

## Islamic Banks' Stepping into Securities Business of Bangladesh : A Case of Islami Bank Bangladesh Ltd. (IBBL)

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### Abstract

***Purpose:** The purpose of the study is to examine the different stances over securities business of Islamic & some selected Conventional commercial banks in Bangladesh. To conduct the research both primary and secondary data have been used. The primary sources of data include face to face conversation and observation methods. The secondary sources of data include annual report of Islamic banks, websites, different books & research paper. In this research, it was found the investment & income of share and securities of Islamic banks in Bangladesh. The research also shows the present growth of Islamic banks in the securities business. They are not investing in all securities in the securities business according to their rules and regulation of Islamic Shariah. The research draws attention to entry of commercial banks in the securities business. This research specially focuses the description of conceptual parts of securities business of Islamic banks and their basic Shariah principles, regulatory framework and also comparing with the traditional banks securities business. This research would be a great help to the policy makers, practitioner, researcher, academician and to other stakes. The stakeholders can explore this issue to do more research in future.*

**Keywords:** *Islamic Capital Market, Shariah-Compliant stock, Stockbroking, Shukuk, Universal Banking, Conglomerate Banking, Islamic Funds, Modern Islamic Finance.*

### 1. Introduction

In general sense we mean “Bank” as a financial institution that deals with money. There are different types of banks like Central bank, State- owned Commercial bank, Private

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Commercial bank or Merchant bank, Foreign Commercial bank, Specialized Development bank, etc. But when we use the term bank it generally means 'commercial bank' that collects the deposit from surplus unit of the society and then lends the deposits to the deficit units of the society. But the new thing is that how it operates and presenting its activities for the purpose of serving customer requirements to increase their wellbeing in the sense of wealth. Banks also provide many services for clients to make their life easy in this busy environment. In this competitive environment in today's world, the entire bank increases their facilities in favor of their customers to retain them and capture more share of the market to be leader. Interest is one of the main factors in attracting customers. So, it can be said that conventional banking systems are interest-based system. Bangladesh is one of the largest Muslim countries in the world. The people are deeply committed to Islamic way of Life which is guided by Islamic Sunnah and according to the rules of Holy Al-Quran. But it is not possible for the people to establish and design their economic lives in accordance with Shariah. Sharia prohibits the payment or acceptance of interest fees for the lending and accepting of money. In this regard to establish a banking world that run according to Shariah, the concept of Islamic Banking Arise. Its establishment in Bangladesh on 13<sup>th</sup> March 1983, named Islamic Bank Bangladesh Limited. The definition of Islamic Bank, as approved by the General Secretariat of the OIC, is stated in the following manner. **“An Islamic Bank is a Financial Institution whose statutes, rules and procedures expressly state its commitment to the principles of Islamic Shariah and to the banning of the receipt and payment of interest on any of its operation.”**

This report is an attempt to gain the knowledge of “Islamic Banks’ Stepping into Securities Business of Bangladesh: A Case of Islami Bank Bangladesh Ltd (IBBL)”.

## **2. Literature Review**

A number of available research papers have been studied to the backdoor of doing this study. The main findings of those researches have been summarized in this part of study:

### ***Commercial Banks Literature Review***

A.W. Sametz, Michael Keenan, Ernest Bloch & Lawrence Goldberg study on Securities Activities of Commercial Banks claimed that, Private investment bankers were involved in the development of railroads and huge industrial concentrations in the late nineteenth century entered into the deposit banking business. They used deposit-type funds to meet their need for the huge financial resources required to underwrite the securities of growing industries. In order to market the securities they developed, they used subsidiary state chartered banks and trust companies.

Simon H. Kwan's paper on Securities Activities by Commercial Banking Firms studies the implications of securities activities on bank safety and soundness by comparing the ex-post returns between banking firms' Section 20 subsidiaries that were authorized by the Federal Reserve to conduct bank-ineligible securities activities and their commercial bank affiliates.

Sanjay Banerji and Parantap Basu stated in *Universal Banking, Asymmetric Information and the Stock Market* (August, 2011) that, the universal banking system has been subject to controversy, especially in the wake of Current financial crisis. The critics argue that such a system could inflict excessive risks on the financial system.

Jahangir, Shill and Haque (2007) stated that the traditional measure of profitability through stockholder's equity is quite different in banking industry from any other sector of business, where loan-to-deposit ratio works as a very good indicator of banks' profitability as it depicts the status of asset-liability management of banks. But banks' risk is not only associated with this asset liability management but also related to growth opportunity. Smooth growth ensures higher future returns to holders and there lies the profitability which means not only current profits but future returns as well. So, market size and market concentration index along with return to equity and loan-to-deposit ratio grab the attention of analyzing the banks' profitability.

#### ***Islamic Banks Literature Review***

Islamic Financial Services Board (IFSB) examined that, "There is no doubt that securities markets and products continue to evolve and change. The challenge to regulators is to consistently be abreast of and track new market developments in order for there to be effective and timely formulation of standards, guidance or best practices where necessary. Numerous international initiatives completed in the last few years focused on assessing weaknesses in the international financial markets and analyzing the operations of markets in order to develop global standards and benchmarks that have the ultimate aim of strengthening the international financial architecture."

M.H. Khatkhatay and Shariq Nisar study claimed that, "Investment in stock is permitted by Shariah scholars; however the investors have to ensure that the invested company's activities and structuring are not repugnant to Shariah. Due to exigencies of modern business and particularly the pervasiveness of interest transactions, fully Shariah-compliant equities are extremely rare."

Abdul Rahman Yousri Ahmed on *Islamic Securities in the Muslim* stated that, countries Invigorating and boosting medium and long-term Islamic financing of Islamic projects through facilitating and streamlining adequate shari'ah-based guarantees for negotiating Islamic securities according to current prices.

### **3. Objectives**

The main objectives of the study are:

- To examine the different stances over securities business by Islamic and Conventional banks.
- To investigate comparative stock investments scenario and market capitalization of shariah compliant stocks by Islamic banks in the stock market of Bangladesh.
- To know the problems faced by the sample banks regarding securities business.
- To put some recommendation to Islamic banks to overcome those problems.

#### 4. Methodology Of The Study

For smooth and accurate study everyone has to follow some rules & regulations. The study was collected from two sources: Practical desk work, Face to face conversation with the clients of IBBL, Direct observations were used as a matter of primary source data. Secondary sources e.g.; Annual report of IBBL, Files & Folders, Memos & Circulars, Various publications on Bank, Websites, Different books, Different circulars sent by Head Office and Bangladesh Bank have been used for acquiring information on the concerned issue.

#### Islamic Securities Business (Capital Market)

The emergence of a distinct Islamic capital market, where investment and financing activities and products are structured in accordance with Shariah principles, is therefore the outcome of a natural progression in the growth of the Islamic financial services industry. (Mervyn K. Lewis and Latifa M. Algaoud, 2001)

*Stages of Evolution of the Islamic Financial Services Industry:*

The stages of evolution of the Islamic financial services industry are illustrated below:

**Figure:** The stages of evolution of the Islamic financial services industry

<b>1970s</b> <b>Institutions:</b> - Commercial Islamic Banks <b>Products:</b> - Commercial Islamic Banking Products <b>Area:</b> - Gulf Middle East	<b>1980s</b> <b>Institutions:</b> - Commercial Islamic Banks - Takaful - Islamic Investment Companies <b>Products:</b> - Commercial Banking Product - Takaful <b>Area:</b> - Gulf Middle East - Asia Pacific	<b>1990s</b> <b>Institutions:</b> - Commercial Islamic Banks - Takaful - Islamic Investment Companies - Asset management companies - Brokers/Dealers <b>Products:</b> - Commercial Banking Product - Takaful - Mutual Funds/ Unit Trust - Islamic Bonds - Shariah-Compliant Stock - Islamic Stockbroking <b>Area:</b> - Gulf Middle East - Asia Pacific	<b>2000s</b> <b>Institutions:</b> - Commercial Islamic Banks - Takaful - Islamic Investment Companies - Islamic Investment Banks - Asset management companies - E-commerce - Brokers/Dealers <b>Products:</b> - Commercial Banking Product - Takaful - Mutual Funds/ Unit Trust - Islamic Bonds - Shariah-Compliant Stock - Islamic Stockbroking <b>Area:</b> - Gulf Middle East - Asia Pacific - Europe/ Americas - Global Offshore Market
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[Source: IOSCO, July 2004]

*Islamic Capital Market Product for Islamic Securities Business:*

The product of Islamic capital market are pointed out below: (“Islamic Banking” by Mervyn K. Lewis and Latifa M. Algaoud, 2001)

#### A. Shariah-Compliant Stocks:

In general, the Shariah-based principle of equity participation is essentially the same as that for conventional companies. It is based on a form of equity partnership investing called *musharakah*. However, from an Islamic perspective, corporate stocks can only be classified as Shariah-compliant if their business activities are not related to prohibited activities as outlined by Shariah scholars.

**Table 1:** Market Capitalization of Malaysian and Bahrain Shariah Compliant stocks (USD Million)

Year	Bahrain		Malaysia	
	M-cap of Shariah compliant stocks	% of Total market capitalization	M-cap of Shariah compliant stocks	% of Total market capitalization
1998	411.8	6.13%	55982.8	56.00%
1999	462.7	6.46%	70082.4	48.00%
2000	647.3	9.77%	65129.3	54.70%
2001	612.9	9.30%	75131.60	59.20%
2002	603.2	7.98%	76426.32	57.55%
2003	621.2	6.40%	102926.32	57.70%

[Source: [www.parsoli.com](http://www.parsoli.com)]

**Table 2:** Market Capitalization of Bangladesh Shariah Compliant stocks (Million Taka)

Year	M-cap of Shariah compliant stocks	% of Total market capitalization
2008	956283.89	91.62%
2009	1790929.21	93.80%
2010	324248.95	92.43%

[Source: Author's Own Calculation by Using Monthly Review of DSE 2008-2010]

#### Discussion

The above table shows that, the M-cap of Shariah compliant stocks and Percentage of total market capitalization from 2008 to 2010. In 2008 M-cap of Shariah compliant stocks was million 956283.89 Tk & it's percentage of total Market capitalization was 91.62%. In 2009 M-cap of shariah compliant stock was million 1790929.21 Tk & it 93.80% of total market capitalization. In 2010 this amount was million 324248.95 Tk & 92.43%. So we look that the highest M-cap of shariah compliant stocks & % of total market capitalization in 2009.

#### B. Islamic Funds:

Islamic mutual funds or Islamic unit trust funds are funds, which are managed in compliance with Shariah principles. Islamic mutual funds typically engage Shariah boards to advise and

ensure that investment operations and portfolios are managed in compliance with Shariah principles. In some jurisdictions, the retention of Shariah boards for Islamic funds is required under the law.

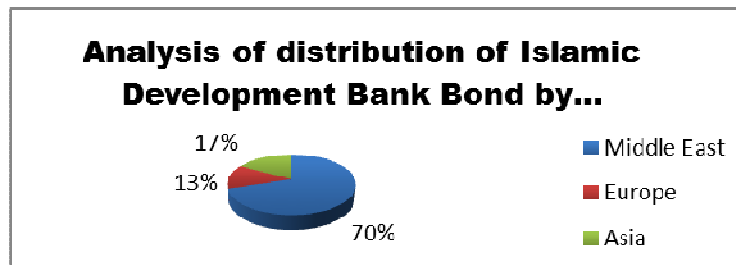
The categories of Islamic fund are given below:

Type of funds	Funds name
<b>Global funds</b>	Al-Rajhi Global Equity, NCB Global Trading Equity, Wellington Hegira, Al Sawfa, Al Baraka, AL Fanar Investment Holdings , Al-Dar world Equities, Riyadh Equity Fund, Oasis International Equity
<b>Regional funds</b>	Mendaki Growth, Al Rajhi Middle East, TII Ibn, Majid, Al-Nukhba
<b>Sector funds</b>	TII Small-Capital, Amana Income, Hi Tech Fund
<b>European funds</b>	Al-Dar European Equities, European Trading Equity fund
<b>Domestic funds</b>	Most Malaysian funds, Saudi Trading Equity, Al Rajhi Egypt, US equity funds
<b>Hedge funds</b>	Alfanar US Equity Hedge Fund
<b>Index funds</b>	Dow Jones Islamic market Index Fund
<b>Leasing (Ijarah) funds</b>	GCC Leasing, Al Kawthar Ijara Fund
<b>Realty &amp; Property funds</b>	Al-Deera real Estate Fund, Badr Property Fund, First Industrial Fund
<b>Commodity funds</b>	Commodity fund (Euro), Commodity Mudaraba, Al-Rajhi Commodity Mudaraba
<b>Investment &amp; Murabaha funds</b>	Alfanar Murabaha Ltd, Noriba Murabaha Fund, Murabaha Fund
<b>Trade finance funds</b>	Al-Bard Fund, AIF Trade, Al-Ahli International Trade, SAR Trade Finance

[Figure: Categories of Islamic funds]

### C. Islamic Bonds:

The origination of Islamic bonds typically involves the packaging or structuring of pools of Shariah-compliant assets with or without credit enhancement into securities. It is structured based on a specific contract of exchange that can be made through the sale and purchase of an asset based on deferred payment, leasing of specific assets or participation in joint-venture businesses.



[Source: Islamic Development Bank]

#### D. Islamic Stockbroking Services:

Islamic stockbroking services operate within the same institutional and regulatory framework as that of conventional stockbroking, except that their activities comply with Shariah principles. For example, they are allowed to participate in originating, trading and distributing Shariah-compliant stocks only. Islamic stockbroking services also provide margin financing facilities but these are structured based on Shariah principles. As is the case for the banking sector, there are conventional stockbroking companies that provide “Islamic windows” which offer Islamic stockbroking services to their clients. However, the accounts of Islamic stockbroking services are segregated from the company’s conventional stockbroking operations.

##### *Screening Norms for Shariah Compliance in Stock Investment:*

When we consider defining screening norms to identify Shariah compliant equities, our concern has to be to select those stocks from the share market universe which function within the minimum realistically acceptable deviations from Shariah stipulations, keeping in mind the nature of the environment. (Salman Syed Ali/ Islamic Capital Markets)

##### *International Evidence on Securities Business*

International evidence on the conglomerate models that banks are allowed to adopt to integrate securities activities with commercial banking, together with the model that predominates in each country, conveys important insights on the different models. Table presents this information for the G-10 countries. It puts three important results in evidence. First, none of the G-10 countries has regulations completely separating commercial banking from the securities business. (Joiio Cabral dos Santos)

**Table :** International Evidence

Table	Banks Securities Activities in the G-10 Countries: Evidence on Banking Conglomerates			
Country	Permitted by Regulation			Predominant Model
	Underwriting	Dealing	Brokering	
Belgium	Bank	Bank	Bank	Bank-Parent Model
Canada	Subsidiary	Subsidiary	Subsidiary	Bank-Parent Model
France	Bank	Bank	Subsidiary	Universal Banking Model
Germany	Bank	Bank	Bank	Universal Banking Model
Italy	Bank	Bank	Bank	Universal Banking Model
Japan	Subsidiary	Subsidiary	Subsidiary	Bank-Parent Model
Netherlands	Bank	Bank	Bank	Universal Banking Model
Sweden	Bank	Bank	Bank	Bank-Parent Model
Switzerland	Bank	Bank	Bank	Universal Banking Model
UK	Bank	Bank	Bank	Bank-Parent Model
US	Affiliate	Affiliate	Bank	Holding-Company Model

[Source: <http://www.clev.fib.org.>]

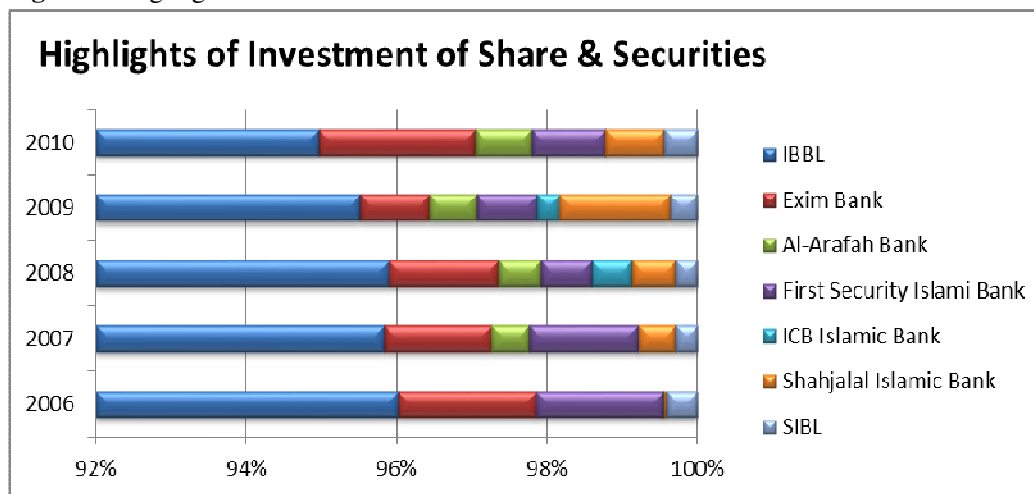
## 5. Analytical findings & Discussion

### *At a glance Investment & Income of Islamic Banks in Bangladesh*

❖ The Investment of Islamic Banks at a glance are showing in the below:

The Investment of Islami Bank Bangladesh Ltd is too high from the other Islamic Bank in Bangladesh. IBBL's Income from Share & Securities is also greater than the other Islamic Banks. Islami Bank Bangladesh Ltd position is greater from other Islamic Banks in terms of investment and income.

**Figure -1** Highlights of Investment of Share & Securities of Islamic Banks



[Source: Annual report of Islamic Banks 2006-2010]

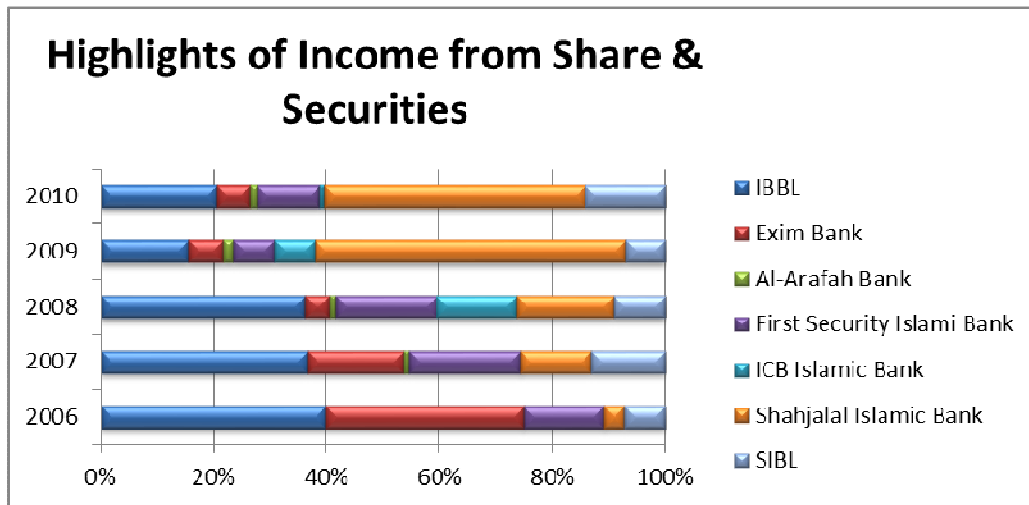
### Discussion

IBBL's Investment in Share & Securities is higher than the other Islamic Banks in Bangladesh. The Investment of Share & Securities was Tk. 117132.83 million in 2006 and Tk. 322772.83 million in 2011. AIBL shows the gradual increase in Investment of Share & Securities. As on 2010 the investment of share & securities marked Tk.676833340 rise over the previous year at Tk. 2178833340 from Tk. 1502000000. Exim Bank in 2010 the investment of share & securities marked Tk.3843.42 million falls over the previous year at Tk. 6012.86 million from Tk. 2169.44 million. From 2006 the Investment of Share & Securities of FSIB was Tk. 2063142600 which was increased Tk. 2859354561 in 2010. From 2008 the Investment of Share & Securities of ICB Islamic Bank was Tk. 1046859735 which was decreased Tk. 13416700 in 2010. From 2006 the Investment of Share & Securities of Shahjalal Islamic Bank was Tk. 50000000 which was increased Tk. 2228851599 in 2010. From 2006 the Investment of Share & Securities of SIBL was Tk. 501061600 which was increased Tk. 3049724992 in 2010.



- The Income of Islamic Banks at a glance are showing in the below:

**Figure -2** Highlights of Income from Share & Securities of Islamic Banks



*[Source: Annual report of Islamic Banks 2006-2010]*

### Discussion

The above figure shows the Highlights of Income from Share & Securities of Islamic Banks. From 2006 the Income from Share & Securities of IBBL was Tk. 137375578 which was increased Tk. 331004637 in 2011. From 2007 the Income from Share & Securities of Al Arafah Islami Bank was Tk. 9085089 which was increased Tk. 33138660 in 2010. From 2006 the Income from Share & Securities of Exim Bank was Tk. 120461375 which was increased Tk. 143927878 in 2010. From 2006 the Income of Share & Securities of FSIB was Tk. 49055689 which was increased Tk. 264208027 in 2010. From 2008 the Income of Share & Securities of ICB Islamic Bank was Tk. 158795687 which was decreased Tk. 20830500 in 2010. From 2006 the Income of Share & Securities of Shahjalal Islamic Bank was Tk. 13000000 which was decreased Tk. 1104473288 in 2010. From 2006 the Income of Share & Securities of SIBL was Tk. 24528883 which was increased Tk. 341627876 in 2010.

Finally, Islamic finance today has its own distinct infrastructure spanning bankers, lawyers, regulators and scholars. Any serious advisory practice will need to develop the wherewithal to interact effectively with all of these constituents.

### ***Five years Average of Investment & Income from Securities and their ranking***

- The five years average Investment of Share & Securities are given below:

**Table -03** Average Investment of Share & Securities

(Figure in million Taka)

*[Source: Author's Own Calculation Using Islamic Bank annual report of 2006-2010]*

Banks	IBBL	Exim Bank	FSIBL	Shahjalal Islami Bank	AIBL	SIBL	ICB Islamic Bank
Average Investment of Share & Securities	194250.41	3146.19	2133.65	1553.03	1127.92	744.93	352.09
Ranking	1	2	3	4	5	6	7

The average investment of IBBL is Million 194250.41 Tk which is achieving 1<sup>st</sup> position in Islamic Banks investment ranking. Exim bank is 2<sup>nd</sup>, FSIBL 3<sup>rd</sup>, Shahjalal Islamic Bank's 4<sup>th</sup>, AIBL's 5<sup>th</sup>, SIBL's 6<sup>th</sup> and ICB Islamic Bank's 7<sup>th</sup> in their investment ranking.

- The five years average Income from Share & Securities are given below:

**Table-04** Average Income of Share & Securities

(Figure in million Taka)

*[Source: Author's Own Calculation Using Islamic Bank annual report of 2006-2010]*

Banks	Shahjalal Islami Bank	IBBL	FSIBL	SIBL	Exim Bank	ICB Islamic Bank	AIBL
Average Income from Share & Securities	363.43	287.14	144.02	124.57	98.07	46.53	13.62
Ranking	1	2	3	4	5	6	7

The above table shows that the Average Income from Share & Securities and their ranking. In ranking the 1<sup>st</sup> position is Shahjalal Islami Bank and 2<sup>nd</sup> is IBBL in terms of Average income.

**Percentage of Investment of Share & Securities in terms of Total Investment**

The percentage of Investment share & securities in terms of total investment are given below:

**Table -05** Percentages of Investment Share & Securities in terms of Total investment

Banks	IBBL	Exim Bank	Al-Arafah Bank	First Security Islami Bank	ICB Islamic Bank	Shahjalal Islamic Bank	SIBL
2006	50.77%	6.40%	0%	13.13%	0%	0.32%	3.16%
2007	53.28%	5.76%	3.65%	11.83%	0%	3.99%	3.28%
2008	51.02%	5.05%	3.78%	5.04%	74.96%	3.35%	4.10%
2009	51.26%	3.06%	3.99%	4.71%	84.71%	0.73%	4.69%
2010	51.13%	6.05%	3.90%	5.20%	75.13%	3.50%	7.67%
Average	51.49%	5.26%	3.06%	7.98%	46.96%	2.38%	4.58%

*[Source: Author's Own Calculation Using Islamic Bank annual report of 2006-2010]*

**Percentage of Income from Share & Securities in terms of Net Income**

The percentage of Income from share & securities in terms of net income are given below:

**Table-06** Percentage of Income from Share & Securities in terms of Net Income

Banks	IBBL	Exim Bank	Al-Arafah Bank	First Security Islami Bank	ICB Islamic Bank	Shahjalal Islamic Bank	SIBL
2006	9.80%	18.52%	0%	-41.84%	0%	2.80%	42.56%
2007	19.89%	15.36%	2.61%	493.00%	0%	15.14%	67.05%
2008	15.28%	4.49%	1.71%	194.04%	-20.44%	23.55%	51.79%
2009	3.38%	2.71%	1.68%	16.00%	-2.57%	38.19%	11.93%
2010	10.98%	4.14%	1.82%	48.16%	-1.01%	53.30%	53.12%
Average	11.87%	9.04%	1.56%	141.94%	-4.80%	26.60%	45.29%

[Source: Author's Own Calculation Using Islamic Bank annual report of 2006-2010]

**Percentage change in Investment of Share & Securities**

The percentage of Investment share & securities in terms of total investment are given below:

**Table-07** Percentage change in Investment of Share & Securities

Year	IBBL	Exim Bank	Al-Arafah Bank	First Security Islami Bank	ICB Islamic Bank	Shahjalal Islamic Bank	SIBL
2007	4.94%	-10.00%	0%	-9.90%	0%	1145.21%	3.68%
2008	-4.23%	-12.22%	3.50%	-57.37%	0%	-16.02%	24.86%
2009	0.47%	-39.40%	5.54%	-6.60%	13.00%	-78.14%	14.55%
2010	-0.24%	97.53%	-2.09%	10.39%	-11.30%	376.80%	63.35%

[Source: Author's Own Calculation Using Islamic Bank annual report of 2006-2010]

The above table shows the percentage change in Investment of Share & securities. IBBL's percentage change in 2010 is -0.24%, Exim bank's 97.53%, AIBL's -2.09%, FSIBL's 10.39%, ICB Islamic Bank's -11.30%, Shahjalal Islamic Bank's 376.80% and SIBL's 63.35%.

**Percentage Change in Income from Share & Securities**

The percentage change of Income from share & securities in terms of net income are given below:

**Table-08** Percentage change in Income from Share & Securities

Year	IBBL	Exim Bank	Al-Arafah Bank	First Security Islami Bank	ICB Islamic Bank	Shahjalal Islamic Bank	SIBL
2007	102.85%	-17.06%	0%	-1278.04%	0%	439.31%	57.54%
2008	-23.19%	-70.74%	-34.25%	-60.64%	0%	55.58%	-22.76%
2009	-77.85%	-39.61%	-2.30%	-91.56%	-87.42%	62.10%	-76.96%
2010	224.73%	52.55%	8.59%	194.15%	-60.71%	39.57%	345.33%

*[Source: Author's Own Calculation Using Islamic Bank annual report of 2006-2010]*

The above table shows the percentage change in Income from Share & securities. IBBL's percentage change in 2010 is 224.73%, Exim bank's 52.55%, AIBL's 8.59%, FSIBL's 194.15%, ICB Islamic Bank's -60.71%, Shahjalal Islamic Bank's 39.57% and SIBL's 345.33%.

## 6. Problem Identification

The problems of the research are given below:

- The Security business banking (universal banking) system has been subject to controversy, especially in the wake of current financial crisis.
- To inflict excessive risks on the financial system of securities business.
- Investigating in the stock market involves a high level of commercial risk due to price fluctuations and the influence of the moods of other investors on the market, as well as the current political & economic development.
- Investment decisions in the stocks or securities almost totally depend upon future forecasts; any event believed to influence the economic situation will necessarily affect the market trends.
- Lack of effective supervisory framework is one of the weaknesses of the securities business.
- Islamic banks can not invest in all securities because of Islamic rules and regulations.
- Lack of awareness is involved training in terms of securities business.

## 7. Recommendations

The recommendation of the study is given below:

- Proper institutional framework & supportive policies should be implemented and needed for the securities business.
- Try to avoid inflict excessive risks on the financial system of securities business.
- In all businesses there is need for long term finance. In conventional system, this is provided through long term bonds & equities. This function is performed by securities markets & specialized equity institutions. In addition to the general public, the most important source of these long term investments are investment banks, mutual funds, insurance company and pension funds. Islamic banks do not deal with interest bearing bonds. Therefore, their need for equity markets is much higher.
- Financial markets are becoming more & more sophisticated, and competitive. In order to exploit the fast changing market environment and face increasing competition, financial engineering and innovation is imperative.
- Supervisory framework should develop for the securities business.
- Islamic securities business must be regulated by the shariah scholars because no new product can be adopted until it is cleared by the shariah scholars.
- Teaching, Training, research are the where-with-all for the development of securities business.

## **8. Conclusion**

This study has been about “Islamic Banks’ Stepping into Securities Business of Bangladesh: A Case of Islami Bank Bangladesh Ltd (IBBL)”. It has not possible for this study to explore all issues relating to the securities business of Islamic banks in Bangladesh. The most important thing of the study was Islamic banks are not invest in all securities in the securities business according to their rules and regulation of Islamic Shariah. From the findings it is also clear that the investment & income from share and securities. From these two months of my internship, I have come to know many new things which I did not know earlier. I believe this opportunity has given me a strong platform for my future ahead and for my career also.

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