Thesis Report

on

"An Impact of Islamic Banking and Finance to Economic Development in Bangladesh: A Case Study on First Security Islami Bank Limited (FSIBL)"

Submitted by:

Md. Shahriar Hossain

ID: MBA 2402032013

Major: Finance

Semester: Spring 2025

Sonargaon University (SU)

Submitted to:

Department of Business Administration

Sonargaon University (SU)

Submitted for The Partial Fulfillment of the Degree

of Masters of Business Administration

Sonargaon University (SU)



147/I, Green Road, Tejgaon, Dhaka-1215, Bangladesh.

Date of Submission: 28th April, 2025

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Supervised by:

Naima Khan Tarin

Lecturer

Department of Business Administration

Sonargaon University (SU)

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Letter of Transmittal

Date: 28th April, 2025

Naima Khan Tarin

Lecturer,

Department of Business Administration

Sonargaon University (SU)

Subject: Submission of thesis paper.

Dear Madam,

With great gratification, I am submitting my research paper titled **"An Impact of Islamic Banking and Finance to Economic Development in Bangladesh: A Case Study on First Security Islami Bank Limited (FSIBL)"** As per partial accomplishment of the requirements for the MBA degree under the MBA program, I have completed the master paper from the **First Security Islami Bank Limited (FSIBL)**. It is an enormous prospect for me to gather vast information and appropriately grasp the subject matter. I found the research activity quite interesting, beneficial & and insightful, and I tried my best to prepare an effective & and credible report. I honestly, not only anticipate that my analysis will provide a clear idea about Islamic Banking Impact on Economic Development in Bangladesh but also optimistic enough to believe that you will find this research paper's worth for all the labor I have put into it. I welcome your entire query & and take pride in answering them.

Yours Sincerely,

Md. Shahriar Hossain

ID: MBA 2402032013

Major: Finance

Department of Business Administration

Sonargaon University (SU)

Declaration of Student

This is to notify you that, the thesis paper on "**An Impact of Islamic Banking and Finance to Economic Development in Bangladesh: A Case Study on First Security Islami Bank Limited (FSIBL)**" has been prepared as a part of my dissertation formalities. It is an obligatory part of my MBA program to submit a thesis paper. Moreover, my supervisor Naima Khan Tarin, Lecturer, Department of Business Administration, Sonargaon University (SU), inspired and instructed me. I am further declaring that I did not submit this report anywhere for awarding any degree or certificate.

Yours Sincerely,

Md. Shahriar Hossain

ID: MBA 2402032013

Major: Finance

Department of Business Administration

Sonargaon University (SU)

Certificate of Supervisor

This is to certify that the thesis report "**An Impact of Islamic Banking and Finance to Economic Development in Bangladesh: A Case Study on First Security Islami Bank Limited (FSIBL)**" has been prepared as a part of the completion of the MBA program from the Department of Business Administration, Sonargaon University (SU), carried out by Md Shahriar Hossain, bearing ID: MBA 2402032013 under my supervision. The report or the information will not be used for any other purposes.

Naima Khan Tarin

Lecturer,

Department of Business Administration

Sonargaon University (SU)

Acknowledgment

I would like to extend the deepest sense of gratefulness from the core of my heart to the almighty, most merciful creator, who create the universe. The most powerful, generous one and the benign almighty, who have provided me the strengths and self-confidence to conduct the study with proper honesty and dignity. The study was conducted due to academic purposes under the Department of Business Administration, Sonargaon University. I carried out this study for exploring new phenomena. I am thankful to the Department of Business Administration for giving me this pleasing opportunity to conduct the thesis.

I am most grateful to our beloved supervisor, our teacher Lecturer Naima Khan Tarin, and for providing me with wonderful guiding. Most importantly my supervisor motivated me, inspired me, encourage me constantly, and gave her valuable opinion in every step during the thesis continued. She influenced me in every moment when I failed and without her relentlessly support I could not make the thesis and can't reach our goal.

Lastly, I want to say thanks to those people who help me during the data collection period by sharing their information and spending their valuable time. Through all of their sacrifice, I can make success, and again thanks to you all.

Abstract

Islamic banking and finance operate under Shariah (Islamic law) principles, emphasizing risk sharing, ethical investments, and prohibiting interest (riba). Due to the rapid rise of Islamic banking and finance in the global banking and finance sector, Bangladesh has recently seen the anticipated expansion of Islamic banking and finance. Islamic banking and finance in Bangladesh have enormous potential, but they also face certain obstacles, such as a lack of infrastructure for these sectors, a lack of a clear legal foundation, a lack of central bank consideration, a lack of an Islamic capital market, and difficulty accessing Shariah law experts and raising public awareness.

This thesis examines the principles and practices of First Security Islami Bank Limited (FSIBL) in Bangladesh along with its effect on economic development in Bangladesh, focusing on its compliance with Islamic financial doctrines, operational models, challenges, and future prospects. The study evaluates FSIBL's adherence to Shariah principles, its financial products, and the competitive landscape of Islamic banking in Bangladesh. Through a content analysis, the study examines this bank's published texts, articles, websites, and annual report. The study's main conclusions highlight the bank's contributions to Bangladesh's economic development in a number of areas, including job creation, foreign remittance earnings, rural economy strengthening, green banking and ecology promotion, industrialization, SMEs development, aiding in import-export trade, and housing sector development. The substantial contribution that FSIBL makes to the national exchequer is also noted in this report.

This research fills a vacuum in the literature in this particular area and advances the field of Bangladesh's economic development and the role played by FSIBL. According to the study, Islamic banking significantly influences Bangladesh's economic growth.

Key Words: Risk sharing, Capital market, Financial products, etc.

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Chapter: 1

Introduction

1.1 Overview

The origins of Islamic banking may often be found in the Middle Eastern businessmen who began conducting financial transactions with their European counterparts in the Middle Ages. Their initial financial concepts were the same as those of the Europeans. Over time, however, as trading systems evolved and European nations began opening local branches of their banks in the Middle East, some of these banks embraced regional customs, mainly those related to profit-and-loss sharing and no-interest financial systems.

These European banks were able to meet the needs of local Muslim businesses by using these strategies. In the early 1980s, Islamic banks opened in Western Europe, although the majority of these establishments were established in Muslim nations. Additionally, the governments of Sudan, Iran, and (to a lesser extent) Pakistan have built national interest-free banking systems.

Financial or banking operations that comply with Shariah (Islamic law) are referred to as Islamic banking, Islamic finance, or Shariah-compliant finance. The division of profits and losses and the restriction on interest collection and payment by lenders and investors are two core tenets of Islamic banking. By requiring borrowers to give the bank a portion of their income rather than paying interest, Islamic banks are able to turn a profit through equity participation. Certain traditional banks offer their clients specific Islamic financial services through windows or divisions.

Worldwide, there are more than 1,900 mutual funds and more than 560 institutions that adhere to Islamic law. According to a 2022 research by the Islamic Corporation for the Development of Private Sector (ICD) and Refinitiv, Islamic financial assets increased from $2.17 trillion to around $4 trillion between 2015 and 2021 and are expected to reach approximately $5.9 trillion by 2026.

According to S&P worldwide Ratings, the Worldwide Islamic finance sector expanded in 2022 and 2023 as a result of rising bond issuance and the financial markets' ongoing economic recovery. Notwithstanding the epidemic, Islamic assets also saw an increase of more than 10% in 2020.

Islamic banking is based on the principles of Islam as they apply to business dealings. The Quran, the primary religious text of Islam, is the source of the fundamentals of Islamic finance. Shariah, the Islamic legal code (derived from the teachings of the Quran), must be followed in all transactions in Islamic banking. Fiqh al-muamalat is the term used to describe the regulations that control business dealings in Islamic banking.

Employees of organizations that follow Islamic banking are trusted to conduct business in accordance with the core tenets of the Quran. Islamic bankers consult knowledgeable experts or employ autonomous reasoning based on scholarship and customs when additional information or direction is required. The ban on usury and speculation in Islamic banking is one of the main distinctions between it and traditional financial systems. Any kind of gambling or speculating, known as maisir, is absolutely forbidden by Shariah.

Taking interest on loans is likewise forbidden under Shariah. Furthermore, investments involving goods or substances that are forbidden by the Quran, such as gambling, alcohol, and pork, are likewise forbidden. Thus, Islamic banking can be regarded as a type of ethical investing that is culturally unique.

Islamic banks use equity participation mechanisms to generate revenue without the customary practice of charging interest. When a bank lends money to a firm, equity participation means that the business will repay the loan interest-free and give the bank a cut of its profits instead.

The bank also loses out if the company fails or doesn't turn a profit. The investment methods of Islamic financial organizations are often more risk-averse. They therefore tend to stay away from companies that might be connected to economic bubbles.

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1.2 Origin of the Report

This thesis paper is the result of a thorough investigation on **"An Impact of Islamic Banking and Finance to Economic Development in Bangladesh: A Case Study on First Security Islami Bank Limited (FSIBL)".** The author, who has a strong interest in the banking industry, particularly the Sariah-based Islamic banking industry, saw the need for a thorough examination of banking with finance and established a rapport with First Security Islamic Bank PLC's customers. The report uses a number of primary and secondary sources, such as market reports, academic literature, banker and consumer interviews, and publications from institutions.

1.3 Scope of the Study

This study is conducted on **"An Impact of Islamic Banking and Finance to Economic Development in Bangladesh: A Case Study on First Security Islami Bank Limited (FSIBL)".** The report is descriptive and elaborative. The study covers the scope of Islamic Banking and Finance in Bangladesh, focusing on the principles and practices of First Security Islamic Bank Limited (FSIBL), examining its contributions to economic development, and identifying challenges and opportunities within the sector. No effort is made to conduct a thorough examination of the department's efficacy. The conclusions are solely based on the data collected from various sources and the data supplied by the appropriate persons. The focus is on the facts as they have been found.

1.4 Background of the Study

The world's banking industry plays a role in the current global economy. A solid understanding of banking operations is necessary to build a robust banking industry. The goal of modern economic policy is to provide the best possible economic situation for a nation's economy. The banking

industry and banking operations are essential to achieving the economy's ultimate objective. Effective banks are essential to the banking industry's smooth operation. Being a commercial bank, FSIBL has a great deal of responsibility to make sure that banking operations are conducted effectively and efficiently throughout Bangladesh in a way that is sound when competing with other banks. In today's world and society, the banking industry is essential. It always has a significant impact on a nation's economic growth. In the current era of science and technology, deregulation, technical advancement, and globalization have all caused significant changes in the banking industry worldwide. However, the banking industry in Bangladesh is not keeping up with other nations' adaptation to the changes. In essence, banks accept deposits from clients in exchange for interest payments and then lend the funds to borrowers at varying interest rates and for varying lengths of time. There are several kinds of credit facilities to guarantee the security of the depositor's money. The bank must also have enough money to cover its customers' everyday expenses. First Security Islami Bank Ltd (FSIBL), a third-generation bank, operates with the goal of providing the finest possible service to its clients and customers nationwide.

Kosmidou and Zopounidis (2008) assessed and ranked the effectiveness and performance of Greece's commercial and cooperative banks during the 2003–2004 timeframe. Through expanding their accounts, drawing in more clients, and raising their financial indices, they discovered that commercial banks are growing more competitive and optimizing their profits. However, it has been discovered that, in the case of cooperative banks, some are seeing much higher profits and market shares, while other banks' financial indices are declining.

Furthermore, this nation's private commercial banks today offer superior services than they did in the past. Consequently, customers are flocking to private banks. As a result, over time, private commercial banks are expanding their branches, adding jobs, and boosting deposits, loan disbursements, net income, and earnings per share. It is now crucial to assess each private commercial bank's performance because the banking industry is becoming more competitive as a result of new banks entering the market (Chowdhury and Islam, 2007).

When it comes to business, financial transactions, and functioning as partners, Islamic banks face numerous national and international obstacles. However, Islamic banks can demonstrate their performance in a suitable manner if the relevant laws and regulations continue to exist in a society or on a worldwide scale. According to Ahmad and Hassan, two well-known authors of Islamic

finance, Islamic banks in Bangladesh were established with specific goals in mind, in accordance with the principles of Islamic economics, which suggest a clear and particular obligation on their part to contribute significantly to the socioeconomic advancement of the nation. (Hassan, K., and Ahman, Auf., 2001)

It has been discovered that these entrepreneurs and depositors have the chance to fulfill their religious obligations and engage in Sariah-based banking. Alam explains the factors that have contributed to IBBL's success, stating that in addition to adhering to Sariah, senior bank officials maintain continuous communication with clients and regularly pay them a visit at their places of business. Alam said, referring to the head of the IBBL's Investment Department, that although this bank had experienced some difficulties at first, things are improving. (Alam, M.N. 2000)

Economic development, despite the fact that there are several definitions, is generally understood to mean that the standard of living of the populace has improved as a result of reduced poverty and higher production. Additionally, Wohlgemuth, Olukoshi, and Kifle endorse the notion that economic progress and poverty reduction are closely related. (Olukoshi, A., Wohlgemuth, l., 1997) Kifle, H. Banks and other financial organizations are assisting in Bangladesh's economic growth by investigating many profitable economic sectors through loan and investment. The banks in our nation serve both conventional and Islamic purposes.

Conventional banks prefer interest and traditional laws and regulations, while Islamic banks operate according to Islamic sariah and principles, which oppose interest-based banking. Therefore, it is essential to ascertain the degree to which a commercial bank's Islamic banking operations have influenced Bangladesh's economic growth.

1.5 Objectives of the Study

Broad Objective:

1. To ascertain the degree to which FSIBL's Islamic banking operations have influenced Bangladesh's economic growth.

Specific Objectives:

2. To identify the main issues facing the banking industry.
3. To suggest a better and more effective method for resolving issues in the banking industry.
4. To evaluate the Shariah compliance practices of First Security Islami Bank Limited (FSIBL) and their impact on customer trust.
5. To analyze the contribution of FSIBL towards employment generation, SME development, and rural economic growth in Bangladesh.

1.6 Methodology of the Study

The study adopted a descriptive research design utilizing a mixed-method approach, integrating both qualitative and quantitative techniques to achieve the research objectives comprehensively.

Primary data were collected through structured surveys and in-depth interviews conducted with local customers and employees of First Security Islami Bank Limited (FSIBL). These interactions provided valuable insights into the perceptions, experiences, and opinions regarding the bank's Islamic banking practices.

Secondary data were obtained from credible and authentic sources such as FSIBL's official website, published annual reports, internal documents, and relevant scholarly articles. These secondary sources helped to enrich the analysis with factual and updated information.

Thus, the research methodology employed ensured both the reliability and validity of the findings, providing a well-rounded perspective on the impact of Islamic banking activities on the economic development of Bangladesh. This combination of methods ensured the accuracy, depth, and validity of the study.

I considered data from the previous five years from 2019 to 2023 to assess the degree of Islamic banking's influence on Bangladesh's economic growth.

1.7 Limitations of the Study

I ran across a few issues when I was writing this report. Every effort was made to finish the report and produce a trustworthy and useful outcome. Notwithstanding a sincere effort, certain restrictions still remain and serve as obstacles. The following were the limitations:

- The report's time limit was insufficient.
- The organization's rules and constraints prevented. detailed information.
- Adoption of the organization takes a long period.
- Relevant papers and documentation were insufficient.

Chapter: 02

Literature Review

Literature review

The idea of investing in partnerships and the fairness principle of Islamic finance form the foundation of Islamic banking. According to Ahmed (2004), the fundamental tenets of Islamic banking include the prohibition of interest (usury) in all transactions, the requirement that business and trade operations be conducted on the basis of just and lawful profit, and the proscription of monopoly and hoarding. With the exception of charitable loans and Qardh-e-Hasna, Islamic banks do not handle loans. Rather, they implement Mudharabah (profit sharing of gains and losses) and Musharakah Ajil (a deferred payment sale resulting from trading activity), which means that Islamic banks' investments are contingent on the viability and utility of the projects in which funds are invested.

Using the Z-score technique and various financial ratios, including the NPF ratio, IDR ratio, and liquidity ratio—all of which are frequently used to assess the financial stability of Islamic banks—Islam, Sumon, Ahmed, and Yousuf (2019) investigated the financial stability of eight fully operational Islamic banks in Bangladesh for the years 2010–2017. This suggests that Islamic banks are currently not generally financially stable. The study's findings imply that Bangladeshi Islamic banks are currently seeing an increase in their IDR ratio, a sign that they are providing excessive credit. While some Islamic banks are seeing a decline in their NPF ratios, this decline is happening very slowly.

The customer's trust and confidence are the foundation of the banking industry. Therefore, keeping customers loyal should be banks' top priority. Customers in Muslim-majority nations, like Bangladesh, adhere to Shariah and want their banks to do the same too. As a result, banks must make sure that their reporting contains the appropriate disclosures. Bangladeshi Islamic banking companies have an average disclosure required compliance rate of 88.11%, according to Sahabuddin, Islam, Junaina, Hareeza, and Bashir (2018).

In another study, Arif & Tuhin (2013) came to the conclusion that if the Bank Companies Act of 1991 made it both required and voluntary for banks to comply with all of the disclosure obligations, it would be relatively simple for them to do so. Bangladesh Bank (Central Bank of Bangladesh) shall look for measures to reconcile the disparities between laws in accordance with IFSB 4's

standards. Bangladesh Bank may need to amend BRPD Circular No. 15/2009 in order to comply with all Islamic Shariah criteria pertaining to bank financial reporting.

Ullah (2014) made an effort to look at the Islamic banks' level of Shariah compliance in Bangladesh. According to the study, there are significant differences in the Shariah compliance status of Islamic banks, and Shariah violations are prevalent in investing activities due to a lack of knowledge, a lack of sincerity in adhering to Shariah, a lack of focus on Shariah audits and research, and the absence of a robust Shariah supervisory board with full-time, knowledgeable members.

According to Sajjad (2010), Islamic banking is better at allocating capital and may make investments based on the productivity of projects rather than the creditworthiness of the project owners, which is what conventional banking does. Ahmed (2004) noted that in order for the medium of exchange to be a trustworthy unit of account, Islamic banks work to establish socioeconomic justice, an equitable distribution of income and wealth, and stability in the value of money.

The Islamic Financial Services Industry (IFSI), which was founded on religious principles, has grown significantly over the past forty years. According to the IMF, the number and reach of Shariah-compliant financial institutions worldwide have increased from one institution in one country in 1975 to over 300 institutions operating in more than 75 countries today (Hasan, 2008). Hasan also noted that Islamic banks adhere to a traditional model of funding from their own deposits rather than borrowing from wholesale markets.

In the context of Bangladesh, Badreldin (2009) came to the conclusion that managers should assess their institution's financial standing in relation to industry benchmarks or their competitors. Shariah supervisory boards and other regulators can better understand bank performance and make sure that only clear and transparent information is used by using Islamic bank performance metrics. Investors will also benefit from being able to recognize investment possibilities and make sure that the right choices are being made about the allocation of funds.

Islamic banks have done poorly in terms of the percentage of non-performing investments, according to Rashid & Nishat (2009), which has raised the need for income reduction to boost the

amount of protection against categorized investments. Sarker (1999) asserts that Islamic banks have yet to successfully create a short-term interest-free system for their funds. They have the same issue when it comes to funding government deficits and consumer segment investments.

Sarker (2005) conducted a study that examined the obstacles and problems that the Islamic banking system in Bangladesh's financial industry faces as it continues to grow. The report recommended creating an Islamic money market that operates between banks, establishing Shariah supervisory boards, passing a complete Islamic banking law, creating new financial products that adhere to Islamic Shariah, and expanding investment in accordance with the PLS framework. According to the paper, Bangladeshi Islamic banks should give priority to micro, small, and medium-sized businesses (MSMEs) when making investment decisions.

Sarker (1999) also noted the risk associated with profit-sharing, which appears to be so high that practically all of Bangladesh's Islamic banks have turned to financing strategies that provide them with a fixed, guaranteed return. The situation raises legitimate concerns because these banks have just changed the names of their transactions, not eliminated interest. The Bangladeshi central bank does not provide sufficient legal assistance to Islamic banks. Moreover, project financing gets delayed in the absence of expertise and trained manpower capable of appraising, monitoring, evaluating and auditing. This inhibits growth despite these banks having a huge excess of financial liquidity.

Chapter: 03

Organizational Profile

Founded on August 29, 1999, First Security Islami Bank PLC. is a public limited bank in Bangladesh that offers financial services that comply with sharia. First Security Islami Bank Limited was chaired by Mohammed Saiful Alam, who is now the chairman of the S. Alam Group of Industries. In 2022, the bank faced financial difficulties as a result of making big unsecured loans. On September 1, 2024, the Bangladesh Bank appointed independent directors to the board of First Security Islami Bank PLC, which was controlled by the contentious S Alam Group, and disbanded the board.

3.1 History

"First Security Islami Bank PLC." is one of the pioneers in our nation's history of implementing a Shariah-based banking system with cutting-edge and contemporary principles. It is a fully operational bank that complies with shariah and all other Islamic laws. On October 25, 1999, First Security Islaml Bank PLC was officially opened. On January 1, 2009, our bank was transformed into a fully-fledged Islami bank after taking into account public demand and providing evidence for the wise choice made by the board and management.

"First Security Islami Bank PLC." is steadfastly pursuing the creation of a long-term strategy plan in order to sustain dynamic growth by recognizing the evolving habits of all kinds of customers and to establish itself as a symbol of progress in our nation's banking industry. Through a variety of delivery channels, including branches, sub-branches, agent banking outlets, ATM booths spread around the nation, and apps for internet banking and mobile financial services, it offers convenient access to its huge customer base across the nation.

With more than 20 years of illustrious history of advancing the financial sector in Bangladesh through its creative and enterprising business philosophy, "First Security Islami Bank PLC." is dedicated to providing the greatest possible customer service and generating value for its shareholders over the long run.

3.2 Vision

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

3.3 Mission

- To contribute to the socio-economic development of the country.
- To attain the highest level of satisfaction through the extension of services by dedicated and motivated professionals.
- To maintain continuous growth of market, share by 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 contribute effectively to the national economy.

3.4 Strategy

- Hiring and keeping skilled local workers who are continuously improving their knowledge and abilities to deliver banking services and control operational risks in accordance with industry best practices.
- Utilizing the equal opportunity employment principle to support employees' career advancement within the bank.
- Implementing technology advancements and establishing a succession plan for managers to guarantee the growth of an Islamic bank as a reliable financial organization.
- Building trust and partnerships with our customers and maintaining a constant focus on offering professional and high-quality customer service will help us achieve financial health and growth, including increased market share and revenue generation for our shareholders.

3.5 Strategic Objectives

To create a society with knowledge and skills for making responsible financial decisions, the following guidelines are designed to achieve the objectives:

1. Employing, retaining local qualified personnel, and continually develop their skills and expertise to provide banking services and manage operational risks in line with industry best practices. Applying equal opportunity employment principle to encourage personnel to grow within the bank.
2. Establishing a set of managerial succession and adopting technological changes to ensure development of an Islamic Bank as a stable financial institution.
3. Achieving financial strength and growth, including expanded market share, and generating income for its shareholders through strengthening trust and partnership with our customers and an on-going focus on providing professional and quality customer service.
4. Designing suitable products and services which are very responsive to meet the client's financial needs and aspirations as well as ensuring adequate risk-adjusted return for the bank through delivering services with the implementation of world class IT infrastructure.
5. Introducing existing products into a new market and new products to new and existing markets with our innovative service approach and conforming to monetary laws and regulations.
6. Developing and implementing a promotional plan to drive increased business.
7. Investing in infrastructure that unlocks the potential of the private sector, championing gender equally and community participation. It will help improve skills for competitiveness, ensuring that those skills better match the opportunities and requirements of local job markets.
8. Contributing actively to the national economy growth through attractive foreign investment, financing investment projects in the country and promoting foreign trade with locals.
9. Ensuring corporate governance in conformity with laws and regulations and undertaking all our activities honestly, responsibly and ethically.
10. Devising suitable programs and action plans to accelerate our recovery drive and cost rationalization initiatives.

11. Pursuing earnings growth by increasing its penetration in the banking services market, while maintaining its focus on asset quality.
12. Continual pursuing its international expansion program to gain both market share and protecting itself through geographical and economic diversification.
13. Promoting sustainable development in the country through continuous corporate sponsoring of social activities.
14. Ensuring 'Green Banking' in the context of prevailing regulations of central bank. Establish one new strategic alliance annually.

3.6 Core Values

- We trust in the Almighty Allah.
- We adherence to the spirit of Islamic Shari'ah.
- We believe in integrity, transparency and accountability.
- We ensure our clients' expectations by anticipating their needs and responding with a sense of urgency.
- We approach business decisions with an emphasis on long term growth and sustainable profit.
- We communicate with candor and transparency to provide the best services.
- We believe that commitment to our faith and families is fundamental to the overall culture of our institution.
- We share business plan and encourage two way communications.
- We work together as a team internally and collaborate externally with our customers to meet or exceed their expectations and help them reach their goals.
- We believe that acting with integrity, servicing our clients with utmost care and working with them in a collaborative way bring respect, loyalty and trust.
- We encourage our team members to take initiatives by creating an environment that encourages employees to lead and make decisions based on the best interest of the customer and bank.

- We provide for the welfare of our customers and team members not only physical safety, but financial safety and security as well.
- We work for the economic emancipation and alleviation of poverty from our country.
- We contribute to the economic development and nation-building activities of our country.
- We upload the name and fame of the bank and the country through international trade.
- We work for value additional to the investment of the valued shareholders.

3.7 Corporate information

FSIBL Corporate Profile	
Name of the Company	First Security Islami Bank Limited
Chairman	Mr. Mohammed Saiful Alam
Vice Chairman	Mr. Mohammed Abdul Maleque
Managing Director	Mr. Syed Waseque Md. Ali
Company Secretary	Mr. Oli Kamal FCS
Legal Status	Public Limited Company
Date of Incorporation	August 29, 1999
Date of Commencement of Business	August 29, 1999
Date of getting license from Bangladesh Bank	September 22, 1999
Date of Opening of 1st Branch	October 25, 1999
Head Office	Rangs RD Center, Block: SE (F), Plot:03, Gulshan Avenue, Gulshan-1, Dhaka-1212
Registered Office	23, Dilkusha C/A, Dhaka-1000, Bangladesh
E-mail	info@fsiblbd.com
Phone	+88 02 55045700 (Hunting), 8432614-8432625 (ICT Division).

3.8 First Security Islami Bank's operational division

I. General banking:

Banks assist the financial system of any country. because other countries' capital market systems are more developed than ours. A strong banking system and capital markets are particularly important for Bangladesh.

The General Banking Division is thought to be the main customer interaction point. It is the cornerstone of all banking activities. It issues pay orders, receives deposits, accepts checks, transfers funds, and creates new accounts, among other things. General banking is sometimes known as retail banking. The following are general banking's primary categories.

- First Security Islami Bank Ltd.'s general banking activities include:

  - Account Opening
  - Account Closing
  - Cheque Book House
  - Clearing Department
  - Cash Section

II. Product

One of the roles of the banking industry is to mobilize funds to meet the needs of customers from various social classes in order to access resources for use in the banking channel to quicken the pace of economic activity. In light of the aforementioned, FSIBL has occasionally offered a variety of well-liked and cutting-edge financial products that benefit depositors, customers, and the bank.

- The main three products are:

1. Mudarabah Scheme Deposit
2. Mudarabah Time Deposit
3. Mudarabah Savings Account

1. Mudarabah Scheme Deposit

- It includes:

- Mudarabah Sanchay Scheme
- Mudarabah Cash Wakf Deposit Account
- Niramoy-Mudarabah Health Care Deposit Scheme
- Mudarabah Hajj Savings Account
- Agroshor –Mudarabah Millionaire Deposit Scheme
- Mudarabah Monthly Deposit Scheme
- Mudarabah Special Monthly Profit Scheme “Utshob”
- Mudarabah Sanchay Scheme (SANCHAY)- 03 Years
- Mudaraba Deposit Double Scheme


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মানবতার কল্যাণে
মুদারাবা
ক্যাশ ওয়াক্‌ফ
হিসাব
মুদারাবা ক্যাশ ওয়াক্‌ফ একটি চিরস্থায়ী দান
শরীয়াহসম্মত কল্যাণকর যে কোন খাতে ওয়াক্‌ফ করা যায়
ব্যাংক কর্তৃক নির্ধারিত খাত অথবা শরীয়াহ্ অনুমোদিত
যে কোনো খাত ওয়াকিফ বেছে নিতে পারেন
www.fsibplc.com


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2. Mudarabah Term Deposit

- Proyas- Mudaraba Money Plant Deposit
- Mudaraba Term Deposit Account
- Mudaraba Deposit Double Scheme
- Mudarabah Term Deposit (1month, 6 months, 12 month)
- Mudarabah Term Deposit Account “FSIBL Century”
- Mudarabah Special Gift Monthly Profit Scheme “Utshob-24”


বন্ধন
১লক্ষ
মুদারাবা বিবাহ
আমানত প্রকল্প
▶ প্রতি মাসে ৫০০ থেকে ২৫,০০০ টাকা
▶ ৩ থেকে ২০ বছর মেয়াদী
সবার জন্যে
সবসময়
FSIB
ISLAMI BANK
ফার্স্ট সিকিউরিটি
ইসলামী ব্যাংক লিঃ
বিস্তারিত জানতে:
০২-৯৮৯২২২১


অগ্রসর
১লক্ষ
মুদারাবা মিলিয়নিয়ার
আমানত প্রকল্প
▶ মুনাফাসহ প্রায় ১ মিলিয়ন টাকা
▶ ৩ থেকে ২০ বছর মেয়াদী
সবার জন্যে
সবসময়
FSIB
ISLAMI BANK
ফার্স্ট সিকিউরিটি
ইসলামী ব্যাংক লিঃ
বিস্তারিত জানতে:
০২-৯৮৯২২২১

3. Mudarabah Savings Account

- Al- Wadiah Current Deposit Account
- Onkur Account – Mudarabah Students (School Banking)
- Somman – al – Wadiah Premium Account
- Mudarabah Savings Deposit Account



- **FSIBL launches 4 investment products**

First Security Islami Bank Ltd (FSIBL) launched 4 investment products on the first day of New Year-2022 with a view to providing shariah based banking services in a greater extent to its clients. The products are -

- FSIBL Prochesta for start-up entrepreneurs,
- FSIBL Shabolambi for women entrepreneurs,
- FSIBL Udyami for cottage, micro and small entrepreneurs,
- FSIBL Sonali Swapno for agriculture and rural development projects.



III. Banking Services

The banking services provided by First Security Islami Bank (FSIBL) include branch banking, online banking, SMS banking, agent banking, mobile banking, and a variety of products such as

term and savings accounts in addition to digital services. Here's a more detailed breakdown of FSIBL's products and services:

- **Branch Banking:** Traditional banking services at physical branches.

- **ATM Service:** The FSIBL debit card was launched in 2008. On July 4, 2018, the bank began issuing VISA debit cards that are equipped with EMV chips, and it is in the process of upgrading all of its magnetic stripe cards. The inaugural ATM of FSIBL was established on August 11, 2012. By the end of 2019, a total of 184 automated teller machine terminals will be installed. Cardholders can use it to quickly purchase tickets for buses, trains, or other types of public transportation. The daily limit for cash withdrawals from the ATM is 50000 tk.
- **SMS Banking:** For their loyal consumers, the ICT division is now offering a new SMS service. Account statements, balance checks, checkbooks, and notifications of new transactions are all updated via SMS. Clients are notified of their balance and the amount of the most recent transaction as soon as it is finished. Customers of First Security Islami Bank are able to access their accounts at any time and from any location. It is without a doubt the most efficient, secure, and practical way to bank. The service is accessible every day of the week, twenty-four hours a day.

- **Internet Banking:** Customers can use Internet banking to request new debit cards or checkbooks, view their account history, and pay bills online. Additionally, it is used to generate bank statements, check the status of cleared checks, retrieve client data, and monitor the timing of investment payments.

  Clients of FSIBL can access any of our branches via the internet thanks to the bank's Wide Area Network (WAN), which is supported by radio, fiber optics, and other connection types. Customers can now make deposits or withdrawals from any of our other branches from any of our branches. Our WAN is connected to every branch**.**

- **Mobile Banking:** FSIBL launched its mobile banking services on March 27, 2012. In an attempt to more accurately convey the company's emphasis on customer service, the name

was modified from "FSIBL First Pay Sure Cash" to "First Pay Sure Cash." Strong coverage is provided by the network. It provides a number of financial services, including as the ability to pay for items, send and receive money, check balances, reset PINs, and deposit and withdraw cash.

- **FSIBL Cloud app:** Furthermore, FSIBL has engaged in e-commerce operations in collaboration with the ICT Division, consistently communicating with their clientele through the QR code and the "FSIBL CLOUD APP," a newly released money app developed by the ICT Division. By utilizing cutting-edge technologies, the FSIBL ICT Division is constantly striving to offer innovative and user-friendly services to enhance banking convenience. ICT Division will provide a mobile banking app for loyal users that will have features like utility bill payments, QR payment, cell recharge, and financial transfers, among many others.

- **Agent Banking:** Following Bangladesh Bank's approval, First Security Islami Bank Ltd. started providing agent banking services on September 1st, 2015. An ABS system that is linked to CBS powers the Agent Banking location. "FSIBL Agent Banking" is the trademark of the business. As of the start of the year, there were 35 agent banking locations in and around Dhaka. In 2018, it began receiving international money transactions. According to Bangladesh Bank standards, it is a tiny banking system that resembles a model branch and provides limited versions of the following services: BEFTN, RTGS, cash deposits and withdrawals, and account opening.

- **Locker service:** The majority of FSIBL locations in the city provide locker services to safeguard their clients' possessions, including valuables and private documentation. All FSIBL branches will offer locker services before the end of 2010. To use this service, the client must pay the agreed-upon sum as locker rent on a monthly, biennial, or annual basis. Clients cannot rent a locker at FSIBL unless they have an account with our bank.

- **Utility collection:** Customers can pay their telephone, DHAKA WASA, TITAS, BRTA, and power bills using the extensive network of internet branches and agent banking services offered by MBDD (Marketing and Business Development Division). Additionally, MBDD has made an effort to include Chittagong WASA, Karnaphuli Gas Distribution Company, and Gas Distribution Companies to its list of bill-collection partners. FSIBL's collection accounts service has helped numerous departments build business partnerships in two areas: dealer accounts and student fee collection.



Chapter-4:

Growth& Development

4.1 Overview

With over ten years of experience as a shariah-based bank, First Security Islami Bank Ltd. (FSIBL) is seeing an increase in both deposits and investments. The bank has Tk 3,872 crore in investments and Tk 4,242 crore in deposits in 2009. The deposit has increased to Tk 42,868 crore and the investment to Tk 41,478 crore during the past ten years. “This demonstrates the trust that the bank's valued clients have in it as well as its solid base. To date, the bank has established 192 automated teller machines, 75 agent banking outlets, 122 sub-branches, and 193 full-fledged branches to offer financial services to the public.

The goal of FSIBL is to aid in the nation's economic progress. Despite Islamic banking's rapid expansion, some individuals believe that it is the same as mainstream banking. The sole distinction is that conventional banks refer to profit as interest, whereas Islamic banks call it profit. Because people do not have a comprehensive understanding of the Islamic financial system, this is a frequent impression. The bank's primary goal is to demonstrate to the public how Islamic banks operate in accordance with shariah laws. Their goal is to develop a workforce that is knowledgeable in Shariah-based banking.

The principles of justice, efficiency, stability, and expansion serve as the foundation for the economic justification for doing away with riba (interest) and instituting the Islamic banking system. Under the Islamic banking system, it is believed that entrepreneurs and capital owners share industrial and/or commercial risk more fairly, and that investors receive returns on their investments based on their respective capital. To guarantee correct adherence to regulations, FSIBL is operated in accordance with the direction and counsel of its shariah council. Events are planned by the bank to promote Islamic banking. This bank yet strives to keep doing so in order to become a top-tier, contemporary Islamic bank that prioritizes welfare.

Like other banks, FSIBL provides savers with a variety of deposit plans. It offers products for both working people and students, such as its Mudaraba savings account and Al Wadiyah current account. FSIBL invests in a number of sectors to support business growth, including as agribusiness, small and medium-sized firms, and companies led by women entrepreneurs. Additionally, the lender has increased its presence in the market as a result of the growing demand

for digital banking. Customers can use this bank's 24/7 internet banking service for all kinds of banking needs.

By using the FSIBL app to complete a digital know your customer form, customers can open accounts from the comfort of their homes. The app can also be used to pay for water and energy bills and to transfer money to major mobile financial service providers, among other mobile banking services. Customers can now pay 196 different types of fees, taxes, and value-added tax thanks to FSIBL's integration with the government's automated challan system. With the help of this bank, customers can now use their debit cards to pay for a wide range of products and services on various e-commerce sites.

Additionally, cardholders receive discounts when they buy products and services from different businesses. The bank is making an effort to take the lead in Bangladesh's overall economic expansion. The bank provided around Tk 4,302 crore in finance for the import of goods in 2020, including cotton, textiles, accessories, edible oil, sugar, and capital equipment. It provided Tk 1,200 crore in funding to support the export of knitwear, ready-made clothing, processed leather items, and agricultural products. Remittances sent by Bangladeshi diaspora members and migrant workers overseas are also being brought in by the bank.

Through practically all international money transfer companies, including Western Union, MoneyGram, Express Money, Placid NK Corporation, and Trans fast, the bank enables remittance transfers. FSIBL has expanded its scope beyond business. As a corporation, it fulfills socially responsible tasks. Scholarships and support for the Bangladesh Disability Development Trust, Bangladesh Eye Disability Welfare Trust, are among its corporate social responsibility initiatives.

4.2 Growth& Development of the First Security Islami Bank Limited:

The following metrics, which include included capital, paid-up capital, branches, statutory reserve, employees, import, export, remittance, assets, investment & advances, profit before and after taxes, and deposit, can be used to track the growth and development of the First Security Islami Bank.

- These are described below:

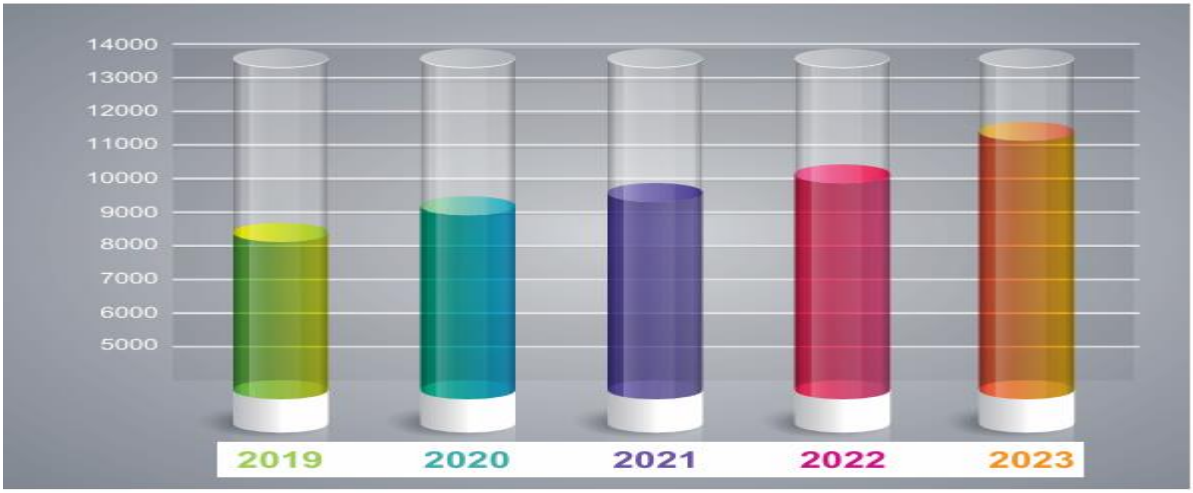
Physical Indicators:

Table 1. The Regular Capital FSIBL for successive five years from 2019 to 2023.

	Tk. in Million
Year	Total Capital
2019	27,472.21
2020	34,915.07
2021	36,675.12
2022	38,705.47
2023	40,896.43

Source: Annual Report of FSIBL-2023

First Security Islami Bank Ltd. had Tk. 27,472.21 million in capital in 2019 and Tk. 34,915.07 million in 2020. As a result, their capital increased in a proportionate rate in 2021, 2022, and 2023, respectively. Thus, it shows that First Security Islami Bank is one of the expanding businesses in Bangladesh's banking sector, with Tk. 27,472.21million to Tk. 40,896.43 million and this situation is graphically discovered in below:



Source: Annual Report of FSIBL-2024

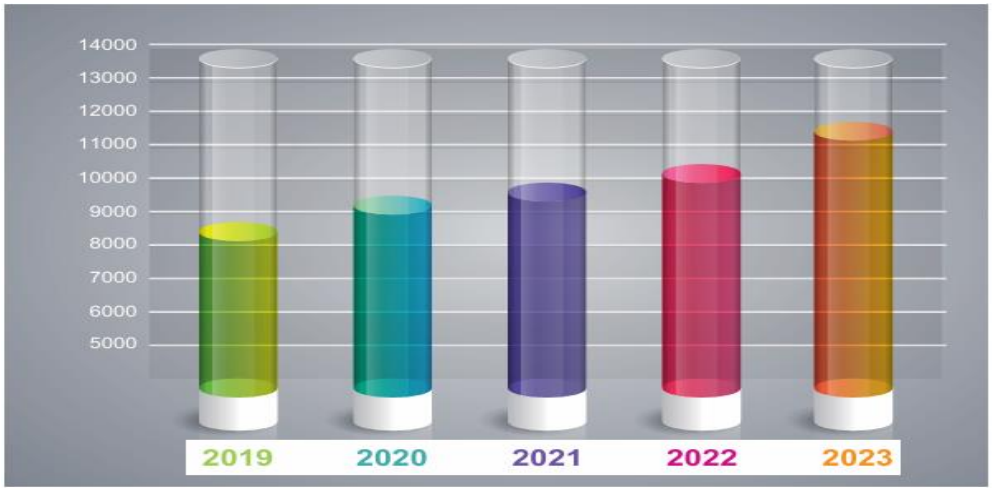
Figure 1. Showing the regulatory capital of FSIBL from 2019 to 2023.

Table 2. The Paid up Capital of FSIBL for successive five years from 2019 to 2023.

	Tk. In Million
YEAR	Paid Up Capital
2019	8,625.09
2020	9,487.60
2021	9,961.98
2022	10,460.08
2023	11,506.09

Source: Annual Report of FSIBL-2023

Since First Security Islamic Bank Ltd.'s Paid Up Capital was Tk. 8,625.09 million in 2019 and Tk. 9,487.60 million in 2020, its capital has increased to Tk. 9,961.98 million, Tk. 10,460.08 million, and Tk. 11,506.09 million for the years 2021, 2022, and 2023, respectively. Thus, it shows that First Security Islami Bank is one of the expanding banks in Bangladesh, even though the rate of paid-up capital growth remained upward in 2022 and 2023.



Source: Annual Report of FSIBL-2024

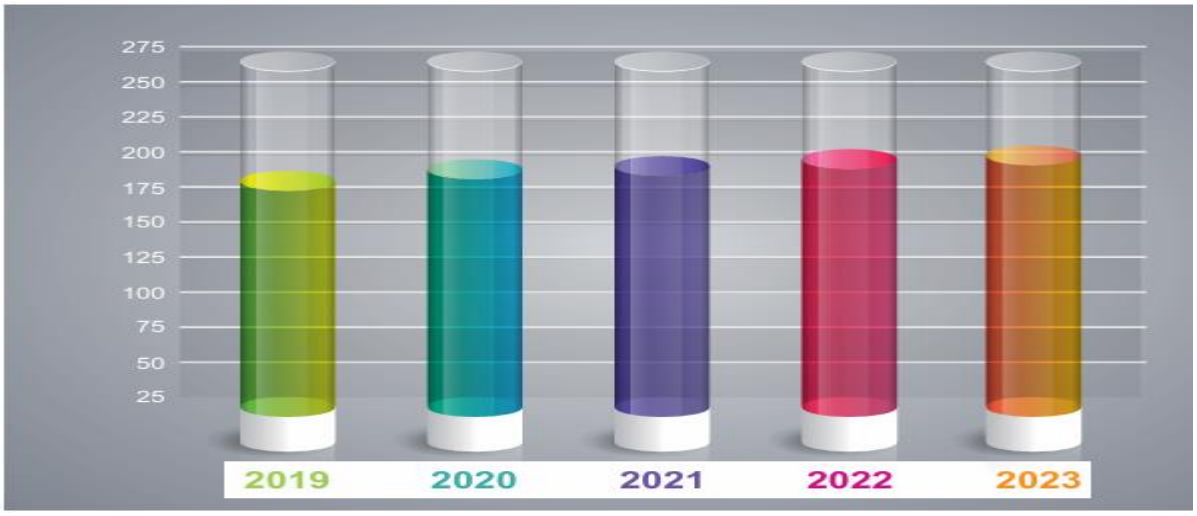
Figure 2. Showing the Paid Up Capital of FSIBL from 2019 to 2023.

Table 3. The Number of Branches of FSIBL for successive five years from 2019 to 2023

YEAR	BRANCHES
2019	184
2020	190
2021	196
2022	204
2023	205

Source: Annual Report of FSIBL-2023

First Security Islami Bank is expanding its branch network over time. It is noted that there were only 12 branches in 2005, but by 2019, there were 184, and FSIBL expanded the number of branches to 205 till December 31, 2023. Therefore, there are currently 205 branches, and all are provided satisfactory customers service. This situation is graphically discovered in below:



Source: Annual Report of FSIBL-2023

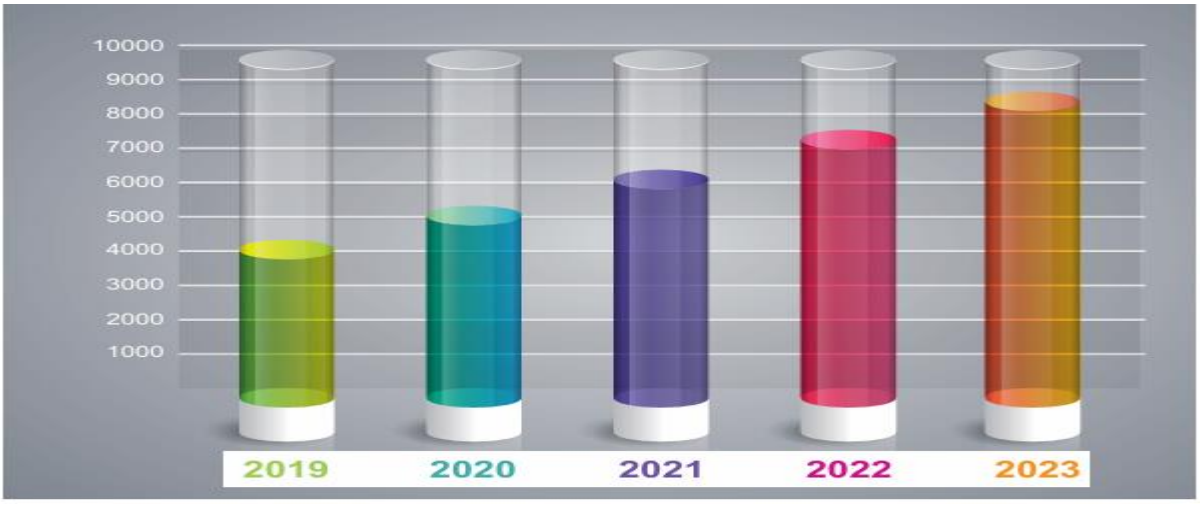
Figure 3. Showing the number of branches of FSIBL from 2019 to 20223.

Table 4. The growth of Statutory Reserve of FSIBL for successive five years from 2019 to 2023.

Tk. in Million	
Year	**Statutory Reserve**
2019	4,339.99
2020	5,293.57
2021	6,456.66
2022	7,550.14
2023	8,743.76

Source: Annual Report of FSIBL-2023

First Security Islami Bank's statutory reserve was Tk. 4,339.99 million in 2019, and it made imaginary profit in 2020. It then rose to Tk. 7,550.14 million and Tk. million 8,743.76 in 2022 and 2023, respectively. As a result, FSIBL's statutory reserve increased to Tk. 1193.62 million in 2023, which is indicated by the graph below.



Source: Annual Report of FSIBL-2023

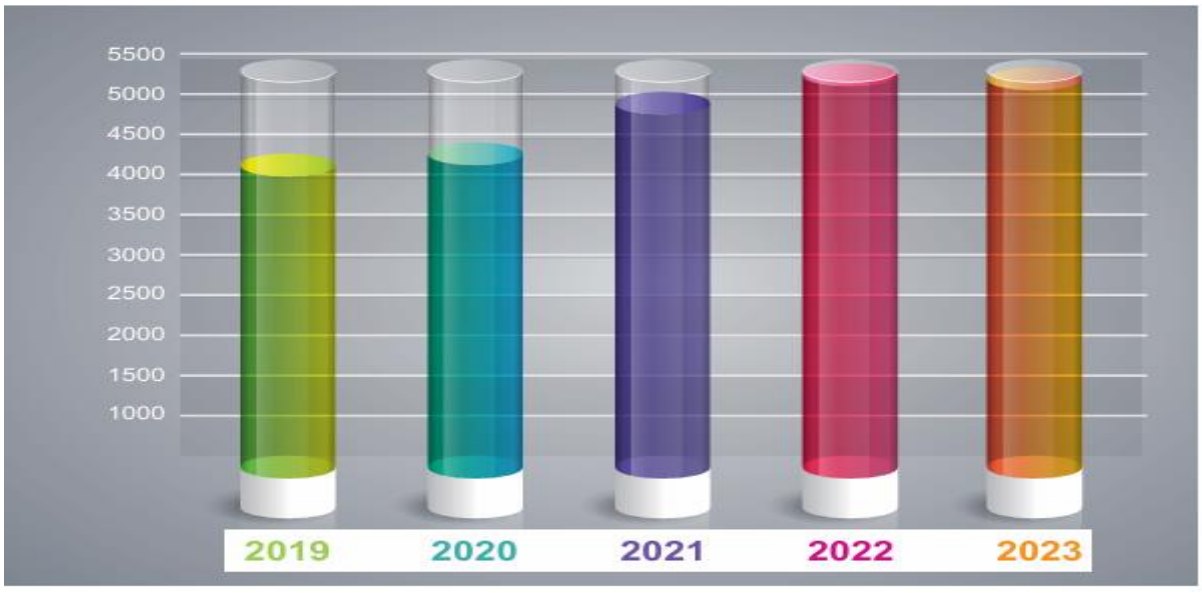
Figure 4. Showing the growth of Statutory Reserve of FSIBL from 2019 to 2023.

Table 5. The growth of employment generation of FSIBL for successive five years from 2019 to 2023.

Year	Employees
2019	4,203
2020	4,419
2021	5,086
2022	5,406
2023	5,324

Source: Annual Report of FSIBL-2023

Based on the facts and graph above, it can be concluded that FSIBL had 4203 employees in 2019, that number growth to 4419 in 2020. Once more, FSIBL began hiring in 2021 and eventually reached 5086 people in 2021. By 2022, that number had increased to 5406 employees, but decrease in 2023 and bringing the total number of FSIBL employees to 5324, as stated in the 2023 annual report.



Source: Annual Report of FSIBL-2023

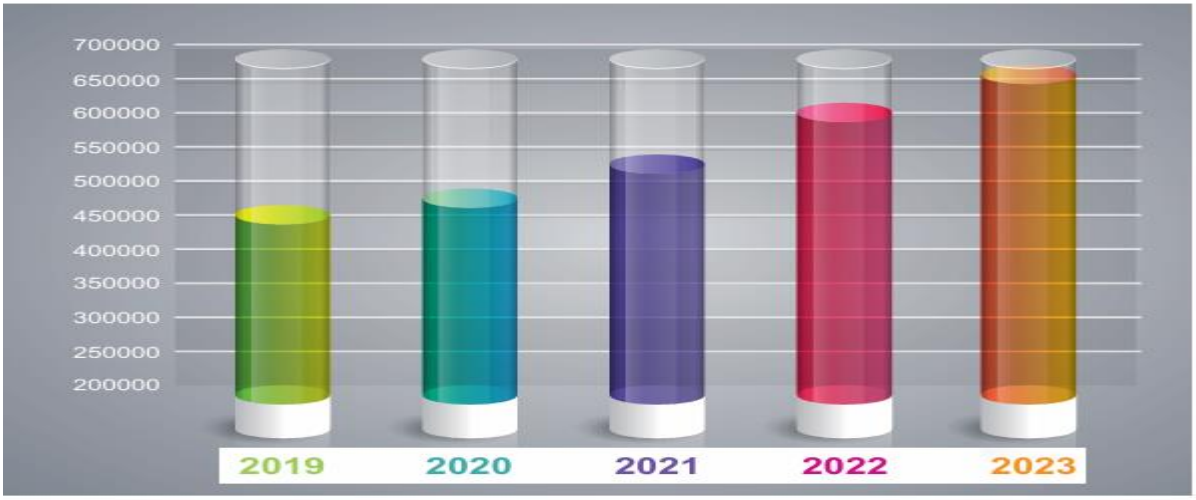
Figure 5. Showing the growth of employment generation of FSIBL from 2023 to 2024

Table 6. The growth of FSIBL in case of Total Assets for successive five years from 2019 to 2023

	Tk. in Million
Year	**Total**
2019	437,646.63
2020	497,250.79
2021	497,250.79
2022	616,453.58
2023	660,110.64

Source: Annual Report of FSIBL-2023

It is possible to conclude from the statistics and graph above that FSIBL made asset Tk. 437,646.63 million in 2019, Tk. 497,250.79 million in 2020, and Tk. 497,250.79 million in 2021. However, it fell and settled at Tk. 660,110.64 million in 2023. That means FSIBL make enormous asset gradually for this institutions. It makes this institution stronger than before.



Source: Annual Report of FSIBL-2023

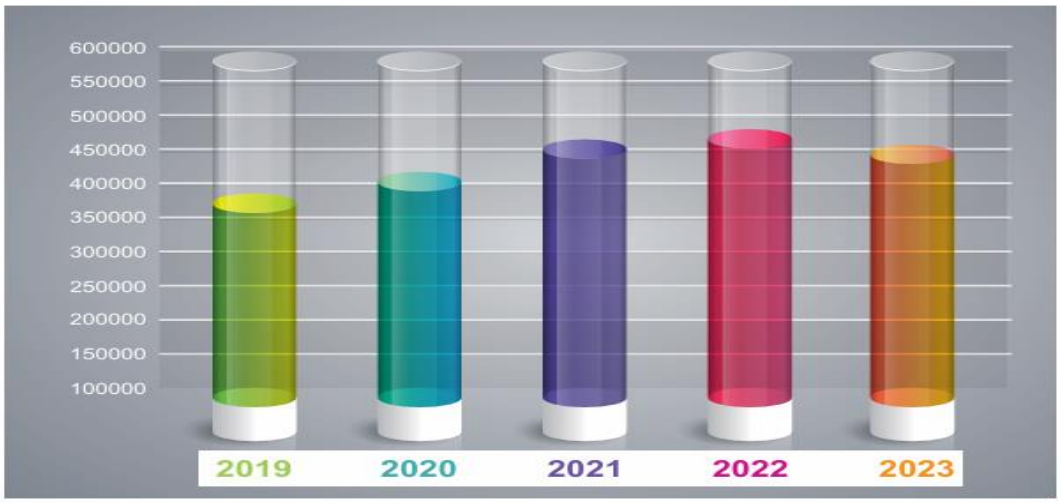
Figure 6. Showing the growth in case of Total Asset of FSIBL from 2019 to 2023

Table 7. The growth of FSIBL in case of Total Deposits for successive five years from 2019 to 2023.

	Tk in Million
Year	**Total**
2019	376,609.70
2020	428,687.22
2021	469,035.38
2022	473,025.03
2023	455,151.17

Source: Annual Report of FSIBL-2023

Based on the aforementioned facts, we can conclude that First Security Islami Bank's total deposit condition was adequate from 2019 to 2023, but it somewhat declined in 2023, It went from Tk. 473,025.03 million to Tk. 455,151.17 million. The 2023 annual report indicated that FSIBL's deposit value that stay in a safe position.



Source: Annual Report of FSIBL-2023

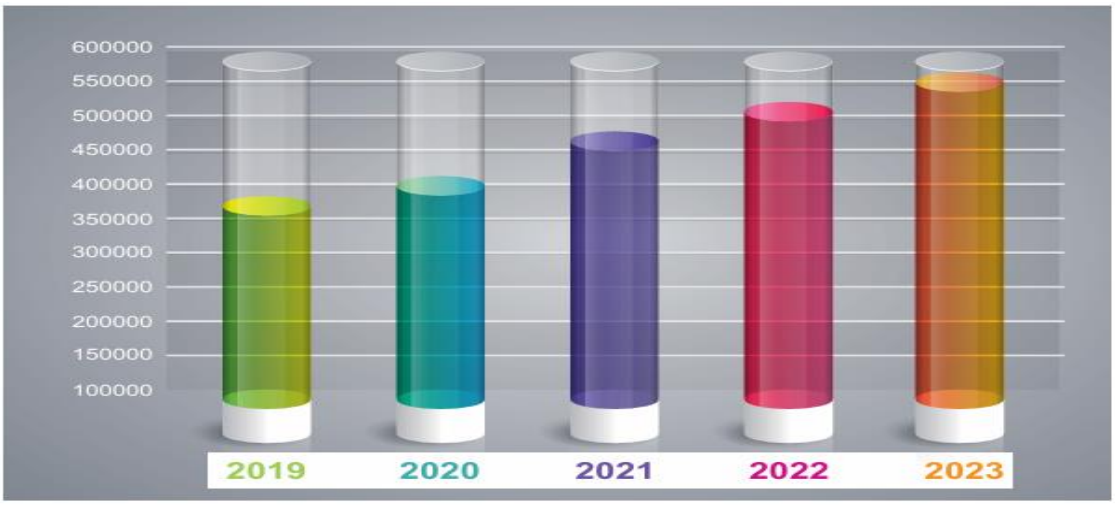
Figure 7. Showing the growth of Total Deposits of FSIBL from 2019 to 2023

Table 8. The growth of FSIBL in case of Total Investment for successive five years from 2019 to 2023.

Total Investment	
	Tk in Million
Year	**Total**
2019	364,029.96
2020	414,780.69
2021	455,850.14
2022	523,944.39
2023	569,324.14

Source: Annual Report of FSIBL-2023

Based on the aforementioned facts, we can conclude that First Security Islami Bank's total investment ailment was satisfactory from 2019 to 2023, Surprisingly it enlarged in from 2019 to 2023. It went from Tk. 364,029.96 million to Tk. 569,324.14 million. The 2023 annual report indicated that FSIBL's investment criteria was so appreciable.



Source: Annual Report of FSIBL-2023

Figure 8. Showing the growth of Total Investment of FSIBL from 2019 to 2023

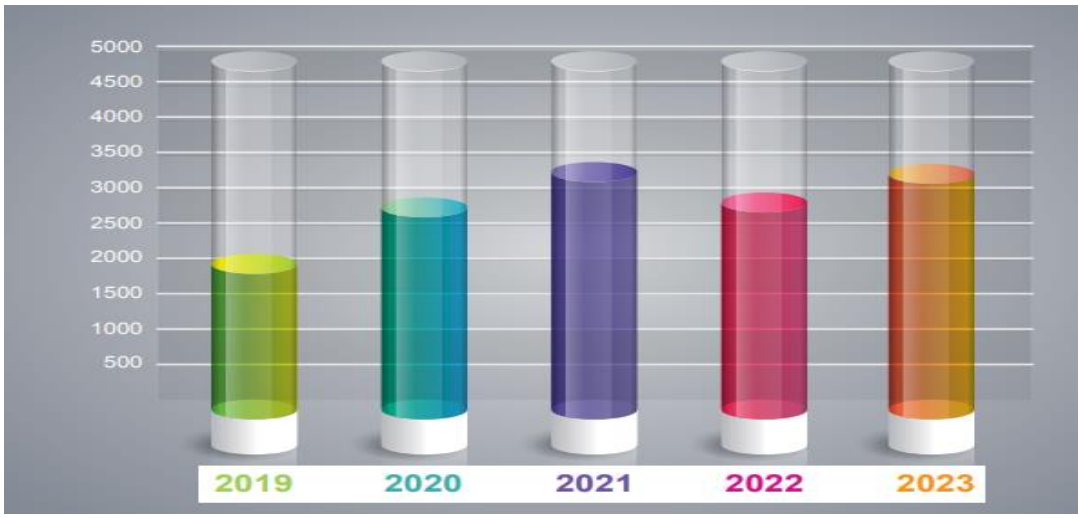
Table 9. The growth of FSIBL in case of Total Net Profit for successive five years from 2019 to 2023.

Net Profit

	Tk. in Million
Year	**Total**
2019	2,091.89
2020	2,792.58
2021	3,365.20
2022	2,961.50
2023	3,311.67

Source: Annual Report of FSIBL-2023

Since First Security Islamic Bank Ltd.'s Net Profit Capital was Tk. 2,091.89 million in 2019 and Tk. 2,792.58 million in 2020, its capital has increased to Tk. 3,365.20 million, Tk. 2,961.50 million, and Tk. 3,311.67 million for the years 2021, 2022, and 2023, respectively. Thus, it shows that First Security Islami Bank is one of the expanding banks in Bangladesh, even though the rate of Net Profit capital growth was slow in 2022 but it remained upward in 2023.



Source: Annual Report of FSIBL-2023

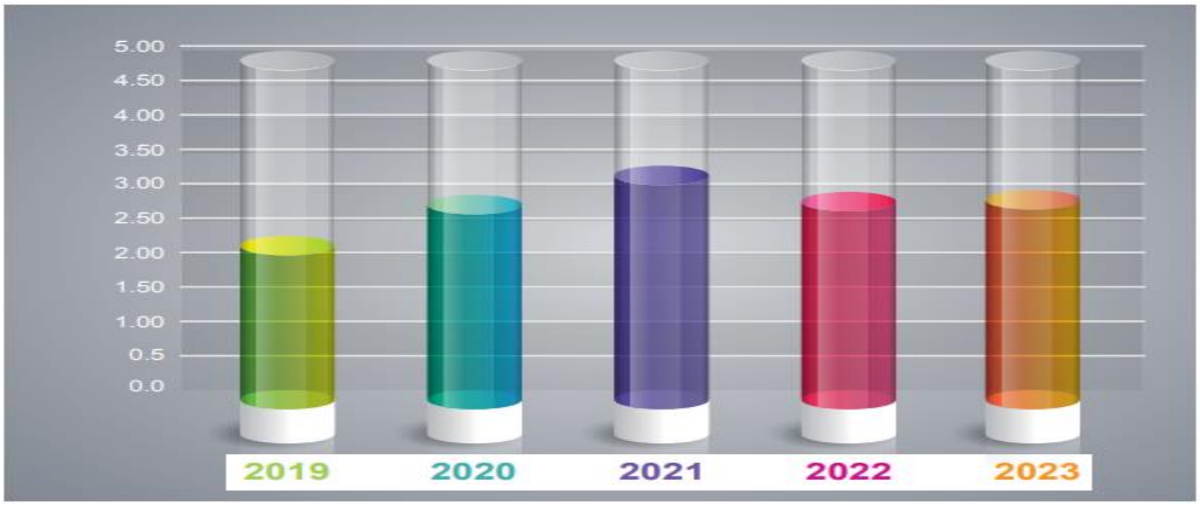
Figure 9. Showing the growth of Net Profit of FSIBL from 2019 to 2023

Table 10. The growth of FSIBL in case of Earnings Per Share for successive five years from 2019 to 2023.

Earnings Per Share	
	Amount in Tk.
Year	**Total**
2019	2.19
2020	2.80
2021	3.20
2022	2.81
2023	2.85

Source: Annual Report of FSIBL-2023

First Security Islamic Bank Ltd.'s made its Annual report, here it shows that earnings per share was Tk. 2.19 in 2019 and Tk. 2.80 in 2020, its amount has increased to Tk. 3.2, Tk. 2.81, and Tk. 2.85 for the years 2021, 2022, and 2023, respectively. Thus, it shows that First Security Islami Bank is one of the expanding banks in Bangladesh, even though the rate of Earnings per share growth was high in 2021 and in 2022 and in 2023 but it remained upward.



Source: Annual Report of FSIBL-2023

Figure 10. Showing the growth of Earnings Per Share of FSIBL from 2019 to 2023

4.3 Economic Value Added Statement for the year ended 31 December 2023

Amount (Taka in million)

Particulars	2023	2022
Shareholders' Equity	25,190.87	22,440.21
Add: Cumulative provision for investments including off-balance sheet Items and Others	18,013.07	15,928.26
	43,203.94	**38,368.47**
Average shareholders' equity	**40,786.21**	**36,536.51**
Earnings:		
Profit after tax	3,240.09	2,929.91
Add: Provision for investments including off-balance sheet Items and Other Assets	1,993.11	1,729.78
Less: Written-off during the year	-	-
	5,233.20	**4,659.69**
Average cost of equity (based on dividend, weighted average rate of Shanchay Patra issued by the Government of Bangladesh) plus 2% risk premium.	0.12	0.12
Cost of average equity	**4,894.34**	**4,384.38**
Economic value added	**338.86**	**275.31**

Source: Annual Report of FSIBL-2023

4.4 General Review of the performance of First Security Islami Bank PLC.

One of the fundamental pillars of a country's economy is banking sector and the FSIB PLC., being one of the Islami Shari'ah-based banks in this sector, is also playing a significant role like a frontline soldier in our country's economic progression. By the grace of Almighty Allah with active support and cooperation of the valued customers, First Security Islami Bank has been continuing its progress in 2025 as well. To ensure Modern Technology and Islami Shari'ah-based banking service to the people of Bangladesh, First Security Islami Bank PLC. is operating with 205 full branches, 172 sub-branches, 105 agent banking outlets and 250 own ATM and CRM network across the country.

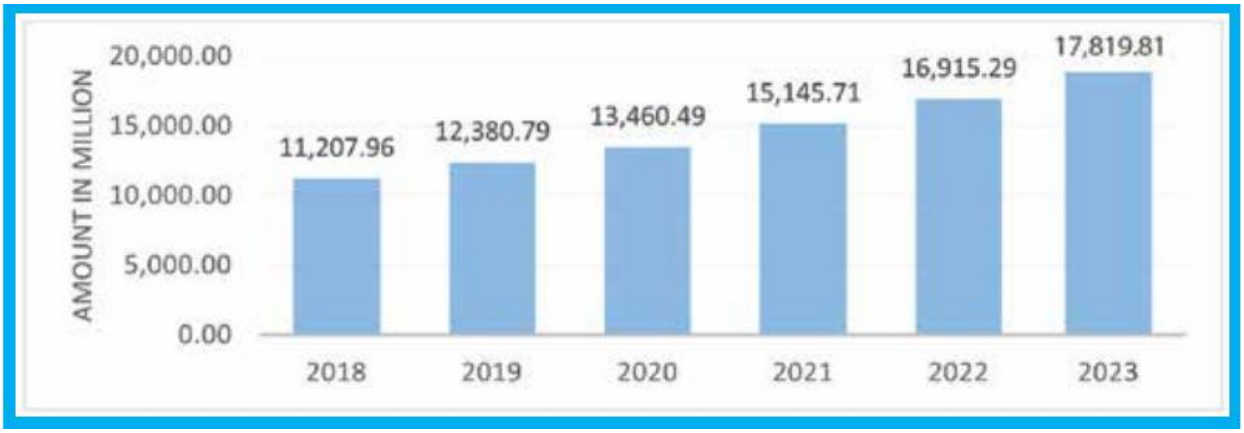
In 2023, FSIB ranked 3rd top with the deposit of Tk.45,519.50 crore. FSIB marked extraordinary progress in mobilizing deposit and has been able to uphold its position among PCBs. Total investment of Tk. 56,831.39 crore with achieving profit of Tk.742.69 crore. Under the above changed environment, this bank prioritized their businesses to achieve a sustainable development. In 2023, the Bank operating profit of BDT 742.69 crore. With the global pandemic and subsequent Ukraine- Russia, Israel-Palestine conflict, the economic conditions were not favorable for global trade and businesses. Lot of companies in Bangladesh also were affected adversely. With the restrictions on opening LCs, lot of business entities could not keep up their payment commitments, which resulted a rise in the non-performing loans of the country.

Being in the same industry FSIB also was affected. The Bank is continuously working on to reduce NPL to an acceptable level. Apart from these, cost of fund stood at 8.44 percent in 2023 on consolidated basis. It is pertinent to mention here that the Banks earning per share 2.80 issuance in current year and listed it in both the Exchanges of the country. Liquidity parameters like Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) of the Bank were well above the regulatory requirements. The Credit rating of the Bank also stood at Long Term A+, ECRL-02. First Security Islami Bank PLC. achieved 1st position for collecting the highest bill amongst 34 banks selected by Dhaka WASA to collect bill in the financial year 2021-2022. It is the 4th time to place 1st position consecutively for First Security Islami Bank in collecting Dhaka WASA bill. First Security Islami Bank PLC. (FSIB) has been awarded for being one of the highest

taxpayers in banking sector for 2022-23 fiscal year at the Large Taxpayers Unit (LTU). First Security Islami Bank PLC. achieved prestigious 'VISA Payment Excellence Awards-2023' for the category of 'Excellence in Debit Cards' among the associated members of VISA Inc.

i. Operating Income

In spite of numerous hurdles in the year 2023, the Bank has able to maintain the positive trend of the growth of its operating income. The operating income of the Bank stood at Tk.17,819.81 million with increase of 5.3% from Tk. 16,915.29 million in the year 2022. The operating profit for the five years is given below:



Source: Annual Report of FSIBL-2023

Figure 11. Showing the operating income of FSIBL from 2019 to 2023

ii. Net Profit

The net profit after provision and tax stood at Tk. 3,311.67 million in the year 2023 which was Tk. 2,961.50 in previous year. The reasons behind the increase was mainly due to increase of investment rate with investment recovery, different service charges with reduce of expenses.

iii. Dividend

Every year the Bank provides Cash Dividend and/or Stock Dividend (Bonus Shares) based on its profitability and liquidity position with maintenance of regulatory requirement. With no objection from Bangladesh Bank, the Board of Directors of the Bank has recommended 5% Cash Dividend and 5% Stock Dividend (Bonus Shares) for the year 2023 subject to approval of Bangladesh Securities and Exchange Commission.

iv. Earnings Per Share

The earning per share of the Bank for the year 2023 was Tk.2.85. Since the bank had to pass previous year under various crisis like corona impact, global war, dollar crisis, restriction on LC opening, high inflation etc., the earnings per share was higher than previous year.

v. Paid up Capital

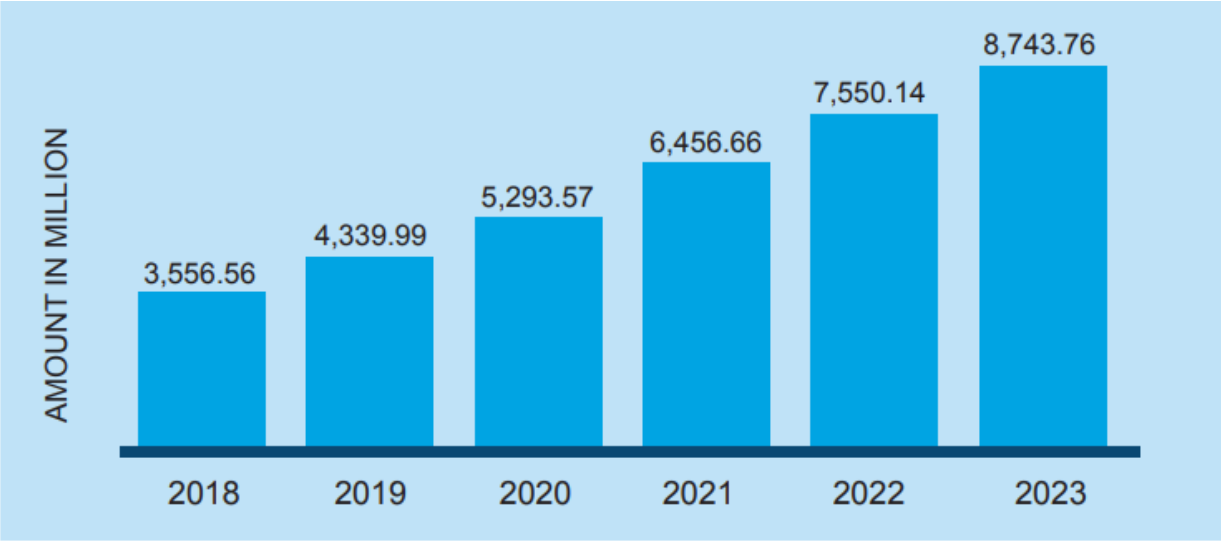
To strengthen the capital base, to maintain the regulator requirement to support business growth of the Bank, the paid up capital was increased by 10% with declaration of Stock Dividend (Bonus Shares). After that, the paid up capital of the bank stood at Tk.11,506.09 million. The raised amount of capital was invested in the profitable section to earn profit.

vi. Regulatory Capital

A strong capital based is maintained to ensure the long-term solvency of the Bank and to help to achieve sustainable business growth that can maximize value of shareholders. As part of risk management strategy, FSIB's policy is to maintain a strong capital to risk-weighted asset ratio to have a sufficient cushion to absorb any unforeseen shock arising from any potential risk. Total regulatory capital of the bank stood at Tk.40,896.44 million as on 31 December 2023 which was Tk.38,705.47 million as on 31 December 2022.

vii. Statutory Reserve

With the increase of investments of the Bank, the statutory reserve is also increased to take precaution against potential non-performing investment. Due to various reasons, the investment holders had to face slow-down of business in the 2023. As a result, they experienced difficulties to repay the investments taken from the Bank. Consequently, the Bank needed to increase its statutory reserve to Tk.8,743.76 million in 2023 from Tk. 7,550.14 in 2022. The statutory reserve for the previous five years is shown below:



Source: Annual Report of FSIBL-2023

Figure 12. Showing the operating income of FSIBL from 2019 to 2023

viii. Assets and Liabilities

The total assets of the Bank as on 31 December 2023 was Tk. 660,110.64 million which was Tk. 616,453.58 million on 31 December 2022. Total assets have been increase by 7.08 % in the year 2023. On the other hand, the liabilities of the Bank on 31 December 2023 was Tk. 634,728.46 million which was Tk. 593,792.71 million on 31 December 2022.

ix. Deposits and Investments

Although, total deposits of banking industry were in decreased in 2023, there was a positive growth of deposit in FSIB. The deposit is the life blood of the Bank which was Tk. 455,151.17 million in 2023 but this was Tk. 473,025.03 million in 2022. Total investment of the Bank stood at Tk. 569,324.14 million as on 31 December 2023. The total investment was Tk. 523,944.39 million as on 31 December 2022.

x. Human Capital

Human Capital is the human trait within the company; the combined intellect, abilities and experiences that characterizes the organization. "Human Capital" is a key factor for increasing the productivity of company assets and employees and retaining a competitive edge leading to improved financial performance. Our Human Capital is the blend of knowledge, abilities, expertise and learning of our employees. Currently, we have 5324 employees and we provided 2459 hours training to our employees in the last year

xi. Foreign Trade Business

Import Business

Import trade executed by FSIBL was Tk. 2,728.44 Crore in 2023. Large LCs were opened mainly for importing Sugar, edible oil, capital machinery, cotton, fabrics and accessories.

Export Business

FSIB successfully handled export documents of Tk. 2,855.42 Crore during the reporting year 2023. Readymade garments, knitwear, finished leather goods, agro products, etc., were the major export finance sectors.

Foreign Remittance

Bank procured foreign remittance for Tk. 2,609.91 Crore as of December 31, 2023. Meanwhile, the bank made enormous progress in dealing remittance business with some leading exchange

houses like Western Union, Placid NK Corporation, MoneyGram, Xpress Money, Aftab Currency Exchange U.K., BRAC Saajan Exchange Ltd., U.K., Al-Muzaini Exchange Co. K.S.C.C, Kuwait, Zenj Exchange WLL., Bahrain, RIA (Continental Exchange Solution Inc.), IME Remit, Agrani Remittance House, Instant Cash FZE, Merchantrade Asia Sdn. Bhd., NBL Money Transfer, Shift Financial Services Ltd., Small World Financial Services Group Ltd., Remit Choice Ltd., GCC Exchange UK Limited, MasterCard Money Transaction Services (US) LLC, Prabhu Money Transfer etc. Moreover, our own Exchange House located in Italy sent substantial amount of foreign remittance.

4.5 Correspondent Banking

Correspondent banks are the trade partner of international trade. FSIB has already achieved tremendous success in Foreign Trade. The Bank established correspondent relationship with more than 2,600 branches of 222 different renowned Banks across the world.

Chapter: 05
Findings

5.1 Findings

Based on the analysis, overall findings from this paper are given below:

1. **Islamic Banking Positively Contributes to Economic Development**

First Security Islami Bank Limited (FSIBL) plays a significant role in Bangladesh's economic development through SME financing, agricultural investment, rural economic support, employment generation, and foreign remittance inflow.

2. **Consistent Growth in Financial Indicators**

From 2019 to 2023, FSIBL has shown continuous growth in total assets, investments, shareholders' equity, branch expansion, and net profit, reflecting the bank's stability and growth trajectory.

3. **Strict Adherence to Shariah Principles**

FSIBL strictly operates under Islamic Shariah law. All products and investments are vetted by a dedicated Shariah Supervisory Board to ensure compliance.

4. **Innovative Products and Customer-Centric Approach**

The bank has introduced a variety of products tailored to different segments of society, such as Hajj savings accounts, healthcare schemes, women entrepreneurship loans, and student banking services.

5. **Advancement in Digital Banking and Technology Use**

FSIBL has embraced modern banking technology by offering mobile banking, SMS banking, cloud apps, and internet banking. They also provide ATM, agent banking, and QR payment services to expand their reach.

6. Active Engagement in Corporate Social Responsibility (CSR)

The bank actively contributes to social welfare by supporting education, disability aid, healthcare, and religious activities as part of its CSR initiatives.

7. Challenges in Customer Awareness and Modernization

A significant portion of customers lacks adequate understanding of Islamic banking concepts. Additionally, some branches still rely on manual processes and need further modernization.

8. Regulatory Compliance and Recognition

FSIBL maintains full compliance with Bangladesh Bank's regulations and has received multiple awards for tax payment, utility bill collection, and debit card services highlighting its commitment to excellence.

Chapter: 06

Recommendations and Conclusion

6.1 Recommendations

Based on the overall findings, the following recommendations are proposed to further enhance the contribution of FSIBL and Islamic banking to the economic development of Bangladesh:

1. **Increase Public Awareness on Islamic Banking Principles:**

Many customers still do not fully understand the concept and benefits of Shariah-based banking. FSIBL should conduct awareness campaigns, seminars, and community engagement programs to educate the public.

2. **Strengthen Shariah Compliance Monitoring:**

Although FSIBL follows Islamic principles, the bank should further strengthen internal Shariah audits and introduce regular training for employees to ensure consistent application across all operations.

3. **Enhance Office Infrastructure and Customer Experience:**

FSIBL should modernize its branches with improved aesthetics and a more customer-friendly environment to reflect its position as a leading bank.

4. **Upgrade and Fully Digitize Branch Operations:**

While FSIBL has made notable progress in digital banking, some manual processes still exist. Full digitization of all operations would improve efficiency and reduce customer service delays.

5. **Expand Investment in SME and Rural Sectors:**

FSIBL should increase its financing in small and medium enterprises (SMEs) and agriculture, which are crucial for inclusive and sustainable economic development.

6. **Introduce More Targeted Products:**

The bank should design and offer more specialized products for youth, women, low-income groups, and startup entrepreneurs to foster financial inclusion.

7. **Enhance Employee Development:**

More structured and regular training programs should be implemented to improve staff expertise in Islamic finance, digital banking, and customer service.

6.2. Conclusion:

One of Bangladesh's top-performing and fastest-growing banks is FSIBL. This bank's exceptional banking performance and superb teamwork among its senior management, employees, depositors, borrowers, and other stakeholders have allowed it to establish a very strong position in the Bangladeshi banking industry. In addition to lowering investment risk, FSIBL has made investments in a variety of sectors that serve a sizable population of Bangladeshis both domestically and overseas. This analysis has provided a clear picture of FSIBL's contribution to Bangladesh's economic growth.

This research has explored the role and impact of Islamic banking and finance on the economic development of Bangladesh, with a particular focus on First Security Islami Bank Limited (FSIBL). As one of the prominent Shariah-based financial institutions in the country, FSIBL has made significant contributions to various sectors of the economy through its ethical and inclusive financial practices. One of the key findings of this study is that Islamic banking, when implemented properly, does not merely serve as an alternative to conventional banking; rather, it creates a holistic financial ecosystem grounded in fairness, risk-sharing, and moral responsibility. FSIBL, operating strictly under Islamic principles, has proven that interest-free banking can not only survive but also thrive and contribute meaningfully to national development.

However, the bank also faces several challenges that need to be addressed. These include the need for more widespread awareness about Islamic banking principles, further digitization of internal processes, modernization of physical infrastructure, and improved integration of Shariah compliance in all aspects of operations. In conclusion, the study reaffirms that Islamic banking exemplified by FSIBL has the potential to play a transformative role in shaping a more equitable,

inclusive, and resilient financial system in Bangladesh. With continued innovation, commitment to Shariah values, and focus on national priorities, FSIBL can emerge as a model for sustainable banking not only within Bangladesh but also in the global Islamic finance industry. The integration of ethical finance with national economic objectives offers a promising future for the country's development journey.

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