

**Al-Arafah Islami Bank Training and Research Institute (AIBTRI)
(Centre of Excellence for Human Capital Development)**

Annual Activity Report of AIBTRI 2022

Al-Arafah Islami Bank Training and Research Institute (AIBTRI)

Introduction:

Bismillahir Rahmaneer Raheem

Alhamdulillah.

After successful inception in 1996, Al-Arafah Islami Bank Training & Research Institute (AIBTRI) has gradually crossed a long way to its destination of being an organization of excellence in training and education. Skilled human resources are the cutting-edge assets of any organization. Needless to say, for effective growth of an institution and enhance both soft and hard skills of its employees, there is no alternative to recourse on continuous training with modern tools and technologies. AIBTRI's prime objectives, among others, are to impart training to all stages of Bank employees to aware them about the latest development of knowledge on the changing functional procedures, policies, rules, directives and regulations of the financial system. As the banking sector is experiencing various reform measures with a view to coping up with the modern financial innovations like bitcoin, fintech, regtech, crypto currencies, Central Bank Digital Currency (CBDC) etc, focusing on need-based training is imperative to turn the human resources of the Bank into human capital.

Training programs at AIBTRI are designed, scheduled and singled out on need-based assessments by a set of committed faculty members of the institute. AIBTRI has given utmost importance to training for human capital development with cutting-edge skills, knowledge and wisdom. Despite some sort of limitations and shortcomings, AIBTRI is however, moving forward for attaining its desired level of competency through arranging various training courses including 3 month-long AIBL-CACP certification course for BAMLCOs, EDPs, seminars, workshops etc. on topical banking and financial issues.

The financial sector of Bangladesh underwent a number of reform measures under new normal scenario after COVID-19 shocks in the country. In line with the changed circumstances, the AIBTRI has been adopting new strategies and methods for improving the knowledge-base of the manpower. AIBTRI is also keeping pace by putting its best efforts to respond to the need for capacity building of AIBL officials with new thoughts and innovative ideas to prepare them with clear concepts and methodologies to achieve the objectives of different reform measures initiated in the financial system by the regulators.

Overall Training Scenario in 2022:

During the year 2022, AIBTRI conducted a wide range of activities to attain objectives of imparting quality training to the officers of the Bank. AIBTRI conducted a total number of 148 (One Hundred and Forty Eight) Training Courses, Workshops, Executive Development Programs, Lead Bank Program, Outreach Program, Specialized Training Course called AIBL-CACP and Foreign Training Programs where 9177 participants attended during the period January–December, 2022. It may be noted that both the online and offline based programs were arranged. With the view to ensure compliance the health issues emanated due to COVID-19, proper health safety measures were taken before arranging the offline-based training programs.

Training Courses (TC):

To develop the professional skills and knowledge of the officials in the fields of Shari'ah, banking, finance, CMSME, retail banking and microfinance, customer service development, e-payment through RTGS etc. AIBTRI conducted a total of 13 (Thirteen) training courses both classroom based as well as through virtual Microsoft team platform during the year under report.

Training Workshops (TW):

A total of 66 (Sixty Six) training workshops were conducted during the year at AIBTRI for fulfilling the requirements of understanding the current issues and challenges relating to banking operations such as new imperatives on International Trade and Finance, impact of fintech applications, National Integrity Strategy, Documentation Errors & Investment Property Valuation, FATCA, Customs Duty Payment through RTGS under e-Payment system, Money Laundering & Terrorist financing issues etc. Moreover, with a view to enhancing skill of the employees, AIBTRI has arranged a number of in-house discussions on topical issues of Islamic Shari'ah and banking.

Executive Development Programs (EDP):

To meet the requirements of enhancing the knowledge on current issues of the bank's top executives, managers, manager operations about the issues related to money laundering and terrorist financing preventions and other topical economic and financial issues, AIBTRI conducted 2 (two) EDPs in 2022 at its Board Room where top executives of head office joined physically while executives other than head office attended the programs through Microsoft Teams platform. The titles of 1st EDP was "Sukuk Issuance in Bangladesh: Concept, Structuring and Fund Management" and 2nd EDP was on "Bancassurance and Bancatakaful: Concepts, Products and Role of the Banks." Both EDPs were very much interactive and executives gained new insights from the deliberations of the experts on the above issues.

Outreach Training Programs (OTP):

AIBTRI conducted 41 (Forty One) outreach training programs (OTP) during the year 2022 in five different locations based on zonal offices of the Bank. The programs had their remarkable impact to create awareness among young, brilliant and promising officers regarding Islamic Shari'ah and Banking, Foreign Exchange, Investment, AML & CFT issues, Retail banking management, Environmental Risk Rating, Agent Banking etc. The participants of OTPs were very much attentive and they raised very pertinent questions for elucidation of the themes of the topics discussed.

Islamic Financial Literacy Program (IFLP):

Bangladesh Bank has put greater emphasis on the financial access of the unbanked people of the country. Financial Inclusion Department of BB has issued guideline to widen the scope of financial access through different programs on financial literacy. AIBTRI has started to implement "Islamic Financial Literacy Programs" (IFLP) from 2022. One Islamic Financial Literacy Program was arranged at Bangladesh Parjaton Corporation auditorium at Rangpur where about 100 university and college professors, madrashah teachers, khatibs of jame mosques attended. The program was presided over by the Principal of Carmichael College. IFLP had impacted highly among the participants and the misconceptions about Islamic banking had been somewhat erased which were expressed by the thanks giving speeches by the participants. As planned, IFLP would reach the unbanked people of the country in 2023 inshaAllah.

Lead Bank Program (LBP):

"Lead Bank Program" (LBP) is the routine program of Bangladesh Financial Intelligence Unit (BFIU). BFIU implements the LBP program with the help and cooperation of assigned banks as Lead Banks. BFIU nominated Al-Arafah Islami Bank as the 'Lead Bank' for 2022 for Khulna Region. Accordingly, AIBTRI with the cooperation of MLTFP Division of the bank arranged a Lead Bank Program on 'Prevention of Money Laundering and Terrorist Financing' at Khulna Zone of the Bank. Al-Arafah Islami Bank played the role of Lead Bank in the program. BFIU and AIBL Officials conducted various sessions of the day-long program. Total 93 participants from different banks in Khulna Division attended the LBP.

Certified AML & CFT Professional (AIBL-CACP):

During 2022, the AIBTRI with the cooperation of BFIU & BIBM conducted two 3-Month long specialized Training Courses (STCs) titled “**AIBL Certified AML & CFT Professional (AIBL-CACP)**” to create 126 certified expert officials on AML & CFT issues especially aiming at to develop the BAMLCOs of the Bank with knowledge and enhanced capacity. BFIU and BIBM Officials had conducted various sessions of the program. The core objectives of the program is to develop a group of knowledgeable and efficient BAMLCO’s equipped with the overall theoretical and applied issues relating to AML & CFT issues for engaging them as proactive officials to address the AML & CFT issues of the Branches with efficiency. The CACP certificate holders may be called “**AIBL-CACP**”. We confidently hope that through this endeavor the Bank would get a group of qualified AML & CFT professionals who would ensure every AML & CFT related compliance issues of the Bank at branch level and would make the Bank a fully-complied Bank on AML & CFT issues. We also hope that this course will create a new branding of experts in AML & CFT for the banking industry in Bangladesh. It is an encouraging message that the Bank has achieved ‘satisfactory ranking’ in 2022 by the BFIU for its wholehearted attempts to address the AML & CFT issues of the Bank with knowledge, courage and capacity. AIBTRI feels proud to help the Bank by developing Knowledgeable BAMLCOs to achieve this prestigious rating from BFIU.

New programs of AIBTRI for 2023:

Given the directions of the esteemed Board of Directors (BOD) and honorable Managing Director & CEO of the Bank, following new programs have been undertaken by AIBTRI for the year 2023 alongwith the other regular training programs to initiate research on the practical operational areas with a view to assisting the Board for its policy making as well as to develop the bank as a knowledge-based Islamic bank in the country:

- a) In 2023 AIBTRI would conduct 2 (two) more “**Certified AML & CFT Professional (AIBL-CACP)**” certification courses on “Anti Money Laundering and Combating Financing of Terrorism” for professional development of the 120 employees of the Bank. These certified AML & CFT Professional experts especially BAMLCOs would help the bank to make it free from money laundering and financing of terrorism risks.
- b) AIBTRI would conduct one “**Executive Diploma program in Islamic Banking and Finance (AIBL-EDIBF)**” for professional development of the 300 employees of the Bank from Officer to Vice President Level in 2023. The program would be started from July, 2023. In the global and local context, Islamic banking and finance industry has been growing faster than the conventional counterpart in recent decades. Stiff competition among the Islamic banks and financial institutions has been emerged in the marketplace. In line with this changing competitive banking environment, an essential step is crucial to disseminate cutting-edge operational knowledge of Islamic banking and finance to the workforce of the Bank to equip them with knowledge and efficiency so that they could set an example in the industry as efficient officers of a knowledge-based clean Islamic Bank dedicated together in the development process of the country.

While there is a huge demand for skilled people with technical and Shari’ah knowledge to accelerate growth and make the Bangladeshi banking and finance industry robust and sustainable, there is not enough opportunity to acquire relevant knowledge in this area through the existing education system of the country. Hence, to meet this essential demand of the banking sector, especially for the employees of the AIBL, AIBTRI as the Bank’s apex training institute, has include the Executive Diploma program in Islamic Banking and Finance (AIBL-EDIBF) in its yearly training calendar for the first time to develop a competent human capital base for the Bank. With the steady and strong growth of Al-Arafah Islami Bank, the demand for skilled Islamic Bankers is continuously increasing. As the second largest Islamic bank of the country, AIBL feels the need to upgrade its human resources with the latest

knowledge of Islamic banking and finance. Thus, AIBTRI has designed its flagship education/training program on Islamic Banking and finance considering the specific requirements of skilled manpower of the Bank. It is expected that this AIBL-EDIBF will certainly enrich the bank as knowledge-based bank by giving every employee of the Bank an in-depth understanding of the leading issues in Islamic banking and finance i.e., Islamic finance laws and concepts, Islamic banking products, its operations, and related Shari'ah Standards. Specifically, the AIBL-EDIBF program, as an important flagship human capital development programs of the Bank, is a unique opportunity for an in-depth understanding of banking and finance in the perspective of Islamic Shari'ah and its overall practices in the Bank. The diploma program will provide clear insights and concepts of Shari'ah based Islamic banking framework to the Bank's all level of employees for effective understanding and implementation of Shari'ah in the Bank and thereby to promote Islamic banking industry in the country.

The AIBTRI will conduct this 1-year long 'AIBL-EDIBF' certification program over two semesters (six months for each semester). The syllabus covered in Semester-1 is relatively elementary and examination is designed to test the candidate's basic knowledge of Islamic Banking, while the syllabus included in Semester-2 is at an advanced level and examination is designed to test the candidates' theoretical as well as practical knowledge and understanding of the difference between Islamic and conventional Banking and recently developed financial technological practices that are necessary for better decision-making.

- c) The esteemed Board of Directors of the Bank has also approved in 2022 the proposal to publish a half yearly AIBTRI Journal titled '**Thoughts on Islamic Banking and Finance**' from June 2023. The journal would focus among others, current developments in the areas of Islamic financial products and services around the world, their thoughts and research outcomes. The opinions, thoughts and policy prescriptions expressed in the journal may help the readers/officers of the Bank to understand the dynamics of the Islamic financial sector as well as the stand of Al-Arafah Islami Bank. It may also create a channel of communication about the ongoing changes directed to achieve the Maqasid al-Shari'ah by the Bank and may give signal to the all types of stakeholders about the commitment of the Bank adhering to full compliance of Shari'ah in its all activities thus increasing the reputational base of the Bank. Alongwith the research papers on inclusive and sustainable Islamic finance, the journal may also focus on publication of articles on Islamic strategy for poverty alleviation, CMSME, micro-investment, retail banking products and agricultural sector issues. Apart from that it is expected that the officers of the Bank may take the opportunity to explore their brilliance and contribute to the journal regularly.

It is hoped that 'Thoughts on Islamic Banking and Finance' may be a platform for publishing divergent intuitive thoughts of the brilliant officers of the Bank to guide and augment the future pragmatic programs of the Bank in different areas of investment. To cope with the rapidly changing dynamism of the world Islamic financial architecture based on CBDC, Fintech, Regtech, Crypto-currency and block-chain technologies and to meet the demand of the time, the scholars of Islamic finance field both at home and abroad, we hope would come forward to analyse the recent dynamism and disseminate their thoughts and prescriptions through this journal so that the AIBL management may get proper insights for making timely decisions. The scope of the journal includes, but is not limited to, Islamic banking and finance, Islamic money markets, Islamic capital markets, Islamic investment management, issues on Shari'ah implementation and practices in Islamic banking and finance, zakat, awqaf, takaful and comparative analysis of Islamic and conventional financial methodologies. To prepare policy papers and important notes analyzing the mechanism and modus operandi of Islamic financial products in vogue in comparison with the present Islamic financial products of the Bank and suggest modifications thereto or develop new modalities of Islamic financial products.

4. As in the preceding years, AIBTRI would prepare policy papers and important notes analyzing the mechanism and modus operandi of Islamic financial products in vogue in comparison with the present Islamic financial products of the Bank and suggest modifications thereto or develop new modalities of Islamic financial products. AIBTRI suggested some new financial products in 2022. The products are:

- a. **Employees Common Cash Waqf Deposit Account:** Employees Common Cash Waqf Deposit Account is one of the new products in AIBL suggested by AIBTRI, particularly first ever in Islamic Banks of Bangladesh. Through this scheme the employees of the Bank have been contributing on monthly basis aiming to build a huge amount of cash waqf deposits, whose income will be ploughed back for the welfare purpose of the poor employee's children's educare and medicare needs. This type of deposit is perpetual and would create a long term deposit-base for the Bank.
- b. **AIBL Hajj and Umrah Investment Scheme:** Besides Employees Common Cash Waqf Deposit Account, the AIBTRI also suggested new retail banking products titled "**Hajj and Umrah Investment Scheme**" to address the financial needs of the people to help perform their Hajj and Umrah in due time. It is felt that the rich people of the country those are eligible to perform Hajj, they could not do that because majority of the rich people are "Rich by physical assets like land, building etc. but poor in Cash" due to lower cash flow of the assets. If the Bank comes forward to provide with them their required money for performing Hajj, they may repay the money from their cash flows gradually. This type of investment scheme would also help the people to perform Hajj without selling out their assets. The modus operandi of this scheme is based on **Al-Ijarah Al-Mawsufah Fi Al-Dhimmah** (Forward Service Ijarah). We positively hope that this investment scheme would open up a new horizon of investment and source of huge income from Retail banking businesses of the Bank.
- c. **e-GP facility under Quard system:** The AIBTRI has suggested to introduce actual Islamic mode for financing e-GP activities smoothly in the Bank under Quard system. AIBL Earnest Money finance is a facility offered to different sole proprietorship/partnership Firms/ Private Limited Companies involved in construction or other civil works offered by different Govt. /semi Govt. organizations, autonomous bodies or other organizations acceptable to the Bank to complete public developmental projects. Earnest Money financing facilities enable contractors/suppliers financial accommodation in the form of Bid, Earnest Money to execute different work orders through bidding.

This Earnest Money Finance Product has been designed for issuance of Payment Order (PO) on behalf of the sole proprietorship/partnership firms/ private limited companies involved in the construction or other civil works to submit bid in a tender invited by different government/ semi government organizations to complete public development projects. Earnest Money to be adjusted by depositing the returned PO against unsuccessful bids and to be adjusted from own source of the customer for successful bids. Bank will facilitate the customer through Quard by which bank will earn non-investment income (processing fees and other regular charges). Very often the Bank is approached by Contractors to allow them Qard facility for purchase of POs as Earnest money for participation in tenders. Currently e-GP (e-Government Procurement) is widely using process of tender participation and AIBL will mainly focus on that.