



INTERVIEW: PROFESSOR ABU NASER MOHAMMAD ABDUZZAHER, CHAIRMAN, BOARD OF DIRECTORS

We wish to see people fondly call 'Islami Bank, our bank'

Islami Bank Bangladesh Limited has passed 25 years of its business would you please tell us of your feelings.

The objective of Islami Bank Bangladesh Limited was to establish an interest free financial system. Almighty Allah has granted it. It is a matter of pleasure that the mission has been successful. To all the people of the country irrespective of race, colour and caste Islami Bank has been deemed as their own Bank. Islami Bank has brightened the image of the country in the international arena. It is a gigantic success gained by the Bank for the whole nation. In the present Silver Jubilee year I am expressing my warm gratitude and compliments to all stages of people including all the Shareholders, Account holders, Business Partners and Well-wishers at home and abroad.

What are the secrets for which your Bank has gained so many successes?

I have already mentioned that IBBL is the first Islamic Shariah based bank in south-east Asia. Eighty percent of the total population of the country are Muslim. They love Islam and want to mould their day to day life in accordance with the command of Islam. IBBL achieved wide acceptance among the people. The main reason of it's being a successful bank lies in the strength of Islam, the complete code of life. IBBL's policy makers are dutiful and honest, efficient, dedicated, its creative investment & deposit policy, support & co-operation of Ministry of Finance, Bangladesh Bank and Government

agencies and wonderful appreciation and participation of people including our business partners and clients -- everything established IBBL as the pioneer of welfare banking and one of the top banks in the country. Moreover, good governance is present at IBBL.

What different innovative banking products and services being rendered by IBBL compared to other conventional commercial banks.

All the deposit and investment schemes of IBBL are innovative. Besides, of various saving schemes our Hajj Saving Scheme, Mudaraba Muhor Saving Scheme, Mudaraba Waqf Cash Deposit Account etc. give us individuality from other conventional banks. Our Household Durable Scheme, Small Business Investment Scheme, Investment Scheme for Doctors etc. have got much popularity. To save the poor rural people from the curse of 'Riba' (interest) we started Rural Development Scheme (RDS) throughout the country and we are the first amongst commercial banks in Bangladesh to make the deprived rural people financially solvent.

What is current overall banking performance of IBBL?

IBBL is the largest private sector bank of the country. Total deposit of the Bank as on 31.12.2007 was Taka 166,777 million and total investment was Taka 174,058 million. We handled foreign exchange business of Tk.287,989 million during the year 2007. We are now in first position for import, export and foreign remittance at national level. Our exclusive performance can be



highlighted as:

- The largest network of Branches among Private Commercial Banks
- On-line Banking facilities in 95 Branches (largest online network in the country)
- 3.8 million Deposit Customers
- Over 5 lac Investment clients
- 55% of total investment in Industrial sector
- Employment generation for more than 1 million people
- Poverty alleviation through investment to more than 5 lac people
- Highest Taxpayer in Banking sector of Bangladesh
- Highest foreign currency earner for Bangladesh.

What are your future banking policies towards development of Islamic banking business in the country?

We are expanding our activities throughout the country to reach the door step of general people of the country. We have taken many wel-

fare oriented deposit and investment programmes. We are committed to serve them to our people. To fulfil this commitment, we have taken five-year plan. Moreover, we want to reach 85,000 villages of the country with our RDS programme. With this programme, we want to reform each and every village as "Ideal Village".

Are you hopeful about the possibilities and scopes of industrialization in Bangladesh?

Bangladesh is one of the ideal places for industrialization. Its crisscrossing rivers, wide road, railway network, availability of gas, coal and low-paid skilled working hands and large population clearly prove it. If we can assure political stabilization, reduce corruption to a reasonable level, then I believe industrialization in Bangladesh is possible.

There are too many private commercial banks operating in Bangladesh, do you think competition among them is healthy?

In the small territory of Bangladesh too many private banks are operating their business which creates an unhealthy competition. Some banks are offering high profit rate for just to reduce their deposit crisis. In some context, due to unhealthy competition L/C margin become zero. And it is also noticed that some banks are doing malpractice to pick up valued clients and manpower of other banks.

Islami Banking is spreading fast in the country and many commercial banks are carrying out Islamic banking side by side conventional banking. Do you think this ongoing

practice is a threat for IBBL?

Islamic Banking is a wide spreading concept and there is a large scope of Islamic Banking in Bangladesh. To meet the importance of Islamic Banking and need of time, many banks are being converted to Islamic Bank and some are carrying out Islamic Banking branch side by side conventional banking. It proves the demand of Islamic Banking. Islami Bank Bangladesh Limited never thinks it as threat. On the contrary, we welcome it. As a pioneer in Islamic Banking, we have wide acceptance to the people. Besides, the main objective of Islami Bank Bangladesh Limited is to establish Islamic Economic System in the society. And this tendency will help IBBL to reach its goal.

Please tell something about IBBL's Rural Development Scheme.

Our 'Rural Development Scheme' has initiated a revolutionary change in the rural development through making the destitute people of the village self-reliant and patriotic citizens. Investment activities have been conducted in 10,023 villages by 129 Branches of the Bank. 1400 crore taka has been invested in the project so far. The number of group members of the project is 5,16,725 among them as much as 89 percent are women. The recovery rate is 99%. To meet the demand of pure water and hygienic toilet Islami Bank distributed 6242 tube wells and 3551 sanitary latrines so far. We are discharging our duty with a view to changing all the villages of our country as ideal village and we

will be successful in our mission, In-Sha-Allah.

What are the services and products Islami Bank offering to clients in Bangladesh?

Islami Bank Bangladesh Limited has so far introduced these attractive and most popular deposit products:

1. Mudaraba Savings A/C
2. AlWadeeah Current A/C
3. Mudaraba Hajj Savings A/C (1 Year to 25 Years)
4. Mudaraba Waqf Cash Deposit A/C
5. Mudaraba Special Savings (Pension) (5 years and 10 years) A/C
6. Mudaraba Muhor Savings Account A/C
7. Mudaraba Savings Bond (5 years and 8 years) A/C
8. Mudaraba Monthly Profit Deposits Scheme (3 years and 5 years) A/C
9. Mudaraba Term Deposits (3 months, 6 months, 12 months, 24 months and 36 months) A/C
10. Mudaraba Savings Deposit A/C
11. Mudaraba Special Notice Deposit A/C
12. Mudaraba Foreign Currency Deposits A/C

In addition to our investment in industrial, trade and real estate sectors, we have introduced these special investment schemes:

1. Household Durable Scheme
2. Investment Scheme for Doctors, Small Business Investment Scheme, Housing Investment Scheme
3. Small Business Investment Scheme, Housing Investment Scheme
4. Real State Investment Scheme

5. Transport Investment Scheme
6. Car Investment Scheme
7. Rural Development Scheme
8. Agricultural Equipments Investment Scheme
9. Small Industry investment Scheme
10. Investments in SMEs are -- Productive Sector: Agriculture, Tannery, Garments, Handicrafts, Electronics and re-processing etc. Trading: All types of wholesale and retail businesses including import & export based on Islamic Shari'ah. Services: Telecommunication, Transportation, Information Technology, Hotel & Restaurant, Workshop etc.

What are the new services and products Islami Bank Bangladesh is going to offer to its clients?

Expatriate Bangladeshis contribute a lot in the national economy. We are going to initiate new products for them by which they can invest their money after coming back to the country. We think they could apply their capacity in the project financing at home as they depicted abroad.

We have a plan to initiate a 'Khidmah Card' substituting conventional 'Credit Card'.

What is your ambition about your bank?

We are very much confident to establish Islamic Banking in this country with the heartfelt support of the people of the country. In this regard we are going to take many future plans to deliver the service of this Bank to every door of the people of this country. Our future plans are --

We like to solve unemployment problem through our various

investment programmes.

o We like to strengthen the programme of eradicating poverty.

o We like to shorten the gap between urban & rural lifestyle.

o We want to open branches in undeveloped areas.

o We like to expand industrial sector by increasing our industrial investment.

o We like to invest in medium & small industrial sectors through which investment & asset may not be coiled in some of listed people or selected areas.

o We have a plan for developing a 'Rural Development Organization' for reaching the farthest corner of the country.

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We dream for roaming all over the world with the assistance of Islami Bank Bangladesh Limited. And as a part of the dream we are planning for opening branches & booths in different parts of the world, specially in London & Dubai.

We wish to settle ourselves into the hearts of the people of the country and their cordial utterance should be "Islami Bank, My Bank, Our Bank."

INTERVIEW: M. FARIDUDDIN AHMAD EXECUTIVE PRESIDENT

IBBL is working for development of the country

Islami Bank Bangladesh Limited has passed 25 years, please tell of your feelings.

Bismillahirrahmanirrahim. The objective of Islami Bank Bangladesh Limited was to establish an interest-free financial system. Allah the Greatest has granted it. It is a matter of pleasure that the mission has been successful. To all the people of the country irrespective of race, colour and caste Islami Bank has been deemed as their own Bank. Islami Bank has brightened the image of the country in the international arena. It is a gigantic success gained by the Bank or the whole nation. In the last several years we are also accumulating the highest profit. The news is really a gratifying one to the activists of Islami Banking movement. In the Silver Jubilee year I am expressing my warm gratitude and compliments to all stages of people including all the Shareholders, Account Holders, Business Partners and well-wishers at home and abroad.

How long ago the idea of Islami Banking actually came up first? Can you please tell me from when and where the first Islami Bank started operation?

Islami Banking was a matter of philosophical thoughts, ideas and subject of writing for the philosophers and researchers till fifties of the last century. Practical research and research went on in the 60s decade and finally the decade of 70s was taken as the time for establishment of Islami banks and financial institutions. Islami banking movement is now in a settled position and is considered a modern welfare banking system in 21st century. More than three hundred Islami banks and financial institutions have been established in the world by this time which have thousands of branches around the globe. The people of Bangladesh are enlightened with religious fervour and Islamic ideology. Though the economy and banking system in the reign of colonial powers were interest-oriented, the people of the country did not accept it. Rather they cherished for a long time for interest-free banking. The government of Bangladesh signed the charter of Islami Development Bank (IDB) a founder member 1974. As a result, many of the Muslim states including Bangladesh agreed to start Shari'ah-based banking operations. The process for establishing Islami bank was recommended in the meeting of their Foreign Ministers held in Dakar, the capital of Senegal, during the conference of OIC in 1978. Bangladesh was present in the meeting.

When did you start operation in Bangladesh? Was it the first Bank with this concept? Was there any other Bank with similar ideas?

IBBL started its operation on 30th March in 1983 and the first branch of the bank was inaugurated on 12th August at 75, Motijheel C/A, Dhaka in the same year. Six Islami banks, several Islami insurance and leasing companies have been established being inspired by our success and progress. It's a great success of IBBL indeed. Some conventional banks opened Islami banking branch. Besides, foreign banks like Standard & Chartered, HSBC and Citi bank NA, initiated new products and Islami banking window following IBBL.

What prompted the Islami Bank to start operation in Bangladesh? Since it was a new trend for banking in Bangladesh, what was the overall response?

Al-Hamdulillah, Islami Bank achieved vast popularity from its inception. We receive an utmost response from wherever we open a branch. Many a letter we receive from home and abroad appealing for opening branches in their locality.

What are the compositions of your Board of Directors?

A Board of Directors consisting of Directors, now 13 in number,

Mr. Ziaur Rahman, the then President of Bangladesh, recommended the following proposal in the third OIC conference held in Mecca and Taif in 1981: "The Muslim states should initiate a distinctive banking system in business sector among them. Both government and non-government sectors in Muslim countries may be developed by joint effort and Islamic Investment may be extended profitably in the financial institutions among them. We should commence a development organization which will initiate this on a commercial basis. Islamic Development Bank will operate its activities not only in finance but also for research purposes."

Considering these, Bangladesh government permitted Islami Bank in 1983 and Al Baraka Bank in 1987 for starting their operation. Bangladesh government holds 5% share in paid up capital of these banks, established by local entrepreneurs.

Islami Bank Bangladesh Limited is the first Islami Shari'ah based bank in South-East Asia. The bank was established not only by the endeavour of local entrepreneurs but also by the special thrust, money and mental support of IDB in Jeddah, seven financial institutions from five Gulf and European countries, three government institutions and two world famous personalities. May Allah reward them best.

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elected from and amongst the foreigners and local shareholders provides the policy guidelines to Islami Bank Bangladesh Limited. The Board of Directors, for smooth and efficient operations of the Bank, forms an Executive Committee consisting of the members of the Board. Besides, a Management Committee consisting of the Senior Executives headed by the Chief Executive looks after the actual operations of the Bank.

What training and development facilities does Islami Bank offer to its employees?

The norms and principles of Islami Bank is innovative and distinctive. Hence, the importance of training and mentoring of the officials and staff is inevitable. With a view to implementing a new system and creating skilled manpower for conducting the banking activities with expertise, the training academy was founded in 1984 named as 'Islami Bank Training and Research Academy'. An Academic Council has been constituted consisting of Directors, Executives, Shari'ah scholars, renowned academicians and representatives of reputed institutions. A rich library is constituted in the academy. More than 5 thousand books on different subjects including Economics and Banking are available here. The academy consists sections two, (1) Training and (2) Research.

IBTRA conducts training courses and workshops. The courses include Islamic Banking Law and Practice, Investment Operation & Management, Foreign Exchange, Shari'ah Based Audit & Inspection. Besides, orientation, induction, foundation and motivational courses are conducted round the year. Apart from this an "Executive Development Programme" has been introduced since 1988 for enriching knowledge and thought of Executives of the Bank. IBTRA is publishing a research journal. There is an opportunity to provide with internships facility to the students of different universities. The academy has introduced Islami Banking Diploma in 1998.

Can you tell me something about your operational framework in Bangladesh. How many

operational branches you have all over the country?

As you know there is a Board of Directors for policy making of whom 4 (four) members are foreigners. The foreign entrepreneurs hold 57.37% shares of total ownership. The number of Board Members was 23 at the time of its inception. IBBL followed the directions of Central Bank reducing it to 13 as soon as instructed by Bangladesh Bank.

There is an Executive Committee consisting of six members for smooth, accurate and competent operation of the bank. A management committee is formed with Chief Executive in the chair for proper execution of the activities of the bank. All the executives and officials of the bank are citizens of Bangladesh. All activities of the bank run smoothly guided by a skilled corporate management. The only measuring stick for recruitment at all executives and officials level is efficiency and competency. The principles of Transfer & Posting are also followed by recruitment policy.

Islami Bank Bangladesh has a countrywide network of 186 branches including 4 corporate branches and 38 Authorized Dealer (A/D) branches.

How Islami Bank Bangladesh differentiates itself from the general banking system in Bangladesh? How the people are liking it?

All the activities of Islamic banking are done according to Islamic law (Shari'ah) i.e. as per guidelines and directives of the Holy Quran and the Sunnah. The main objective of Islamic Banking is to help in development and welfare of human beings by ending exploitation and oppression from the society through the directive of the Almighty Allah. In Islamic banking, interest (Riba) is strictly prohibited and consequently all its activities are operated without involvement of interest. Islami Bank does not do the business on items harmful for the societies though there are possibilities to earn more profit there against. Islami Bank spends its own and the accumulated Zakat, Sadakat money in welfare oriented activities for assisting the distressed and impetuous people. There is a Shari'ah Council consisting of renowned Islamic thinkers, economists, bankers and advocates that study the standard of Shari'ah compliance in the banking activities.

Islami Bank operates on Islamic principles including profit and loss sharing, strictly avoiding interest which is the root of all exploitation. Islami Bank is committed to try its best to do away with disparity and establish justice in the economy, trade, commerce and industry, build socio-economic infrastruc-

ture and create employment opportunities.

Alhamdullillah, by achieving vast popularity and response from the people of Bangladesh Islami Bank Bangladesh Limited has by now attained the unique position of a leading private commercial bank in Bangladesh and a leading 'Islamic' financial institution in the Islamic banking world.

What are the services and products Islami Bank Bangladesh offering to clients in Bangladesh?

Islami Bank Bangladesh Limited has so far introduced the following attractive and most popular deposit products:

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Our special welfare oriented investment schemes are --

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2. Investment Scheme for Doctors, Small Business Investment Scheme, Housing Investment Scheme
3. Small Business Investment Scheme, Housing Investment Scheme
4. Real State Investment Scheme
5. Transport Investment Scheme
6. Car Investment Scheme
7. Rural Development Scheme
8. Agricultural Equipment Investment Scheme
9. Small Industry Investment Scheme
10. Investment on SME Investment sectors of SME are -- Productive Sector: Agriculture, Tannery, Garments, Handicrafts, Electronics and re-processing etc. Trading: All types of wholesale and retail businesses including import & export based on Islamic Shari'ah. Services: Telecommunication, Transportation, Information Technology, Hotel & Restaurant, Workshop etc.

What are the new services and products Islami Bank Bangladesh is going to offer to its clients?

Expatriate Bangladeshis contribute a lot in the national econ-

omy, we are going to initiate new products for them by which they can invest their money after coming back to the country. We think they could apply their capacity in the project financing at home as they depicted abroad. Thus they may be rehabilitated properly. More over they could assist in building up new industrial zone through remitting continuously.

We have a plan to initiate a 'Khidmah Card' contesting against conventional 'Credit Card' considering Islamic Shari'ah.

What is the secret that makes Islami Bank Bangladesh a leading profit making bank in Bangladesh?

IBBL's policy makers, Shari'ah Council, dutiful and honest, efficient, dedicated working force, its creative investment & deposit policy, support & co-operation of Ministry of Finance, Bangladesh Bank, Government Agencies and wonderful appreciation and participation of people including our business partners and Clients is the secret that makes Islami Bank Bangladesh the leading profit making bank in Bangladesh. Everything established IBBL as the pioneer of welfare banking and one of the top banks in the country. Moreover, good governance is present at IBBL. Eighty percent of the total population of Bangladesh is Muslim. They love Islam and want to fashion their day-to-day life in Islamic way. IBBL has achieved wide acceptance among the people. The main reason for its being a successful bank is lying behind the strength of Islam, the complete code of life from Allah.

How many international affiliations Islami Bank have? How these affiliations help Islami Bank in terms of its services and operation?

IBBL is the member of the following international organizations:

- (1) Accounting and Auditing Organizations for Financial Institutions (AAOIFI), Manama, Bahrain (It is worth mentioning that the Bank is the Board Member of AAOIFI).
- (2) General Council for Islamic Banks and Financial Institutions (GCIBFI) Manama, Bahrain (It is worth mentioning that the Bank is the Board Member of GCIBFI).
- (3) International Chamber of Commerce, Bangladesh.
- (4) Islamic Financial Services Board.
- (5) International Islamic Financial Market and
- (6) International Islamic Center for Reconciliation and Arbitration. (IICRA).

These organizations are helping Islami Bank at home and abroad for smooth operation in the light of Islamic Shari'ah.

Have you ever come into con-

flikt with the existing Banking Regulation or Banking System in Bangladesh? If so, how you overcome it?

As a scheduled commercial private bank Islami Bank Bangladesh Limited follows the rules and regulations of Bangladesh Bank strictly. Bangladesh Bank has different Islamic Banking Rule and is going to resume a distinct Islamic Banking Act. We hope that all problems of Islami Banking in Bangladesh will be resolved.

Since SME is one of the emerging sectors for Bangladesh, what are the initiatives Islami Bank is taking for that?

Small and Medium Enterprises (SMEs) play an important role in the economic and social life and can generate a large number of employment in the traditional and non-traditional sectors. Keeping this in view, IBBL has set up a separate Division named Small Enterprise & Consumer Investment Division (SECID) with effect from January 01, 2006 for Small Enterprises financing in compliance with the Bangladesh Bank guidelines. Moreover, IBBL is financing Medium Enterprises through two other divisions named Project Investment Division (PID) and General Investment Division (GID).

The investment of IBBL in the SMEs was Tk.17163.20 million as of 31 December 2007, which was about 9.86% of total investment of the bank. The quantum of investment signifies the commitment of the Bank towards rapid growth of the economy and contribution to increasing the per capita income of the people by creating employment opportunities.

We have also started Small Industry Investment Scheme: Under this scheme, investment facilities are provided in the field of agro based industry, engineering works, tannery, chemical industry, cloths industry including reprocessing industries who are inclined to establish new industries and re-settle the same.

IBBL has also taken Agricultural Equipment Investment Scheme: The Bank has started Agricultural Equipment Investment Scheme with a view to creating employment for the rural unemployed youths and helping farmers in producing agro-products. Under the scheme power-tillers, power-pumps, shallow tube-wells, thresher machine etc. are provided at easy terms.

Does Islami Bank feel threatened since foreign and local banks are also offering Islami Banking in Bangladesh?

Now Islami Banking is a wide-spread concept and there is a large scope of Islamic Banking in Bangladesh. To meet the importance

of Islamic Banking and need of time, many Banks are converting to Islamic Bank and some carrying out Islamic Banking branch side-by-side conventional banking. It proves the demand of Islami Banking. Islami Bank Bangladesh Ltd. never thinks it as a threat. On the contrary we applaud it. As a pioneer in Islamic Banking arena, we have wide acceptance to the people. Besides, the main objective of Islami Bank Bangladesh Ltd. is to establish Islamic Economic system in the society. This tendency will help Islami Bank to reach its goal.

How do you envision the future of Islami Bank in Bangladesh? Do you think this banking system will be more helpful for the overall economy of Bangladesh?

Alhamdullillah, Islami Bank has by now attained the unique position of a leading private commercial bank in Bangladesh and a leading Islamic financial institution in the Islamic Banking world. Islamic Development Bank (IDB) recommends any bank of any country to IBBL if they ask for any counseling on Islami banking. Islami Bank Bangladesh Limited emerged as the market leader in Import & Remittance business in 2007. IBBL dealt with import business of Tk. 13,709 crore & Tk. 8,414 crore in remittance business. Besides it dealt with export business of Tk.6,669 crore for the year 2007. IBBL plays an important role in socio-economic development of the country for 25 years since its inception. IBBL continues its endeavour to serve the downtrodden people of rural areas through its scattered network of 186 branches. Not only IBBL, other Islami Banks also playing their role in elevation from poverty through Industrialization and other socio-economic development programmes. Within a very short period Islami Banking will be more helpful for the overall economy of Bangladesh.

What are the major achievements of Islami Bank in the past 25 years?

Islami Bank achieved stable growth and continuous progress to become one of the leading private sector banks of the country. In brief, the major achievements of IBBL are--

(a) The largest network of Branches among Private Commercial Banks.

(b) 3.80 million Deposit Clients.

(c) Over 5 lac investment clients.

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Courtesy:

Akiz Jute Mills, Akiz Printing & Packaging, Akiz Food & Beverage, M/s Knit Cotton Composite Mills, M/s N.Z. Textile Mills Limited, M/s RK Group