of national economy.

ORGANISM OF MANAGEMENT

Board of Directors of FSIBL

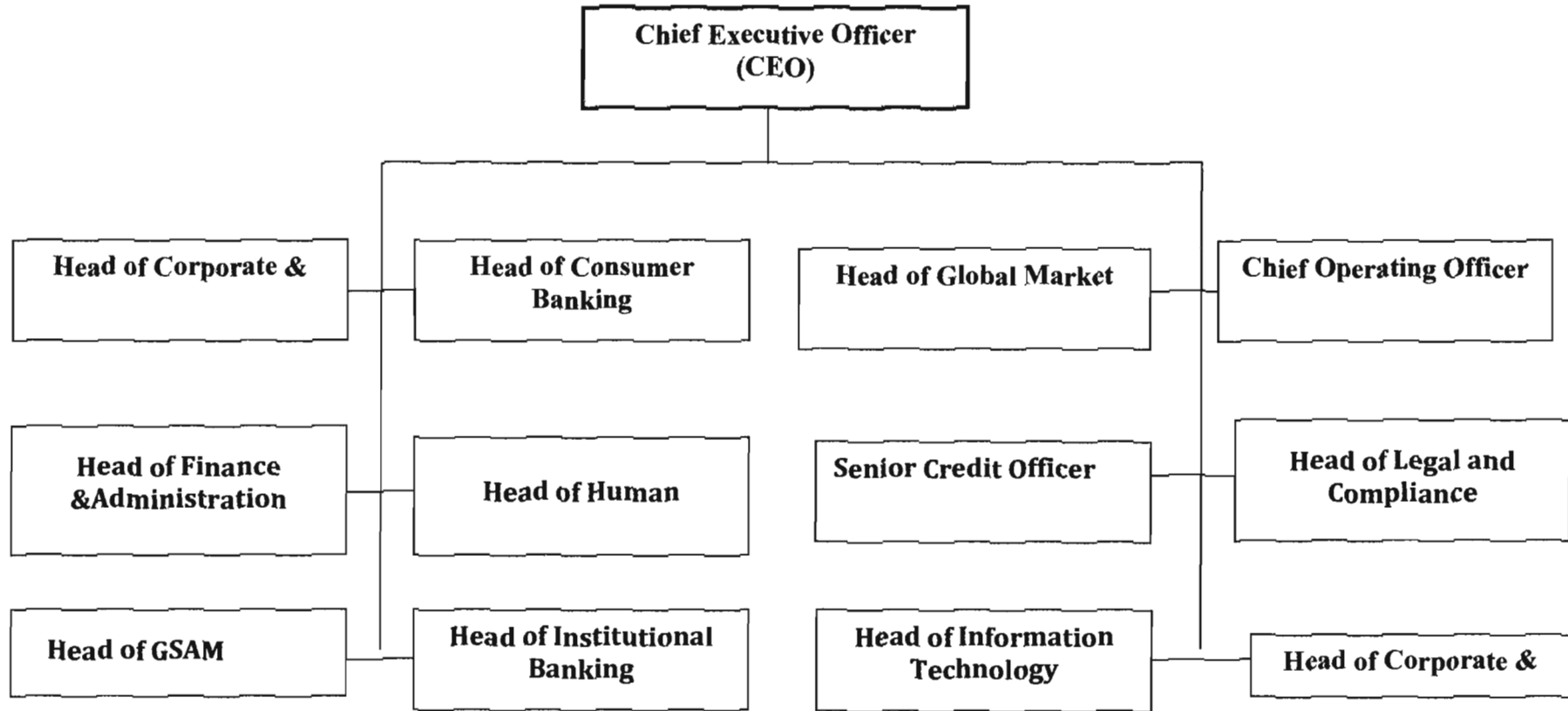


Organism of FSIBL Bank:

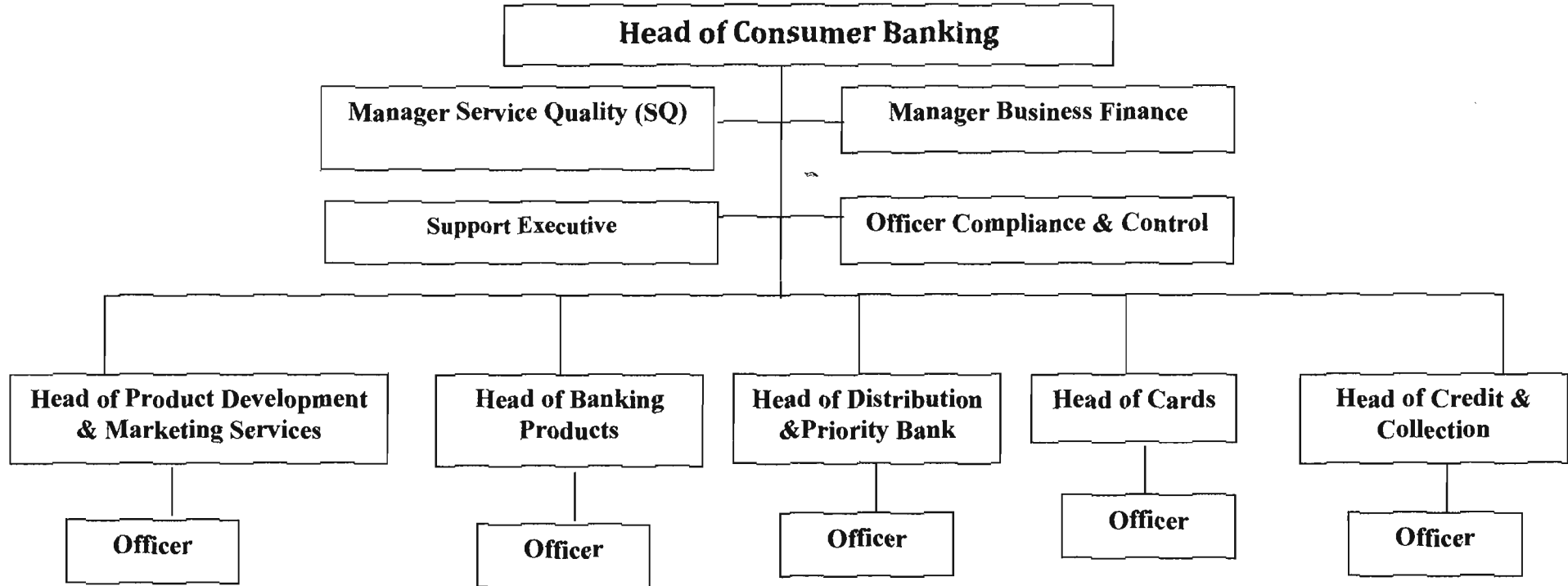


Organism of FSIBL

Chain of Command



Head of Consumer Banking



Chapter

T H R E E

Principal Activities of FSIBL

BANKING DEPARTMENT

- Accounts opening Section
- Accounts & Clearing Section
- Foreign Exchange Section
- Investment Section

ACCOUNTS OPENING SECTION

To suit the needs of clients of different strata in the society so as to tap resources for use in the banking channel for accelerating the pace of economic operation, mobilization of fund is one of the functions of Banking Business. With the view of above, FSIBL has been operating a number of popular and innovative financial products from time to time considering the benefit of depositors, clients and Bank.

Murabaha

This concept refers to the sale of goods at a price, which includes a profit margin agreed to by both parties. The purchase and selling price, other costs, and the profit margin must be clearly stated at the time of the sale agreement. The bank is compensated for the time value of its money in the form of the profit margin. This is a fixed-income loan for the purchase of a real asset (such as real estate or a vehicle), with a fixed rate of profit determined by the profit margin. The bank is not compensated for the time value of money outside of the contracted term (i.e., the bank cannot charge additional profit on late payments); however, the asset remains as a mortgage with the bank until the default is settled.

Musharakah

Musharakah (joint venture) is an agreement between two or more partners, whereby each partner provides funds to be used in a venture. Profits made are shared between the partners according to the invested capital. In case of loss, no partner loses capital in the same ratio. If the Bank provides capital, the same conditions apply. It is this financial risk, according to the Shariah, that justifies the bank's claim to part of the profit. Each partner may or may not participate in carrying out the business. A working partner gets a greater profit share compared to a sleeping (non-working) partner. The **difference** between Musharakah and Mudarabah is that, in Musharakah, each partner contributes some capital, whereas in Mudarabah, one partner, e.g. a financial institution provides all the capital and the other partner, the entrepreneur, provides no capital.

Deposit Products

- **Al-Wadiah Current Accounts (AWCA):** According to the Shariah principles, the word “Al-Wadiah” means “to receive something for safe custody with the permission to use the same and with the condition to return the same on demand”. In salami banking, it means “receiving money by bank for the clients for safe custody with the condition to return the money on demand, either through cheques or by any other acceptable means”. The bank can use the money at its own risk. So the depositor(s) does not share any profit or loss on funds kept in the AWCA. The money or any other special services, if rendered. The accounts, in which such deposits are kept, are called Al-Wadiah Accounts.

The Products offered Under Mudarabah Mode are as follows:

- **Mudarabah Savings Deposits Account (MSDA):** Islami Shariah defines “Al- Mudarabah” as “A contract between two parties”, in which one party is called “Sahib-Al-Maal”, i.e. owner of the fund, and the other party is called “Al-Mudarib”, the investor/entrepreneur. Al-Mudarib runs the business on the condition that, the profit earned by the business shall be distributed between them at a certain pre-arranged rate. But the entire financial losses, if any, shall be borne only by the “Sahib-Al-Maal” and the Sahib-Al-Maal will have no right to take part in the management of the business.

- **Mudarabah Term Deposit Receipt (MTDR):** Mudarabah Term Deposit Receipt is opened according to Shariah principles of “AL-Mudarabah”. According to “AL-Mudarabah” principles the Mudarabah depositor is the Sahib-Al-Maal (owner of the fund) and the bank is Mudarib (investor/ entrepreneur of the fund). The bank is authorized by the depositor to invest the Mudarabah fund at the risk of the Sahib Al-Maal.
- **Mudarabah Special Notice Deposit (MSND):** Mudarabah Special Notice Deposit (MSND) Account is also based on the Shariah principles of AL-Mudarabah. It is opened according to the Shariah principles of Al-Mudarabah. The mudarib is the authorized by the depositor to invest the Mudarabah fund at the risk of the Sahib-Al-Maal.

Advance Saving Scheme-

- **Mudarabah Monthly Deposit Scheme (MMDS):** In order to meet the requirement of middle and low income generated investors, the bank has introduced an attractive saving scheme based on Islamic Shariah. Its purpose is to create an opportunity for financial security and welfare in future of the depositors. It also known as Mudarabah fixed monthly Deposit Scheme.
- **Mudarabah Monthly Profit Scheme (MMPS):** Mudarabah Monthly Profit Scheme is also known as Mudarabah Fixed Deposit Accounts falls under the category of time restricted Mudarabah in which case the Shahib Al-maal gives affixed amount of money/ capital to the mudarib for a fixed period of time expiry of which the Mudarabah contract stands automatically terminated.
- **Mudarabah Deposit Double Scheme (Double Scheme):** Mudarabah Deposit Double Scheme is opened with certain fixed amount of money for a particular period by a person/ persons, individually/ jointly, by business entities. The period of the scheme is six years. It gives a fixed amount of money/ capital to the Mudarib for a fixed period of time which the deposit money will be increased near about double or more than double up to the expiry.

ACCOUNTS AND CLEARING DEPARTMENT

Account section deals with the income and expenditure of the branch and stores each and every transaction of the bank. The accounts officers check all the paper works, bills, vouchers, cheques and deposit slips every day. They also prepare a supplementary sheet. Supplementary sheet is prepared for bank's transaction security to avoid any fraud or misguidance.

Inward Clearing

Inward clearing involves Clearing Cheque/ DD/ PO which come to the FSIBL, Bangshal branch through clearing house for collection. The clearing officer receives them and then enters them in the inward logbook. Then he sends them to the computer section for checking the account condition. If any problem is found with the instrument, it is marked as 'dishonored' mentioning the reason and it is sent to the clearing officer. The clearing officer removes Cheque/ DD/ PO from log book and informs the matter to the Bangshal branch.

Outward Clearing

The cheques, DD, PO of different banks which are submitted to FSIBL, Bangshal branch, for collection, are known as outward clearing Cheque. The procedure is quite lengthy.

Key Tasks in Clearing Process

1. Crossing
2. Clearing seal (clearing date)
3. Endorsement (payee's A/C credit)



FOREIGN EXCHANGE

An ordinary citizen usually perceives “foreign exchange” as foreign money. The term foreign exchange is used in a broader sense. It can simply be defined as a process of conversion of one currency into another. The foreign exchange regulation act refers that foreign exchange means foreign currency and includes an instrument drawn accepted, made or issued under clause (13) of article 16 of the Bangladesh Bank Order, 1972, all deposits, credits and balances payable in any foreign currency and any draft, travelers cheques, letter of credit and bill of exchange expressed or drawn in Bangladesh currency but payable in any foreign currency.

In international trade because of distance involved, buyers and sellers do not know each other. Besides, both these are subject to rules and regulations of their respective countries. It is difficult for them to appreciate each other integrity and credit worthiness, and apart from this, it is also difficult to know various regulations prevailing in their respective countries regarding import and export. Thus the buyer wants to be assured of goods and seller to be assured of payments.

Commercial banks assure these things to happen simultaneously by opening Letter of Credit guaranteeing payment to the seller and goods to the buyer. By opening a Letter of Credit on behalf of a buyer in favor of the seller, commercial bank undertakes to make payment to a letter subject to submission of documents drawn in strict compliance with letter of credit terms giving title to goods to the buyer. Thus, Letter of Credit is a conditional guarantee.

Foreign Exchange and Foreign Trade

Foreign exchange like foreign trade is a part of economic science. It deals with the means and methods by which rights to wealth in one country’s currency are converted into those of another country. By the same token, it covers the methods used for conversion, the forms in which such conversions take place and the causes that render these conversions necessary.

Modes of Foreign Exchange

On the basis of the various services regarding the foreign exchange provided by the FSIBL, the modes can be classified into three categories:

- a. Export
- b. Import
- c. Foreign Remittance

Import

1. Letter of Credit Opening
2. Presentation / Retirement of import documents.

Letter of Credit**Definition**

L/C is an concurrence where by a bank (the issuing bank) acting at the request and on the instructions of a customer (the applicant) or on its own behalf is to make a payment to or to the order of a third party (the beneficiary) or is to accept and pay bills of exchange drawn by the beneficiary.

Four banks are involved in L/C opening:

- i. L/C opening bank
- ii. Advising bank
- iii. Negotiating bank
- iv. Reimbursement bank.

Features of an L/C

1. **Parties:** There are three parties in an L/C. They are-
 - a) Bank
 - b) Beneficiary
 - c) Applicant

2. **Date:** There should be a certain date. According to the rules of contract an L/C must contain the signing and maturity date.
3. **Value:** An L/C should have a certain value and it must be mentioned in the contract.
4. **Number:** The contract must be signed under a certain L/C which is given by the bank.
5. **Ship:** How the goods are exported should mention in the contract. If it is exported by waterways then the name of ship and route should be mentioned clearly.
6. **IMP/EXP Form:** After having registration the exporter/importer applies to the bank with trade license and ERC/IRC to get EXP/IMP form. If the bank is satisfied, then it issues an EXP to the applicant.
7. **Documents:** Certain documents have to submit to the bank by the applicant.
8. **Conditions:** There may be some other conditions like-
 - i) Partial ship: whether it is allowed or not
 - ii) Trans-shipment: whether there is trans-shipment or not
 - iii) Risk & responsibility: whether bank or the party bares it
9. **Other instructions:**
 - i) Drafts should be endorsed by the bank
 - ii) Advising or confirmation charges are deducted from beneficiary's account
 - iii) Original documents should be sent by reputed courier service.

Investigations

While opening L/C FSIBL normally examines the following:

1. Buyers credit worthiness.

2. Import trade regulations.
3. Exchange control regulation.
4. Suppliers credit worthiness report.
5. Marketability of goods.

Papers required opening L/C

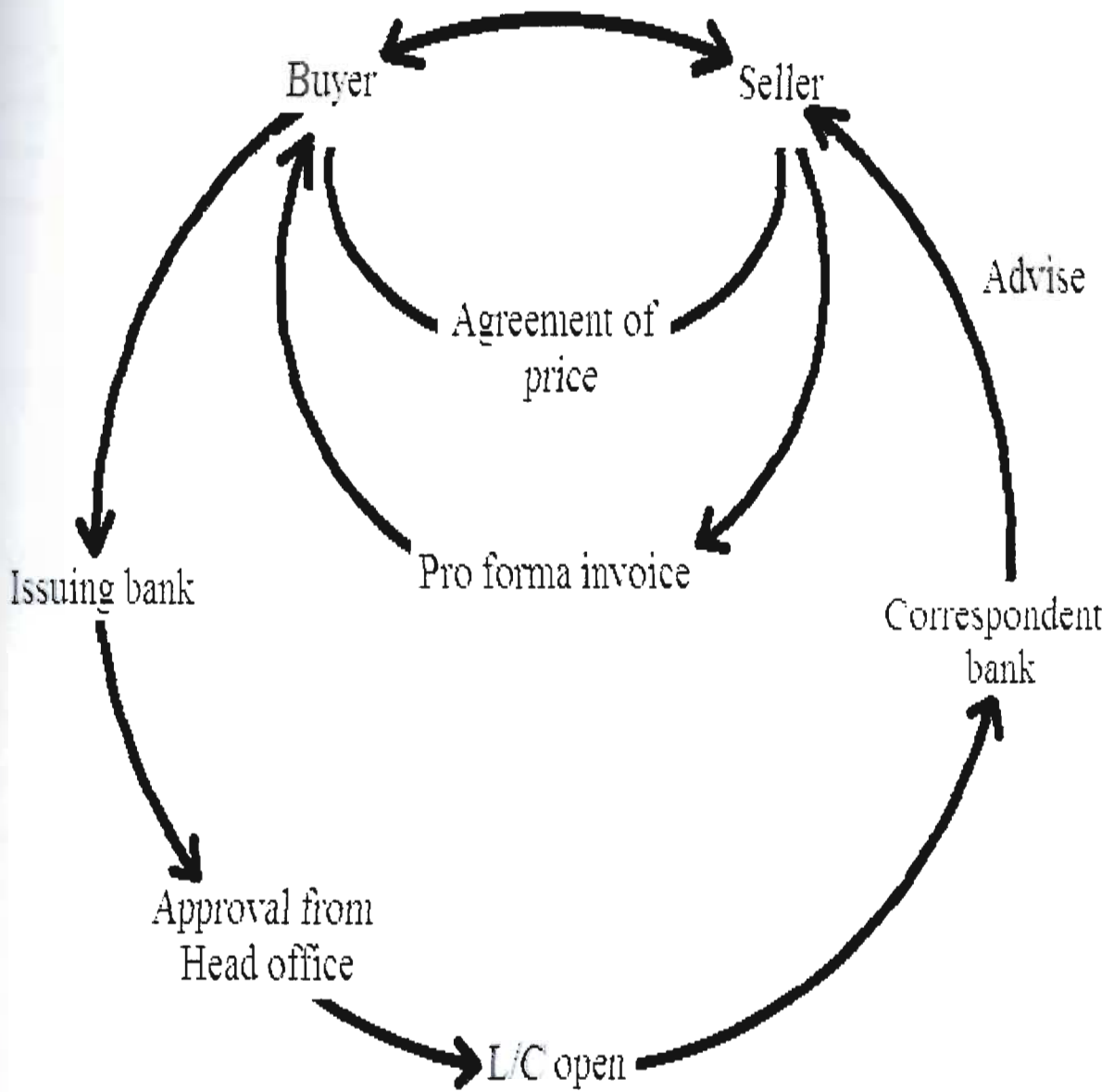
The buyers must submit the following papers at the time of opening a L/C

1. Application Form
2. Indent or Invoice
3. Insurance Certificate
4. Letter of Credit Authorization Form (LCAF)
5. IMP Form
6. Taxpayer Identification Number Certificate (Tin Certificate)
7. VAT Certificate
8. Import Registration Certificate (IRC)
9. Export Registration Certificate (ERC)
10. Current Account in the name of the L/C Opening Firm
11. Trade License
12. Credit Information Bureau from Bangladesh Bank. CIB report is required
 - i) For Pro forma invoice- 2 lac taka
 - ii) For indent- 5 lac taka.

Steps in L/C Process

1. Application in letterhead pad
2. Submission of pro forma invoice and insurance coverage note
3. Permission from Head Office (Sanction Letter)
4. L/C opening
5. Margin realization
6. *L/C sends to advising bank*
7. Pre shipment inspection formalities (if required)
8. Document received from negotiating bank
9. *Document from PSI firm (Clean Report of Findings or CRF report)*

(1)



Steps in L/C process

Import Procedure

1. Importer's application for L/C margin:

The importer submits an application to the import department to have an L/C margin. After scrutinizing the documents the department prepares a proposal and forwards it to the Managing Director. If the MD is satisfied then he sanctions the margin and returns it to the import department.

2. L/C application:

The party has to fulfill the L/C application form submitted by the bank.

3. Scrutinizing and transmission of L/C:

When the party submits the fulfilled L/C form, import department scrutinizes it and transmits the L/C advice through telex, fax or mail.

4. Presentation of documents:

If the seller satisfied with the terms and conditions, then it sends all the documents to the negotiating bank. Having the documents the negotiating bank checks it. If they are in order then the bank sends acceptance to the seller's bank.

5. Lodgment of document:

There are some requirements for lodging the document by the bank. These are as follows-

- i) After examining all the documents, if bank finds it in order then bank will lodge the documents as bills under letter of credit (BLC).
- ii) If any discrepancy is noticed in the documents or if there is any deviations from the terms and conditions of L/C, bank will be immediately brought to the notice of the importer for his written instructions as to whether they will accept the documents.
- iii) If the importer refuses to accept the documents with the discrepancies, issuing bank will intimate the negotiating bank immediately not to accept the documents.

- iv) If the importer accepts the documents but if the documents are not fulfilled the bank requirement or if it is against the Bangladesh Banking Law, the bank may not accept the documents.

6. Payment procedure:

The import officers must be very careful while making the payment. It includes the following:

- i) Date of payment
- ii) Preparing sale memo
- iii) Requisition for foreign currency
- iv) Transmission of telex.

7. Retirement of documents:

Some matters are required to retire the documents by the importer, which are:

- When all the documents come to the bank, the importer will retire the documents of his/her own finance.
- If the parties are not in position to retire the documents, they may be allowed to retire their BLC through LIM/TR. In case of the parties are not responsive to clear the document, bank may create a forced loan against import and adjust the account by selling the goods.
- The consignment under LIM will be stored under bank's control. The delivery of consignment will be made to the parties against payment only.

Margin

The margin is fixed depending on the nature and type of security and the financial stability of the customer. The Bangladesh Bank regulations are of course kept in mind. FSIBL retains a responsible margin and this is also to cover up any shortage, shrinkage and fluctuation of rate and fall in price etc.

Some Loans of Import Department

Payment against documents (PAD)

The opening bank lodges the shipping documents in their books and responds to the debit advice originated by foreign correspondents to the debit of payment against document (PAD) account.

Loan against imported merchandise (LIM)

It is allowed against imported merchandise storing the same in the bank's custody. The bank through its approved clearing agent clears the merchandise. The advance is adjusted by delivering the goods against payment by the importer. The documents remain with the bank.

Loan against trust receipt (LTR)

It is a form of short-term loan where the bank delivers the import documents against a trust receipt given by the importer to pay the bank's dues within a stipulated time period.

INVESTMENT

Bai-Murabaha

The term '**Bai-Murabaha**' is composed of two Arabic words, '**Bai**' and '**Murabaha**'. The word '**Murabaha**' has been derived from the word '**Ribhun**', which means profit and the word '**Bai**' means buying and selling. Thus '**Bai-Murabaha**' means sale on profit or cost plus profit/mark-up.

Islamic Shariah defines Bai-Murabaha as a contract of sale between a buyer and seller under which the seller sells certain specific goods permissible under Shariah to the buyer at a cost plus an agreed upon profit/mark-up paid on the spot or to be paid on a future date in lumpsum or within a fixed period by fixed installments. The profit/mark-up may be agreed upon as a lumpsum amount or as a percentage of actual total cost of the goods including freight, transportation, storage etc.

Islamic Shariah considers '**Bai-Murabaha**' as a contract of sale, pure and simple. The only feature which distinguishes it from other kinds of sale, especially from '**Bai-Muajjal**' is that in '**Bai-Murabaha**' the profit/mark-up and the cost are separately and clearly mentioned in the contract, i.e. the seller must expressly tell the buyer about how much cost he has incurred to procure the goods and how much profit/mark-up he is going to charge on the total cost.

Types of Bai-Murabaha

Normally Bai-Murabaha transactions involve three parties – Seller, an ultimate Buyer and an Intermediary buyer and seller. The intermediary buyer first, purchases goods from any seller in the market, and then he sells the bought goods to the ultimate buyer. Thus the intermediary buyer and seller perform dual functions, first as a buyer and second, as a seller. Again sometimes he may purchase goods from the market without depending on any order or sometimes he purchases goods upon receipt of an order from the ultimate buyer. Thus in respect of procedure of purchase and sale Bai-Murabaha may be of two types:

Ordinary Bai-Murabaha: When the seller as trader purchases goods from any seller in the market without depending on any order and promise received from any customer and sells those to any buyer for cost plus profit, then the transaction is called Ordinary Bai-Murabaha.

Bai- Murabaha on Order and Promise: But where the intermediary trader upon receipt from any customers, of an order and a prior outstanding promise to purchase the goods by them from the intermediary trader, procures the ordered goods and sells those to the ordering customer at a cost plus agreed upon profit/mark-up, the transaction is called Bai-Murabaha on Order and Promise.

Further, the definition given above clearly shows that payment of price (cost plus profit) of Murabaha goods may be paid at once on the spot or it may be paid on a subsequent date/dates as agreed upon by the parties. Thus Murabaha does not necessarily imply the concept of deferred payment only. So in respect of modes of payment of price, Bai-Murabaha contract may again take two forms: 1) Spot and 2) Deferred

Spot Murabaha: This type of Murabaha is also called as cash Murabaha. If both the goods and the price (cost plus agreed upon profit) are exchanged at once on the spot, it is called Murabaha bil-Naqad or Spot/Cash Murabaha.

Deferred Murabaha: If the Murabaha goods are delivered to the client (along with ownership and possession) but the payment of the price (cost plus profit) is deferred for a certain specific period, the sale is called Bai-Murabaha bil-Azal or Deferred Murabaha.

Thus ultimately taking together all the forms mentioned above Bai-Murabaha transactions may be divided into the following four types:

- i. Ordinary Spot Murabaha or Ordinary Murabaha on Spot/Cash Payment;
- ii. Ordinary Deferred Murabaha or Ordinary Murabaha on Deferred Payment;
- iii. Order and Promise Murabaha on Spot Payment.
- iv. Order and Promise Murabaha on Deferred Payment.

This latter type, i.e. Order and Promise Murabaha on Deferred Payment is now being generally practiced by Islamic Banks all over the world and is popularly called Bai-Murabaha or Murabaha in short.

Above investments are being made as per Shariah based investment guidelines.

FSIBL'S Services

- ATM Card
- Education Remittance Service
- SMS Banking
- Locker Services
- Collections of Utility Bills



Operations

- Data center maintenance
- NOC operation
- Server maintenance
- USER management
- Network monitoring
- Mail management
- Web portal maintenance
- Daily Backup management
- SMS maintenance
- SWIFT maintenance
- Hardware maintenance
- Core Banking Software maintenance
- Security management
- New setup
- Procurement
- Branch support
- IT training
- Administration
- Facing virus attack/Other threats
- 24/7 Support

Chapter

FOUR

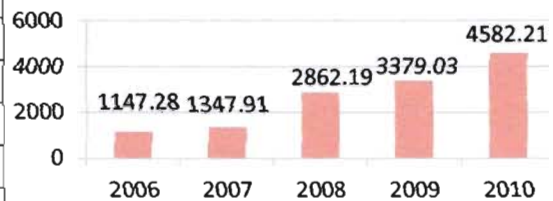
Financial Performance Evaluation Of FSIBL

FINANCIAL PERFORMANCE EVALUATION & GRAPHICAL PRESENTATION

Despite global financial crises and slower business activities in the country, FSIBL was successful in achieving higher operating profit and net profit after tax. Sustainable growth was achieved in deposits, investments and foreign exchange business. The profit growth was achieved even after higher investment cost in IT, HR and Branch. However, FSIBL has been consciously making these strategically important investments to provide much better customer service with a wide range of products of that will definitely bring long term growth and enhance shareholders value.

Total Capital: (Taka in Million)

Year	Total Capital	Growth
2006	1147.28	
2007	1347.91	17%
2008	2862.19	112%
2009	3379.03	18%
2010	4582.21	36%

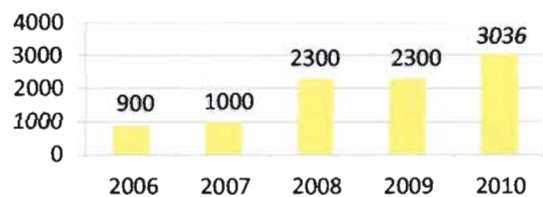


Source: Annual report 2010

In 2006 the total capital of FSIBL had only 1147.28 million taka. But in 2010 it raised TK. 4582.21million in compare with Tk. 3379.03 million in 2009. There is a continuation of the increasing trend in FSIBL since 2006 to 2010.

Paid-up capital: (Taka in Million)

Year	Paid-up capital	Growth
2006	900	
2007	1000	11%
2008	2300	130%
2009	2300	0%
2010	3036	32%



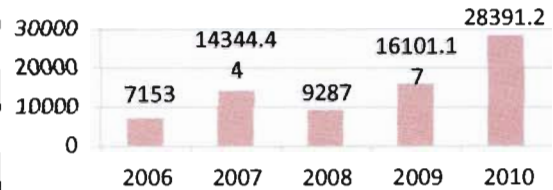
Source: Annual report 2010 of FSIBL

Paid-up capital is the total amount paid by shareholders for their shares of capital stock.

FSIBL has achieved an increasing trend in Paid-up capital. In 2006 the paid up capital was TK. 900 million where in 2010 it is TK. 3036 million. And increasing the paid-up capital of a firm usually means the issuance of new shares.

Import: (Taka in Million)

Year	Import	Growth
2006	7153	
2007	14344.44	101%
2008	9287	-35%
2009	16101.17	73%
2010	28391.2	76%

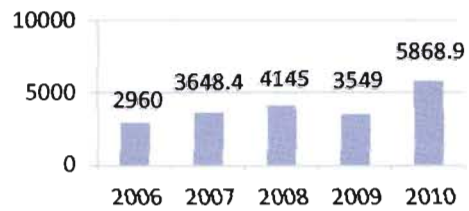


Source: Annual report 2010 of FSIBL

Import trade finance by FSIBL rose to Tk. 2839.12 crore in reporting year compared with Tk. 1610.11 crore in 2009. Large LCs were opened mainly for importing old ships, rice, wheat, edible oil, fertilizer, capital machinery, fabrics and accessories.

Export: (Taka in Million)

Year	Export	Growth
2006	2960	
2007	3648.4	23%
2008	4145	14%
2009	3549	-14%
2010	5868.9	65%

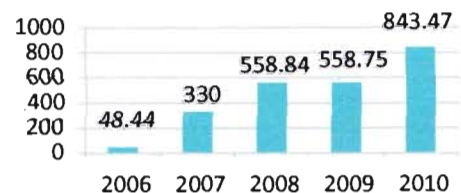


Source: Annual report 2010 of FSIBL

FSIBL successfully handled export documents of Tk. 586.89 crore during the reporting year compared to Tk.354.90 crore in the year 2009. Readymade garments, knitwear, frozen goods, fish, tanned leather, handicraft etc. were the major export finance sectors.

Remittance: (Taka in Million)

Year	Remittance	Growth
2006	48.44	
2007	330	581%
2008	558.84	69%
2009	558.75	0%
2010	843.47	51%

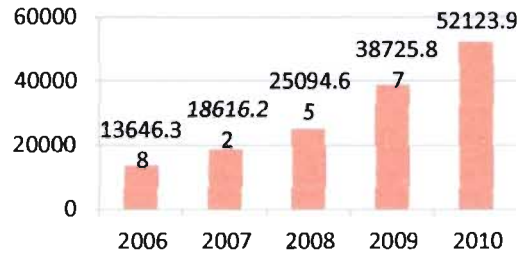


Source: Annual report 2010 of FSIBL

Foreign remittance of the bank stood at Tk. 843.47 million as of December 31, 2010 as against Tk. 558.75 million in 2009. The bank has taken initiatives to make remittance arrangements with some leading exchange house at abroad.

Investment & Advances: (Taka in Million)

Year	Investment & Advances	Growth
2006	13646.38	
2007	18616.22	36%
2008	25094.65	35%
2009	38725.87	54%
2010	52123.9	35%

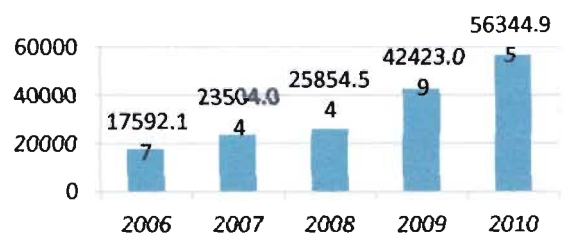


Source: Annual report 2010 of FSIBL

FSIBL has able to increase its investment despite adverse conditions in the domestic as well as in the global economy. Total amount of Investment of the bank stood at Tk. 52123.90 million as on December 31, 2010 as against Tk. 38725.87 million as of December, 2009 showing an increase of Tk. 13398.02 million with a growth rate of 34.60%. Investment is the crore assets of a bank. The bank gives emphasis to acquire quality assets and does appropriate lending risk analysis and follows all the terms and conditions of CRM (Credit Risk Management) while approving all sorts of investments to clients.

Deposit: (Taka in Million)

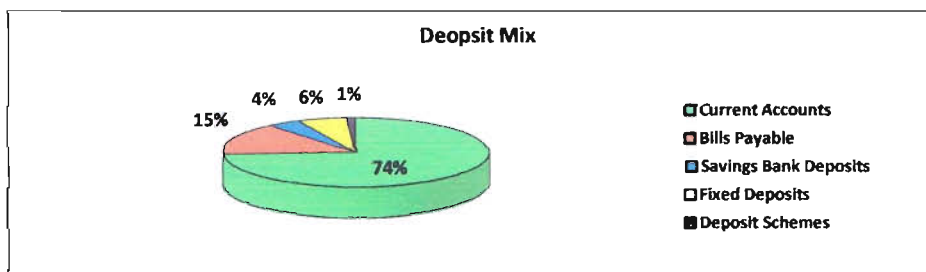
Year	Deposit	Growth
2006	17592.17	
2007	23504.04	34%
2008	25854.54	10%
2009	42423.09	64%
2010	56344.95	33%



Source: Annual report 2010 of FSIBL

The deposit of FSIBL stood at Tk. 56344.95 million as on 31.12.2010 as against Tk. 42423.09 million of 31.12.2009 registering an increase of Tk. 13921.86 million i.e. 32.82%

growth. Deposit is the “life-blood” of a bank. Bank has given utmost importance in mobilization of deposits introducing a few popular and innovative schemes.



Source: Annual report 2010 of FSIBL

Profit: (Taka in Million)

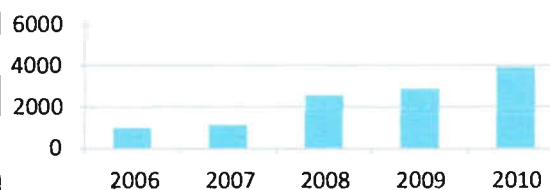
Year	Profit Before tax	Profit After tax
2006	-132.22	-117.24
2007	58.53	30.63
2008	189.6	104.28
2009	650.83	330.83
2010	983.60	548.60

Source: Annual report 2010 of FSIBL

In 2010, profit before tax increased by 60.30% and stood Tk. 1203.60 million compared to Tk. 750.83 million in 2009. Profit after tax increased by 67.85% and stood at Tk. 548.60 million compared to Tk. 326.83 million in 2009. During the year under review EPS attributable to shareholders amounted to Tk. 2.33 compared to Tk.1.42 during the previous year.

Total Equity: (Taka in Million)

Year	Total Equity	Growth
2006	1003.66	
2007	1134.29	13%
2008	2538.57	124%
2009	2865.41	13%
2010	3920.01	37%



Source: Annual report 2010 of FSIBL

At the end of 2010, total equity stood at Tk. 3920.01 million as compared to Tk. 2865.41 million in 2009. Tire-I capital stood tk. 3920.01 million as on December 31, 2010 as

compared to Tk. 2865.41 million in 2009. The supplementary capital (Tire-II capital) reached at Tk. 662.20 million at the end of 2010 as compared to Tk. 513.62 million at the end of 2009. Total regulatory capital was tk. 4582.21 million at the end of 2010, an increase of Tk. 1203.18 million from previous year. As of 31 December 2010, Capital Adequacy Ratio stood at 9.09% (Tire-I capital 7.78% and Tire-II capital 1.31%) under Basel-II that was well above minimum requirement of 9% by Bangladesh Bank.

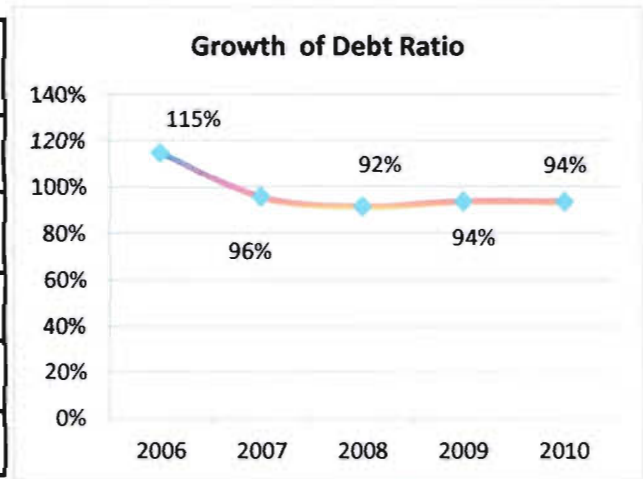
Respect shareholders, FSIBL's performance cannot be judged by profit figures alone. Many of the services including online banking and ATM services are offered at a very low cost though input cost of providing this service is very high. A significant part of profit is also returned to the common and distressed people of the country through various CSR programs. The bank strongly believe that their strong social commitment and better customer services at affordable cost will make FSIBL stronger and provide long term sustainable growth to enhance shareholder's value and to protect depositor's money.

PERFORMANCE EVALUATION BY RATIO

ANALYSIS

Debt Ratio:

Year	Debt Ratio
2006	115%
2007	96%
2008	92%
2009	94%
2010	94%

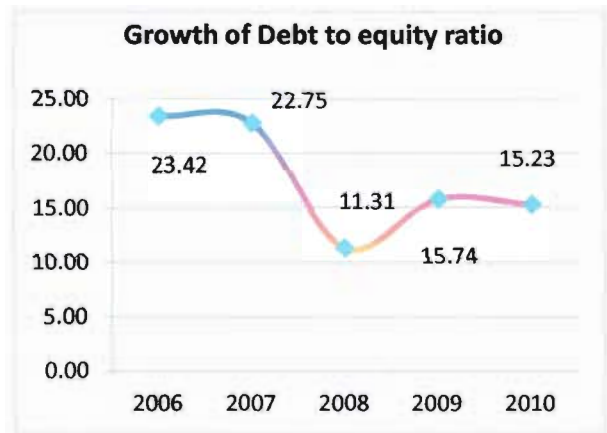


The debt ratio measures the proportion of total assets financed by the firm's creditors. The higher this ratio, the greater the amount of other people's money being used to generate profits. The debt to asset ratio is defined by dividing a firm's total debt by its total assets

The Debt Ratio of the company was 115% in 2006, which is high. But in 2008 it was 92 the lowest. In 2009 it goes upward and in 2010 it was stable. That means from 2008 FSIBL is in the profit making trend. If we consider the growth it was the downward till 2008 and recovers from 2009 and in 2010 it was the same.

Debt to Equity:

Year	Debt to Equity Ratio
2006	23.42
2007	22.75
2008	11.31
2009	15.74
2010	15.23

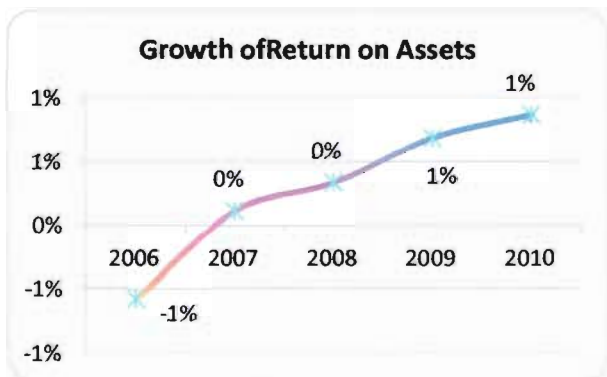


High Debt Equity ratio generally means a company has been aggressive to finance its growth with debt. The greater the D/E ratio, the greater is the risk to the creditors. A high D/E ratio has equally serious implication from the firm's point of view also. A high proportion of debt in the capital structure would lead the inflexibility in the operations of the firm as creditors would exercise pressure and interfere in management.

The debt to equity ratio is computed by simply dividing the debt of the firm by its shareholder's equity. In the year 2006, the creditors of FSIBL provided Tk. 19.37 for each Tk. 1.00 being provided by shareholders and in the year 2008, creditors provide Tk. 11.31 for each Tk. 1.00 being provided by shareholders of the Bank.

Return on Total Asset:

Year	Return on total Asset
2006	-1%
2007	0%
2008	0%
2009	1%
2010	1%



This ratio indicates the profitability on the assets of the firm after all expenses and taxes. The analysis of Return on Total Asset Ratio shows that in 2006 it was negative (-1%). After 2009 the return against total assets has increased from -1% to 1%. Now in 2010 it is 1% as the same of 2009. It means FSIBL is generating one single amount of profit with its available assets.

Return on Equity:

Year	Return of Equity
2006	-12%
2007	3%
2008	4%
2009	11%
2010	14%

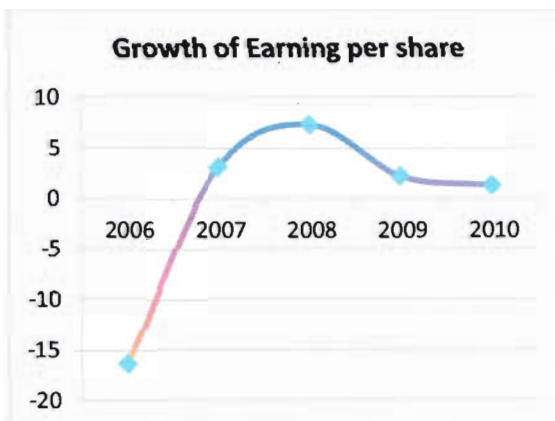


The return on Equity Ratio tells us how much profit earns from the investments the shareholders have made in their company.

The graph shows that First Security Islami Bank Limited got more benefits in 2010. Now we observe that Return on Equity has a negative tendency in 2006. From 2007 we can see there is an increasing trend and it is increasing till today. It means company is earning more benefits.

Earnings per Share:

Year	Earnings per Share (TK.)
2006	-16.28
2007	3.20
2008	7.35
2009	2.33
2010	1.42

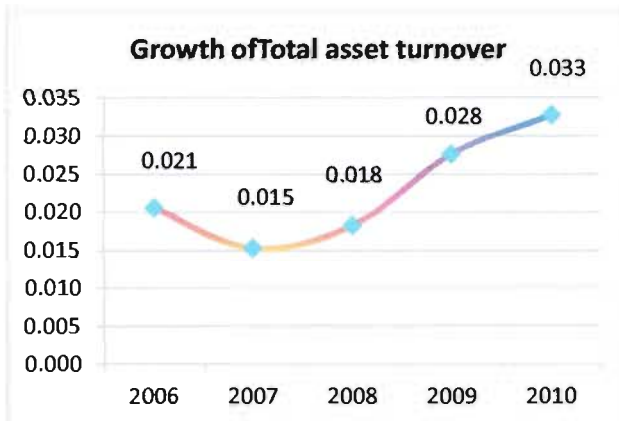


EPS represent the number of money earned during the period on behalf of each outstanding share of common stocks. Earnings per share have been calculated in accordance with BAS 33. This has been calculated by dividing the basis earnings by the weighted average number of ordinary share outstanding during the year.

The earning per shows on downward trend starting from 2.33/share in 2009 from 1.42/share in 2010, this is for the market unexpected situation. But we can see in 2008 it was the high earning which is TK. 7.35. The Board of Directors has recommended 12% Stock Dividend for the year ended December 31, 2010.

Total Assets turnover:

Year	Total Assets turnover (Times)
2006	0.021
2007	0.015
2008	0.018
2009	0.028
2010	0.033



The total asset turnover indicates the efficiency with which the firm uses its assets to generate Total operating income. Generally, the higher a firm’s total turnover, the more efficiently its assets have been used. This measure is probably of greatest interest to management, because it indicates whether the firm’s operations have been financially efficient.

According to the ratio chart in 2006 FSIBL turns over its assets 0.021times in a year. From 2008 to 2010 there is an increasing trend. That means the company has a good position till today.



Chapter

FIVE

Problems & Recommendation

PROBLEMS & RECOMMENDARIONS

PROBLEMS

First Security Islami Bank Limited is a new generation Bank. It is committed to provide high quality financial services to contribute to the growth of G.D.P of the country through stimulating trade & commerce, accelerating the pace of industrialization, boosting up export, creating employment opportunity for the educated youth, poverty alleviation, raising standard of living of limited income group and over all sustainable socio-economic development of the country. But at the time of my internship program I have found some problems in FSIBL, Bangshal branch. Those are discussed below-

- Lack of Varity of services is also a drawback of the general banking area of the FSIBL bank. The bank provides only some traditional limited services to its clients. As a result the bank is falling behind competition.
- According to some clients opining introducer is one of the problems to open an account. If the person who is new of the city wants to open an account, it is a problem for him to arrange an introducer of SB or CD accounts holder.
- When depositor opens an account bank provide them a provisional rate of profit but in the time profit calculation bank does not provide at the same rate. Because its profit Calculation system is very poor.
- FSIBL bank cannot invest in Shariah prohibited sector, so its investment scope is narrow in Bangladesh.
- Advertisement is the most important factors to introduce any organization, goods products or information to the people, but FSIBL bank is not eager to advertisement that can show their activities in the society.
- The investment department takes a long time to process for investment process because the process of sanctioning is done manually.

Through FSIBL bank faces some problems because of misconception and lack of specific government rules and regulations and support, I believe this is the most efficient bank present perspective relative to the other commercial banks. I hope one day FSIBL bank will overcome these problems with its efficient activities.

RECOMMENDARIONS

First Security Islami Bank Limited has some problems in general banking, investment and foreign exchange activities. I would like to offer some recommendations to overcome the problems of FSIBL bank.

- It should improve its asset management techniques.
- Market for different investment modes should be watched time to time return the market share.
- It should increase its marketing promotion.
- The staff and officers should be aware regarding the modern customer service.
- The bank should consider the customer complain when they raise any problem.
- The bank should develop its decoration system in such a way so that the customer can get their information easily.
- Efforts should be made to increase bank's investment under Mudarabah & Mishawaka modes.

The next important factor in Islamic banking is advertising. As said, people are very misguided about Islamic banking. So First Security Islami Bank Limited (FSIBL) must plan a good advertising and promotional campaign for Islamic banking. The campaign must make sure that it conveys the message clear to the customers. For medium of advertising, brochures, newspaper ad will be very helpful.

CONCLUSION

Islamic banking system has tremendous potentiality and prospect in Bangladesh. The Islamic banking concept pioneered by Islamic bank Bangladesh Ltd. has popularized the Shariah based banking system so much that most proliferate and distinguished banks both national and multinational open their Islami banking wings such as Standard Chartered, Export Import Bank of Bangladesh Limited, The City Bank, Dhaka Bank etc. are reported to be successfully performing Shariah based banking.

Private Bank is a strong source of economy. It is gaining popularity for its immense importance. Banking activities is being modernized with technological advancement of business transaction. Private Banks apply modernized techniques and sophisticated banking instruments to attract the customer as well as achieve their goal. Entering in the Private Banking scenario of Bangladesh, FSIBL is constantly trying to cross the obstacles regarding typical business oriented ideas and come up with innovative curtailed to its customers' needs to harvest maximum benefits for them. Since 1983, FSIBL is the pioneer in welfare banking in this subcontinent and it is trying to do all its activities for the betterment of its depositors. For the greater interest of the depositors the investment policy of FSIBL is to invest on the basis of profit and loss sharing in accordance with the tents and principles of Islamic Shariah. Profit earning is not the only motive and objective of the bank's investment policy rather emphasis is given in attaining social welfare and creating employment opportunities. The bank is successfully expanding its activities and achieving all goals and objectives through the dedication, commitment and dynamic leadership of its management over the periods.

The main philosophy of FSIBL bank is to diminish interest and charge or pay fixed interest on loans or deposits and at the same time establish an egalitarian society based on the principle of social justice and equity instead of predator mined interest on deposits, FSIBL bank offers the proof it to the depositions as an agreed ratio. Where, interest based conventional banks pay a fixed interest a savings and deposits and grant loans with interest for any purpose.

Bangladesh is a big country population wise. It has a huge Muslim population, which makes the country a big market for Islamic banking. The concept is relatively new in Bangladesh.. Many of the Muslims in the country previously were not satisfied with the conventional

banking as it was based in interest or Riba, which is prohibited in Islam. But, Islamic banking turned their dissatisfaction into delight.

Islamic banks can provide efficient banking services to the nation if they are supported with appropriate banking laws, and regulations. This will help them introducing PLS modes of operations, which are very much conducive to economic development. It would be better if Islamic banks had the opportunity to work as a sole system in an economy. That would provide Islamic banking system to fully utilize its potentials. Studies show that Islamic banks cannot operate with its full efficiency level if it operates under a conventional banking framework; their efficiency goes down in a number of dimensions. The deterioration is not because of Islamic bank's own mechanical deficiencies. Rather it is the efficiency-blunt operations of the conventional banking system that puts obstructions of efficient operation of Islamic banks. This does not mean that the survival of Islamic banks operating within the conventional banking framework is altogether threatens. Evidences from Bangladesh indicate that Islamic banks can survive even within a conventional banking framework by which over from PLS to trade related modes of financing. This is already proved from the data analysis. As said earlier, Bangladesh has huge potential in Islamic banking. So if First Security Islami Bank Limited provides more Islamic banking services mentioned in this report, it could earn a lot more profit. This will help the bank grow in Bangladesh. But it also must be careful in providing those services. It must emphasize on training its employees and advertising to make the Islamic banking system a success.

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