

**Micro Credit & Retail Financing in Corporate
Business Department of IPDC Finance Limited**



Submitted to

Islamic University of Technology

**in partial fulfillment of the requirements for the degree of
BBA in Business and Technology Management (BTM)**

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Business Department of IPDC Finance Limited**



LETTER OF TRANSMITTAL

Date:

Naznin Akther

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Subject: Submission of Internship Report.

Dear Madam,

I hereby submit the Internship report titled “Micro Credit & Retail Financing in Corporate Business Department of IPDC Finance Limited” which is a part of the internship program. It was a great achievement on my part to work under your direct guidance.

While preparing this report, I have tried my best to portrait the condition of the company and reflect on my personal experience at the organization. The opportunity to work at IPDC has opened the door of the huge possibility of learning about corporate field operations and growing personally. It was a great experience working there and preparing this report under your supervision. If required, I will be available for any further clarification.

I will be highly obliged if you kindly accept this report and provide me with any kind of expert judgment or feedback you may have. It would be a huge success for me if you find this report informative or useful in any way.

Sincerely Yours

.....

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DECLARATION

I, Zobaier Ahamed, a student of the Department of Business and Technology Management of the Islamic University of Technology hereby declare that I have prepared this report on IPDC Finance LTD. by myself with the guidance provided by my supervisor Assistant Professor, Naznin Akther Madam. I have not breached any copyright purposefully. The work is authentic to the best of my knowledge. I further declare that the report was not submitted to any other party or institution for any degree of a certificate.

.....

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Acknowledgment

The satisfactory accomplishment of my Internship Program is the result of multiple people's contributions and engrossment; without their helpful direction and recommendations, the report would have been almost impossible to complete. I am really thankful to everyone who has led me during my internship process and provided me with all of the necessary information on IPDC Finance Limited's strategic plans, which has assisted me in organizing this report.

Firstly, I would like to express my gratitude to Madam Naznin Akther, Assistant Professor, Department of Business and Technology Management, Islamic University of Technology, for providing me with such an excellent opportunity and guidance in preparing an internship report for IPDC Finance Limited's Corporate Business Department. I am very appreciative of your unwavering support and good instruction, without which the report would have not been completed. I'd also want to express my gratitude for devoting some of your important time to reviewing my report and making the required revisions.

Second, I would like to express my thanks to MR. Sayeed Iqbal, the Human Resources Manager of IPDC Finance Limited, for allowing me to finish my internship adventure with their reputable firm. We would like to express our heartfelt appreciation to Mr. M Solaiman Sarwar, Head of Strategic Initiatives at IPDC Finance. I'd want to express my gratitude to Mr. Tanvir Rashid Ayon, Jr. Strategic Partnership Manager, and Ms. Israt Zarin, Senior Officer, for supporting me during the internship process. I'd want to convey my heartfelt appreciation to my direct supervisor, Mrs. Nabila Amin, Strategic Partnership Manager, and to my second supervisor, Mr. Islamil Hossen Josef, Management Associate. Their amazing encouragement pushed me to write a better report throughout my training for the project task.

Lastly, I am very grateful to my family & companions for their unwavering support and confidence in me, which has helped to keep me motivated and inspired throughout my journey so far.

Executive Summary

IPDC is one of the most reputable and well-regarded non-banking financial institutions (NBFIs) in Bangladesh, with a reputation for excellence. IPDC has been in operation since 1981 and has grown to become the country's first financial institution of note. IPDC has had significant growth in recent years.

The corporate Business Department is always essential for a company to operate strategic business plans and get advantages over competitor companies. There are many functions of this department. But the main function is to develop exceptional business plans and operate them successfully to make that operation profitable for the company. These functions improve the reliability and efficiency to the company.

This report includes the practices of IPDC Finance Limited's Corporate Business functions and its functional processes which are increasing their sustainability and enhancing their efficiency in the industry. I have tried to address all of IPDC's Corporate Business operations, functions, and policies in my report. I made a point of concentrating on the Corporate Business Department's Dana Project. Dana is Bangladesh's sole retail finance enterprise, and it was also awarded the National Fintech Award 2021. I tried to identify the rarely discovered errors that are luring them back and made some suggestions to assist them to improve their condition.

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Chapter 1

Introduction

1.1 Background of the report

NBFIs are projected to have a substantial impact on a country's economic and financial growth. Non-bank financial institutions (NBFIs) have fewer rights and advantages than regular banks. Deposits from the general public are not accepted. Additionally, the organization may offer risk sharing, financial advice, brokering, money transfer, and check cashing services in addition to its investment options. Non-bank financial firms lend money to consumers (NBFIs). In contrast to banks, they provide a wide range of services not normally offered by financial organizations. Banks and other financial organizations face direct competition from them.

Non-bank financial institutions (NBFIs) in Bangladesh are those regulated by the Financial Institutions Act, of 1993, and supervised by the central bank (NBF). There are now 34 financial institutions (FIs) in Bangladesh, the first of which was established in 1981. One SOCB subsidiary, three wholly-owned by the government, fifteen private domestic initiatives and fifteen joint venture initiatives comprise the total number of NBFIs. Banks and other financial institutions, term deposits (with a minimum of three months), call money, and bond and securitization are the most significant sources of capital for financial institutions.

1.2 Origin of the report

Internships are an essential aspect of the BBA program, and they help students get a sense of what it's like to work in the industry they're studying. It is critical for students of Business and Technology Management to comprehend the workings of an organization and the real-world applications of ideas and concepts they have learned. My internship with IPDC Finance Limited was a great experience. Since it was my first encounter with a non-bank financial entity, I gained valuable insight into the inner workings of a bank. Throughout my time as an intern, I've been exposed to many different aspects of the business. I've chosen to work in the field of corporate communication as one of them. Students in the BBA program are required to submit this report. The operations of professional communications and strategic initiative activities peaked my attention even though I had done an internship there in Corporate Business Department. Because of this, I learned a great deal about the actual applications of strategic Concepts. During that time, my major focus was on IPDC's long-term goals.

Students in the BBA program are required to submit an internship report at the end of the program. IPDC's existing engagement in their operations and their future plans to dominate the non-banking financial business were the foundation for my report, which I've now written. The report is entitled "Internship Report on IPDC Finance Limited".

1.3 The objective of the report

There were a number of objectives to be met throughout the three-month internship, including learning more about corporate business operations and how they operate to reach their goals. This report can be said as my understanding of the corporate world. My internship experiences are documented in this report.

Broad Objective:

The ultimate goal of all sorts of study is to achieve the overall purpose. It explains why the study is taking place. According to this report, the main goal is:

A detailed understanding of IPDC Finance Limited's corporate business strategic operations results in a strong brand reputation inside the NBFBI market.

Specific Objectives:

There are some specific objectives of this report which are given below:

- Explain the understanding and tasks I have served as an intern.
- To provide a representation of how the firm is doing in the financial markets.
- To know the strategic plans the company is following and maintaining.
- Following up the corporate business department's operational process.

1.4 Scope of the work

This study gives a short and informative overview of IPDC Finance Limited, its corporate business department, and the area in which the firm works. It is largely concerned with the employee

viewpoint and includes detailed information on the company's success in regional marketplaces. This research will educate readers on the non-bank financial institution (NBFI) sector and its functioning in Bangladesh, and the industry's potential for Bangladesh.

1.5 Methodology

To prepare this report I took the information from both the primary and secondary sources and tried to use them in an organized way while I was preparing this report.

Primary Research

A substantial amount of the research is focused on discussing the original research data. The vast of the primary components and insights provided in this study was gained via face-to-face interactions with company personnel and workers.

Secondary Research

While original research provides for such a quantity of this study, a substantial portion of the data given was acquired through secondary sources. My paper used secondary data collection of information was from a variety of sources. The main sources are:

- Annual General Reports.
- Bangladesh Bank Website.
- Google Search Engine.
- Research Papers about NBFIs in Bangladesh.
- Published reports and articles about IPDC Finance Limited.

1.6 Limitations

Only a three-month period is not well enough to understand all the operations and implications of a whole company, a whole department, and their insights. In spite of all the limitations, I have tried my best to gather as much experience as possible all throughout my internship tenure and tried to use that information to prepare this report.

Chapter 2

Company Overview

2.1 Historical Background

IPDC Finance Limited, the country's first financial organization in the private sector, was created in 1981 and is the country's first financial institution. When IPDC Finance was established, it was referred to as the Industrial Promotion and Development Company. There were a large number of stockholders when it was formed. The International Finance Corporation (IFC) of the United States, the German Invest and Development Company (DEG), the Aga Khan Fund for Economic Development (AKFED) of Switzerland, the Commonwealth Development Corporation (CDC) of the United Kingdom, and the Government of Bangladesh are the shareholders. Dhaka is the headquarters of this firm, which has the top position in Bangladeshi for long-term private enterprise finance, as well as the licensing of Joint Stock Businesses and Organizations. Following the Financial Institutions Act of 1993, IPDC established the whole organization as a finance company in the year 1995.

2.2 About Company

IPDC is the first Non-Banking Financial Institution to be established in Bangladesh. IPDC Finance is indeed a publicly traded limited liability corporation. This firm is listed on the Dhaka Stock Exchange as well as the Chittagong Stock Exchange in Bangladesh. IPDC Finance figured prominently in the financing of the private sector as well as the growth of industrialization. Since its inception, the IPDC has provided the nation with a variety of innovative financial solutions.

Currently, IPDC Finance is a manifold company that has various financial products and services. The company is serving with personal loans, corporate loans, retail business loans, financial advisory, and several projects like Dana, Ucchash and Aroggo, green banking, SME loans. IPDC Finance has a number of 12 branches in Bangladesh. Almost a thousand employees are working in this company and serving over fifteen and a half thousand customers. As of September 2021, the company's loan portfolio is 61.4 billion and the deposit portfolio is 57.7 billion takas.

IPDC Finance has financed so many renowned corporate houses and mega projects. Some of the financed companies are IDLC, Fantasy Kingdom, Holcim Cement, Summit, DBH, Apollo Hospital Dhaka, Westin Hotels & Resorts, National Housing, Ekushey ETV, and Scholastica.

There are so many other companies and corporate houses which have been financed by IPDC. From the very beginning of the company, it is financing for the industries and corporate houses for the development of the country's landscape. At present, it has a huge number of customers for both corporate and personal financing.

IPDC is shooting aims to become the best financial institution in Bangladesh. IPDC's targeting for the youth, women, and underserved communities so that they can serve the country from the base and help the country to walk towards the road of development. IPDC is helping Bangladesh to boost its economy by financing the needy who are potential members in the journey of the country's development. The company has created a new roadmap for the coming years, which includes the implementation of several new strategies to become part of the country's development.

2.3 The vision of IPDC Finance

The company wants to become the most enthusiastic financial organization in Bangladesh. IPDC is giving prioritized focus on the young generation, women, and the underserved communities so that, the company can grow with the developing economy of the country.

2.4 The Mission of IPDC Finance

The company wants to serve their customer to become incoherent from all the monetary problems by providing the best solutions with the exciting products of IPDC in a manner that is pleasant, well-timed, neat, and thrifty.

2.5 Strategic Objectives

- Demonstrating the utmost fidelity in the manner people conduct the business.
- Exhibiting a strong desire to become successful in the market.
- Plurality in the workplace and in human society.

- Utilizing technology to provide superior customer sagacity.
- Raising the importance of good corporate responsibility in the communities where individuals conduct business is a major priority.

Chapter 3

Industry Analysis

3.1 Industry Growth and Market Size

NBFIs are playing a very important role in the financial sector of Bangladesh providing some special financial services which are not available in traditional banks. NBFIs are playing competitively to satisfy the specific and alteration requirement of the customers. This competitiveness is helping the NBF Industry to grow bigger day by day.

To meet the diverse needs for investment funds in the country's rising economy, non-bank financial institutions (NBFIs) are steadily boosting their ability to provide credit facilities to their customers. The Bangladesh Bank (BB), in its capacity as the country's regulator in non-bank financial institution (NBF) operations, has been adopting policies and putting measures in place to facilitate the healthy and efficient expansion of NBF operations in the country. It was with the purpose of placing NBFs under the administration of a proper risk management system in mind that BB developed four primary evaluation criteria in September 2005. Credit risk management (CRM), assets and liabilities management (ALM), internal control and compliance (ICC), and information and communication technology (ICT) were the areas covered (ICT). Nonbank financial institutions (NBFIs) were also given suggestions on how to develop organizational structures and make efforts to enhance their institutionalized risk management systems in the key risk categories, according to the report.

In accordance with Chapter V of the Bangladesh Bank Order 1972, non-bank financial institutions (NBFIs) were initially under the authority of Bangladesh Bank throughout their formative years. It was the Bangladesh Bank's 'Non-Banking Financial Institutions Order,' which was released in 1989, that sought to tighten the sector's regulation and supervision by creating a stricter regulatory framework. Most non-banking financial institutions (NBFIs) are involved in lease finance, but a small number of NBFIs are also involved in other types of financial operations, including interest loans, house financing, financial services, equity lending and enterprise capital financing, project lending, and pilgrimage financing, among other things. Non-banking financial institutions (NBFIs) can be divided into two categories: those that lend money and that lend money and those that lend money and do not lend money. In addition to textiles and agriculture, non-bank financial institutions (NBFIs) provide services in the areas of petrochemical industry, small-scale and cottage industries, commerce, pharmaceutical drugs, public transit, food and beverage, leather products, and building and engineering, to name a few areas of expertise.

In 2011 and 2012, the asset base of NBFIs grew significantly. Aggregate industrial assets climbed

by 14.7 percent to Taka 288.4 billion in 2011 from Taka 251.5 billion in 2010. The rate of growth in 2012 will most likely be higher than in 2011. The overall asset value had climbed to Taka 309.0 billion by the end of June 2012. NBFIs assets totaled BDT 865.4 billion at the end of June 2021, compared to BDT 860.3 billion at the end of 2020. (Shown in Table 1)

Table 1: Assets, Liability, and Deposit trends of NBFIs

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Total Assets | 520.1 | 611.0 | 713.9 | 839.9 | 851.6 | 871.5 | 860.3 | 865.4 |
| Total Liabilities | 424.2 | 509.0 | 606.5 | 726.0 | 739.6 | 753.1 | 768.7 | 778.3 |
| Liabilities-assets ratio | 81.5 | 83.3 | 85.0 | 86.4 | 86.8 | 86.4 | 89.3 | 89.9 |
| Total Deposit | 238.5 | 318.1 | 382.4 | 468.0 | 466.2 | 451.9 | 441.2 | 603.0 |
| Deposits % of total liabilities | 56.2 | 62.5 | 63.1 | 64.4 | 63.0 | 60.0 | 57.4 | 58.7 |

NBFIs invest in a variety of sectors of the economy, but they are mostly focused on the industrial sector. At the end of June 2021, the following were the sectors in which NBFIs had invested: Industry accounts for 46.45%, real estate for 19.41%, margin loans for 2.22%, trade and commerce for 13.84 percent, merchant banking for 3.34 percent, agricultural for 2.30 percent, and others for 12.44 percent. Figure 1 will show the ratio of investment pattern of NBFIs as of 30 June 2020

Its total liabilities increased to BDT 753.12 billion in Dec 2019 from BDT 739.69 billion in December 2018, according to the latest available data. At the end of June 2021, the total liabilities and equity were at BDT 778.3 billion and BDT 91.62 billion, respectively.

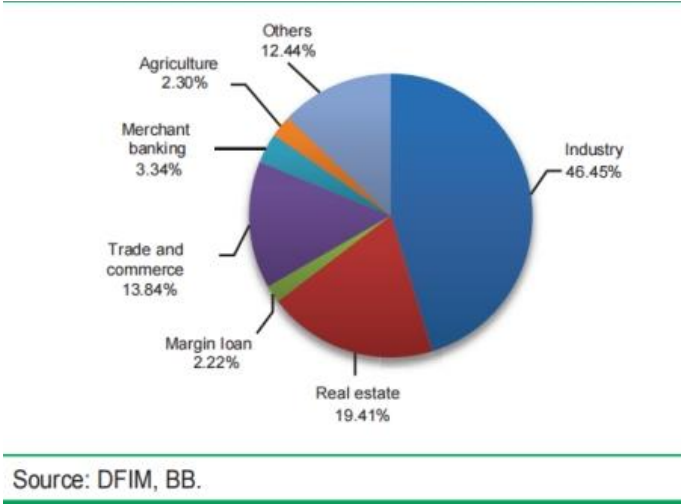


Figure 1: Investment ratio pattern of NBFIs

The profits and profitability of a financial institution (FI) are a reflection of its resource management performance and long survival. Among the best and most often used indicators of profits and performance is the return on assets (ROA), which may be further enhanced by the return on equity (ROE) (ROE). In June 2020, the return on assets (ROA) and return on equity (ROE) of all NBFIs were 0.24 and 2.21, accordingly. Following is a graph that depicts improvements in the revenue of non-bank financial institutions (NBFIs) from the year 2012 to the year 2020 (Figure 2).

| | (percent) | | | | | | | | |
|------------------------|-----------|------|------|------|------|------|------|------|-------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020* |
| Return on equity (ROE) | 10.4 | 7.5 | 9.9 | 9.9 | 6.9 | 8.3 | 7.45 | 7.64 | 2.21 |
| Return on asset (ROA) | 1.9 | 1.5 | 1.8 | 1.8 | 1 | 1.14 | 0.98 | 1.04 | 0.24 |

* As of 30 June 2020.
Source: DFIM, BB.

Figure 2: Improvement ratio of ROE & ROA of NBFIs

The 34 NBFIs of Bangladesh along with 262 branches all over the country are growing day by day with their specially customized financial services. As per official data of Bangladesh Bank the growth rate of NBFIs in personal financing is 38.7% per year. So, this is a developing and growing industry.

3.2 Yearly Growth Trend of the Industry

The growth of a country is dependent on the growth and development of all of its economic units. Economic growth is fueled by financial markets. Making a country economically prosperous mobilized cash resources from many sources the surplus in the sector that is in deficit. NBFIs strengthen the financial system's ability to withstand the current economic downturn by giving it more influence. By filling in the gaps in financial intermediation, NBFIs contribute significantly to society's overall well-being by serving as a valuable ally and resource to commercial banks.

Many non-bank financial institutions (NBFIs) are focused on lease financing; however, there are also NBFIs that participate in a diverse range of other financing activities, including term lending, home finance, trade finance, and equity capital financing. One of the sectors that benefits from NBFIs financial support is textiles. Other industries that gain from NBFIs financial assistance include agriculture, small and medium-sized companies, small and medium-sized enterprises (SMEs), and small- and medium-sized businesses (SMBs).

The Bangladesh Bank is in charge of overseeing the nation's non-bank financial institutions, which include credit unions and cooperative banks (NBFIs). Aspects including a capital requirements, quality assurance, compliance with relevant laws, norms, and procedures, and economic security are often taken into consideration when a business is granted authorization to participate in borrowing from the public at large. If they have gained previous approval from the central bank, non-bank financial institutions (NBFIs) are able to lend capital to its members and the community. Their participation in foreign currency dealings is strictly prohibited.

NBFIs serve the customers with their specialized and customized financial demands. For this reason, the demand for NBFIs services is increasing day by day. Currently, there are 34 NBFIs in Bangladesh. They are working with the diversified financial demands of the country's people.

Because of the drop in deposit rates in the banking sector and a loosening of policy by the Bangladesh Bank in response to the coronavirus-induced economic disruptions, deposits in

nonbank financial institutions in Bangladesh climbed marginally in the July-September quarter during 2020, and this happened for the specialized financial services of NBFIs. As a result of the Bangladesh Bank's expansionary monetary policy for the fiscal year 2020-2021, the country's banking sector's liquidity improved. NBFIs played a very important role in this liquidity. Bangladesh Bank (BB) statistics reported that in July-September of 2020, deposits in NBFIs grew by 3.28 percent or Tk 1,420.46 crore quarter-on-quarter.

Deposits in the NBFIs sector rose to Tk 44,684.75 crore in the quarter of July-September 2020 from Tk 43,264.29 crore three months earlier. The number of accounts held by non-bank financial institutions (NBFIs) climbed by 17,420 in the July-September quarter to 6.81 lakh from 6.64 lakh at the end of June.

The NBFIs sector's liquidity was also enhanced as a result of the BB reducing its cash reserve ratio. Better liquidity in the NBFIs sector helps the NBFIs firms to better repay their clients, therefore winning the trust of their depositors. Since its inception, IPDC, the country's leading non-bank financial institution, has served a variety of clients in both the private and public sectors, including the fields of education and health care. IPDC invests to accomplish several goals.

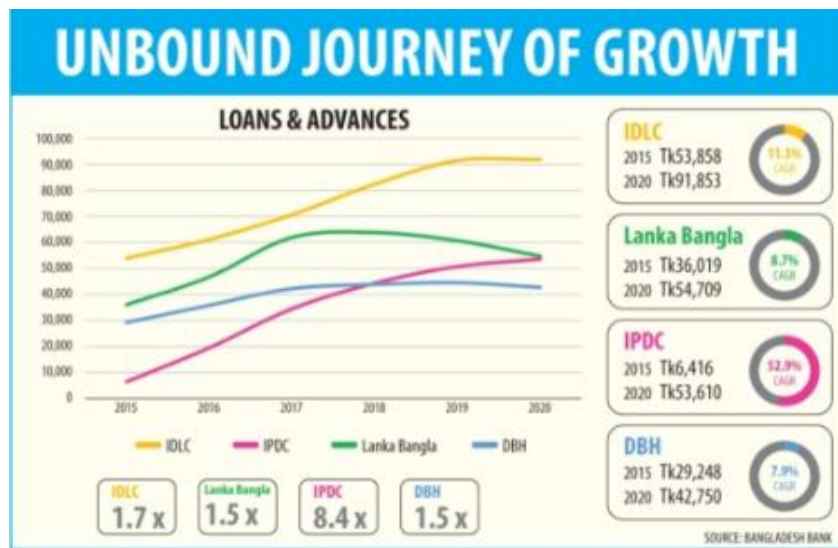


Figure 3: Growth trend chart of NBFIs

For more than two decades, IPDC has maintained a favorable public image by its persistent commitment to delivering financial services of the greatest quality. Because of its capacity to predict the consequences of local and international investment, IPDC is able to keep up with the

changing demands of the moment. It has been 40 years since this banking organization generated a profit of Tk20.5 crore, representing a 36.6 percent gain year on year in the first quarter of 2021, according to the company's financial statements (YoY). During the first quarter of the year, IPDC's public deposits increased by 1.3 percent, accounting for 66 percent of the institution's total financing. Cash holdings at IPDC Finance increased at a compound annual growth rate (CAGR) of 52.9 percent between 2015 and 2020, exceeding Tk4,138.1 crore in 2020 (Shown in figure 3). Competition Client deposits at NBFIDLC have grown significantly in recent years, reaching Tk7,012.2 crore in 2020. However, the company's compound annual growth rate (CAGR) between 2015 and 2020 was just 13.1%. LankaBangla Finance and DBH both achieved compound annual growth rates (CAGRs) of 13.1 percent and 11.8 percent, respectively, within the same time period. Their customer deposits in 2020 were Tk4,133.4 crores and Tk3,727.7 crore, respectively, according to their financial statements.

With a 7.5 % year-to-date (YTD) growth during the first quarter of 2021, IDPC's loan portfolio mix now stands at Tk5,7619 crore, with a 3.8 percent year-to-date (YTD) growth in the small and medium-sized enterprises (SMEs). Because of its low classified loan ratio of 0.95 percent, the NBFIDLC is one of the most competitive publicly-traded NBFIDLCs in the business. IPDC saw a 27.8 percent compound annual growth rate in this same region during the same period of time. As a result, IPDC's operating profit increased by 3.8 times between 2015 and 2020, at a compound annual growth rate of 30.4 percent, reaching Tk168 crore in 2020. Within the same period, IDLC, Lanka Bangla, and DBH saw operating profit increase of 6.4 percent, -4 %, and 2.5 percent CAGR, respectively, compared to 1.4 time, 0.8 times, and 1.1 times, respectively, for the other companies. As non-bank financial institutions (NBFIDLCs) become more precise in meeting the specific financial needs of their customers, the development trend of NBFIDLCs will become more stable, and they will be able to serve a huge number of customers to personalized and customized personal needs if the appropriate rules and regulations are in place.

3.3 Performance of Bangladesh in the Industry

A new generation of financial institutions has evolved to fulfill the changing requirements of customers by providing a greater variety of products and services. Additionally, non-bank financial institutions (NBFIDLCs) play an important role in the country's financial market as well as the real

estate business. The Bangladesh Bank oversees non-bank financial institutions (NBFIs) using a risk-based approach. In terms of portfolio and deposit expansion, NBFIs outperformed the industry on a consistent basis. The 1993 Financial Institutions Act grants Bangladesh Bank the authority to grant NBFIs licenses and to exercise oversight over such licenses. According to the Bangladesh Bank's Financial Industry Regulation, 1994, a financial firm must have a minimum paid-up capital of BDT 1.0 billion in order to operate legally.

NBFIs are performing very well in the money market of Bangladesh. But as a result of a lack of governance and severe irregularities, non-bank financial institutions (NBFIs) have seen a rise in non-performing loans and loan loss provisions. According to the Bangladesh Bank's financial stability assessment for 2021, bad loans hampered the sector's performance to its weakest level in a decade. Figure 4 can portray the whole situation.

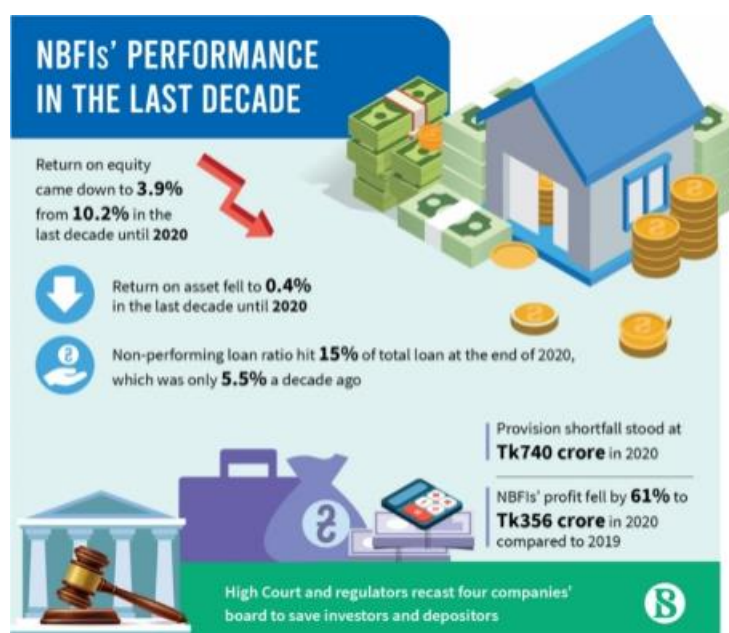


Figure 4: Performance of NBFIs in last decade

First Finance and Fareast Finance saw a rise in bad loans, which had a negative impact on the sector's overall financial health. NBFIs have a difficult time competing with them because of the high cost of capital that they must bear. As a result of this lack of regulation, criminals are able to make use of these organizations for their own unscrupulous purposes. Because Only five of the 34 NBFIs were included in the 2020 Sustainability Rating.

According to the central bank's stress testing report, as many as 13 non-bank financial institutions

(NBFIs) were in the red or dangerous zone by the end of 2020 which is an increase from 10 a year earlier. The bad-loan ratio increased from 9.5 percent in 2019 to 15 percent in 2020, according to the Federal Reserve. A major part of the increase may be attributed to regulatory examinations and changes made to the loan portfolios of some of the corporations. The sector was left with a gap of Tk740 crore due to the failure of six enterprises to keep the requisite provisions.

Bad loans had risen in percentage, and loan-loss provisions had also risen significantly, affecting profitability, according to the Bangladesh Bank. From the perspective of stability, it may appear to be cause for alarm. However, organizations like Delta Brac Housing, IDLC, and IPDC operated admirably in the midst of the upheaval. Having good leadership on their side made them stand out. BSEC, the stock market regulator in Bangladesh, overhauled FAS Finance and Fareast Finance's boards in the interests of investors. However, the directors of First Finance who had been dismissed from the board filed a writ suit with the HC to prevent the BSEC from restructuring the board. While this was going on, the BB hired a new CEO for First Finance.

BB has implemented policies to ensure effective corporate governance in NBFIs. The Board of Directors, Executive Committee, Audit Committee, Management, and Chief Executive Officer of NBFIs are all explicitly defined by BB. National Integrity Strategy (NIS) implementation has included the introduction of the "Code of Conduct for Banks and Non Bank Financial Institutions" in 2017 as a means of enhancing the integrity, morality and efficiency of financial institutions as well as promoting rationale behavior between/amongst banks, NBFIs, and their respective stakeholders.

3.4 Competitive Landscape

There has been a noteworthy growth of nonbank financial institutions as financial intermediaries in addition to commercial banks, not only in developed nations but also in developing ones, with Bangladesh being no exception. NBFIs contribute to the economy in a manner that increases the financial system's ability to withstand a financial crisis. These non-bank financial institutions (NBFIs) provide a broad variety of goods and services that help to alleviate the financial intermediation gap and hence play an essential role in society.

Despite the recent rise of NBFIs as financial intermediaries in both developed and developing

nations, the number of NBFIs is still relatively low. Non-banking sector concentration and competition have become even more difficult to measure empirically, especially in emerging nations. The voyage of non-bank financial institutions (NBFIs) began in 1981, 10 years after the nation gained its independence. The Industrial Promotion and Development Company (IPDC), a private sector non-banking financial institution (NBFI), was the pioneer in the industry in Bangladesh. Because of the influx of state-owned, private, and joint-venture enterprises into the nonbanking sector throughout the years, the sector's size has increased. By the end of 2010, the Ministry of Finance announced that a total of 35 firms were classified as non-banking financial institutions (NBFIs). It has become more important in recent years, owing to the emergence of new sectors of commercial operations by non-banking financial institutions (NBFIs), such as leasing, term lending, housing and real estate finance, merchant banking, factoring, and other services.

The competition among the NBFIs is very high in the current market situation. Right now, 35 NBFIs are serving the customers of the country with their specialized and customized financial services. And surprisingly everyone is going well. Every institution is making a profit which is good for the industry growth. The industry growth for the year 2021 was more than 37% during the pandemic situation.

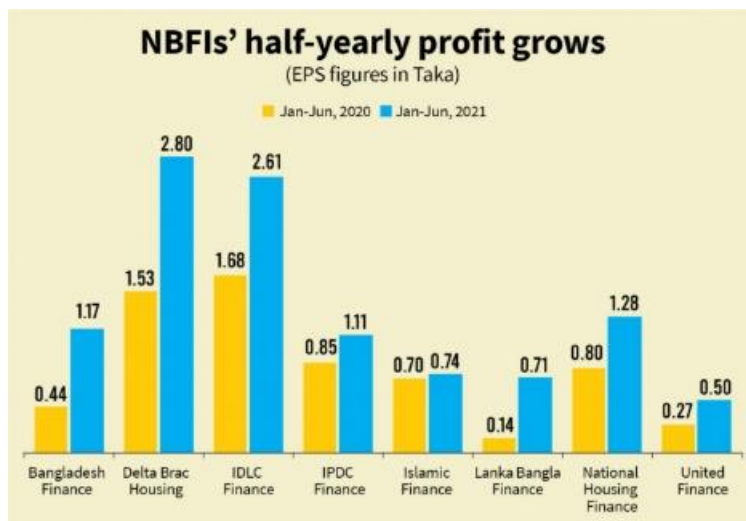


Figure 5: Competitive Growth of NBFIs

Everyone is in a competition with one another in order to expand their specialized services. In the

first quarter of 2021, ten of the twenty-three publicly traded nonbank financial institutions (NBFIs), primarily the top-tier institutions, have already filed their financial statements for the period January-June, revealing a significant increase in net profits after tax for nine of the companies year on year. This year's record low deposit rates are a result of the quantitative easing that has been implemented in order to deal with the fallout from the pandemic over the last five quarters. Additionally, the slow growth of private sector credit has combined to further lower deposit rates, which have reached a record low level this year. Figure 5 has made the scenario better to understand that the NBFIs are competing well with each other and this shows an impact on their EPS.

It was a difficult period for all lenders in the first half of 2020 because the Bangladesh Bank had set a cap on the deposit and lending rates for scheduled banks at 6 percent and 9 percent respectively at the beginning of April, and the average cost of deposits did not initially fall in line with the lending rate. Each of the NBFIs is making a profit competing the others with their diversified product and services. NBFIs in Bangladesh play a vital part in the country's economic growth by ensuring that funds are mobilized in a suitable manner. This research compares nine non-banking financial institutions (NBFIs) that do business in Bangladesh throughout the period 2016 to 2020, utilizing financial ratios and other indicators to make the comparison.

NBFIs should be more conscientious about their loan selection, and they should strive to develop a more recognizable brand image by delivering more efficient services. Because anytime they get more competitive with one another, they will be able to discover new sources of revenue. NBFIs will have more opportunities within the next years, which will help to secure the economic growth of our nation. This is why the NBFIs need to be more competitive with each other with their wide range of diversified products and services to ensure their growth and also the development of the financial structure of the country.

3.5 External Economic Factors

The growth of a country's economy relies heavily on the establishment of a healthy financial system. As previously stated, financial institutions are tasked with transferring money from one part of the government's budget to another. Non-Bank Financial Institutions (NBFIs) are a significant and vital element of a nation's financial management systems, regardless of whether the country is wealthy or impoverished, developed or developing, or undeveloped.

A well-functioning system Non-Bank Financial Institutions (NBFIs) are essential for attaining the most desired Sustainable Development Growth (SDG). In Bangladesh's economy, they play a massive role by gathering the savings of the country's 165 million people on the one hand and investing the money in a variety of different types of economic activity on the other.

The COVID-19 Pandemic, unfavorable global financial and economic circumstances, reduced exports and imports, closure of firms and industries, mismanagement, corruption, and so on have all hampered NBFIs. A variety of demand and supply side issues are impacting Bangladesh's financial industry. Due to high levels of non-performing loans (NPLs), the non-banking sector has lost trust and confidence.

Following massive fraud, embezzlement and mismanagement of funds by the Company's management, Peoples Leasing and Financial Services Limited recently collapsed, shattering the economic and financial image of NBFIs and losing public faith and confidence.

Double-Standard interest policy also arose challenges for the NBFIs. Non-Bank Financial Institutions (NBFIs) are experiencing a liquidity crisis owing to a double standard policy that has impacted both the private and public sector investment. Banking and non-banking financial institutions were severely damaged by the 9-6 policy, which stifled and impeded the collecting of deposits from the general public. As a result of the implementation of the government policy of a 9 percent lending and a 6 percent deposit rate beginning from 1st April 2020, depositors have found it difficult and risky to obtain their money back from banks. The following figure will help well to understand the declining rate of deposit, lending, and spreading of NBFIs.

| Items | as of end June (percent) | | | | | |
|--------------|--------------------------|-------|------|------|------|------|
| | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 |
| Deposit rate | 6.80 | 5.54 | 4.84 | 5.50 | 5.43 | 5.06 |
| Lending rate | 11.67 | 10.39 | 9.56 | 9.95 | 9.58 | 7.95 |
| Spread | 4.87 | 4.85 | 4.72 | 4.45 | 4.15 | 2.89 |

Source: SD, BB.

Figure 6: Declining rate of deposit, lending, and spreading of NBFIs

Managers at non-bank financial institutions (NBFIs) are fed up with the current interest rate fixation regime. People are motivated to invest in NSCs because of the low deposit rate in NBFIs. As of 10 March 2021, the devastating COVID-19 Pandemic has affected 118.63 million people, claimed the lives of 2.63 million individuals, and had a significant impact on the economy of 208 nations throughout the globe. Covid-19 was a very big challenge for the whole world as well as Bangladesh to maintain a good going financial situation. Bangladesh's financial sector, particularly that of non-bank financial institutions (NBFIs), is the hardest hit. Lack of liquidity for the newly set policy was the main reason for this suffering.

Many local banks and non-bank financial institutions (NBFIs) have failed to pay import bills on time, tarnishing the country's banking sector's worldwide reputation. Foreign embassies have been making more and more of these claims since, according to a Bangladesh Bank study, the corresponding overseas lenders have been unable to get their export profits on time.

Other than these two reasons, the rise in non-performing loans, money laundering, and scams are also serious causes of hinder in this industry. "Hallmark Scam," "Destiny Group Scam," "Bismillah Group Scam," and the recent collapse of Peoples Leasing and Financial Services Ltd. have raised questions about the validity and legitimacy of credit assessment, credit supervision, board independence, and management efficacy of banks and NBFIs. These frauds encourage consumers to deliberately fail on their loans. Because of this, NBFIs are under pressure from liquidity risks, regulatory capital management risks and business risks consequently.

As a result of the rapid rise in non-performing loans (NPLs), NBFIs are under enormous pressure in all of these areas. The NBFi industry in Bangladesh is in the midst of a major issue with NPLs.

Bangladesh has Asia's second-highest NPL rate and the world's 24th-highest global NPL rate. As a result of back-to-back loans, poor risk management, lack of corporate governance, political pressure, and wrongdoing in authorizing loans, the growth of NPLs is regarded to be a major cause. In June 2019, NPLs were BDT 112,430 crore or 11.69 percent of total outstanding loans.

Bangladesh's financial industry, including NBFIs, is at a crossroads. They need powerful, durable, well-guided, and well-supervised systems to address the NBFIs' major difficulties. Existing rules, regulations, and laws that clash and function as a disincentive need to be updated or modified. Transform conventional banking into a customer-centric digital, mobile, and online banking system employing FinTechs now.

3.6 Technological Factors

The non-bank financial institution (NBFI) industry has seen a significant transformation in recent years, due mostly to technology innovation. A combination of technological advancements in telecommunication, information technology, financial theory, and financial practice has transformed several of the partnership facilitators of the past into statistics risk management operations of the present and future.

In greater detail, technological advances in the sectors of telecommunications and data processing have spurred financial innovations that have revolutionized financial products and services, as well as industrial processes and procedures, to name a few examples. The ability to utilize applied analytics expenditure (via computer and software power) as in the financial intermediaries process is one example, and this capability has made an important contribution to this procedure's success. The use of credit scoring technology has largely supplanted the use of human judgment in the assessment of retail loan applications. Third parties profit from this technique because it increases transparency in the underwriting process, enabling for the development of secondary markets for credit facilities (such as mortgages and credit card receivables). As an additional measure to monitor and manage various types of credit issues, as well as interest rate risks, data-driven risk assessment methodologies are used on a continual basis across whole portfolios. As a matter of fact, approaches such as value-at-risk are often used to calculate uncertainty allocation of capital for active investment (trading) portfolios.

The technological advancement of this sector helped the institutions to control and enhance the quality of their service more effectively. The adaptation of technologies helped to make direct connections with the customers. It also helped to reduce the transaction and the agency cost.

In recent years, technology improvements have had a considerable impact on service support, resulting in increased service delivery as a consequence of increased service delivery. When it relates to banking, customers have a wide range of technological options from which to choose. Technology may be used throughout the services delivery and support operations to improve both the quality and the efficiency of the processes. NBFIs are increasingly using management information systems (MIS) to handle all of the statistical information pertaining to their services and their customers. They are also using the AIS can keep track of all of their assets and customers' information. NBFIs also employ Big Data Analytics to improve the extrapolative capability of risk models, which helps them to make better decisions. This technology is assisting credit management organizations in detecting fraud signals, and these signals may also be examined in real time with the use of artificial intelligence.

Though the sector has adopted the advanced technologies and getting advantages of them still there are some risks. Still, now hackers are taking out millions of dollars from the reserved economy due to the lack in security system. There are lagging issues also in operating the systems they are using. These issues must be taken under proper regulations and control to ensure a healthy financial service system. The pioneer of the NBFIs of Bangladesh, IPDC Finance become one of the leading NBFIs in the country just by adopting the technology in their financial services. It achieved the leading position from the 23rd among the existing 35 NBFIs in Bangladesh. The rate of change is unquestionably rapid and upsetting. But in reality, technology isn't all that obscure.

The actual problem is recognizing relevant trends and predicting how they will affect the business and organizations. Fintech is the new future. And to be a part of the future and sustaining in the industry, there's no other option than to adopt the financial technologies and manage them well to keep any organization on track.

Chapter 4

Description of Main Duties

4.1 Typical Working Days

It's important for us to complete an internship as part of our degree program because it gives us the chance to get real-world experience while we work. My internship at IPDC financing Limited has come to an end. Since I worked at IPDC Finance Limited's head office, I consider myself quite lucky. In essence, I was given a job in the Corporate Business Unit. The department has a wide range of responsibilities when it comes to corporate companies' key goods and services. Employees in the department recruited me to assist them with everyday tasks. IPDC Finance Limited's internship program is hard, yet it provides a great learning opportunity for new employees. I gained a great deal of experience during my internship, and I also helped out by providing hands-on assistance to the daily operations.

As an intern, I was required to complete a variety of tasks, although the majority of those tasks were related to assistance and loan application preparation. In addition to these duties, I had to attend meetings with clients and provide them with updates on my work progress, but I did so under the supervision of my direct supervisor. I consider myself fortunate to have been assigned to perform important duties like courtesy meetings with clients and distribution house visits under the supervision of the head of the Strategic Initiatives unit.

The typical working day of IPDC Finance is from Sunday to Thursday. A five-day working week is very lenient for the workers. It also provides off days on government holidays. Normally the working hour is 10 am to 6 pm. But mostly it takes late to leave the office at 6 pm to finish all the assigned tasks. Mostly it took an extra hour to finish the daily work.

I consider myself lucky because being an intern I went on a visit to Rangpur to a Distribution House of British American Tobacco Bangladesh under the direct supervision of the head of my assigned working unit. I along with my Boss had a meeting with the distributors of BAT Bangladesh. They were distributors of the northern part of Bangladesh. It was an amazing experience for me to be a part of this very important business meeting. The main agenda of the meeting was to increase the sales of the products of BAT Bangladesh, and we were there to make deals for the new loans of new retailers.

4.2 Working Tools Used

As an intern, I had to check the loan requests and had to give them approval and rejection following the organizational criteria. When the loans files used to come from the distribution houses, I had to unwrap them and organize them according to my initial approval. I had to use a software system which was named ‘ Unnoti’(figure 7).



Figure 7: Used working software system

I had to check the applicant’s information from the system ‘unnoti’ to verify the loan request. The system database is regularly updated by BAT Bangladesh distributors when they file a loan request. This process was a bit time-consuming. Because I had to check the requests individually by putting the outlet code loan request number one by one. Using this tool the outcome we were getting was not sufficient against the number of loan requests. As the pressure of files was increasing and I along with my project team members were working together, the system used to lag very often which was hampering the pace of our work.

So, IPDC decided to use a new system that is more feasible than the previous one. On the beginning working day of the year, 2022 IPDC introduced a new system that is very effective and efficient. It is named ‘Shiri’ (Figure 8.1 & 8.3). Shiri is a totally digital system. we just had to scan the pictures of the applicants and all the information come along as a result.



Figure 8.1: Newly introduced working software system



Figure 8.2: Newly introduced working software system

Shiri helped to work very efficiently. It doubled up the speed of the work and less time-consuming it was. It also generates the CIBs of the applicants automatically. Using this tool, we as a team used to verify almost a thousand files. This pace of work helped IPDC to get more requests from the distributors and provide more loans also which is very profitable for the company.

4.3 Work Interaction

My supervisor was Nabila Amin, Strategic Partnership Manager, IPDC Finance. She is very precise in the works. And also, very clear while giving me tasks. She briefed me with very detailed information about my assigned project. whenever I faced any difficulties in my tasks, she was there to help me with a solution. She always encouraged me with positivity so that I can comfortably finish my assigned tasks.

MD Ismail Hosen Josef, Management Associate, IPDC Finance, was another supervisor of mine. He was also very helpful. In absence of Mrs. Amin, Mr. Josef used to assign me my tasks. He was also helpful and encouraging when there was extra pressure on work. He was friendly and an interactive person. He was very elaborative about the tasks when I faced any difficulties in doing them.

Our Team leader was M Solaiman Sarwar, AGM & Head of Strategic Initiatives, IPDC Finance, who was very polite, humble, and friendly. He led us in such a way we did not face any confusion. He was very close to me and most of the time I used to get assigned my tasks directly from him. He used to describe my tasks to me as a teacher. This helped me to learn a lot about the whole loan processing system and made my tasks easier to do.

Even the CEO & MD of IPDC Finance is very friendly, encouraging, and a man full of positivity. I had several interactions with him and every time he inspired me with good advice and positive work tricks. He is a living example of working the hardest and managing pressure.

Everyone of the team was very helpful, very interactive, and friendly. This made my work comfortable for me to do my tasks confidently and efficiently. It was a great journey for me to work with such creative, helpful, interactive persons like them. I am thankful to all of them.

4.4 Major Responsibilities

As an intern of Dana Project, IPDC Finance, my main responsibility was to approve and reject the loan request of the retailers. It is mainly micro-credit financing. The loan limit starts from 12 thousand BDT only. There were a bunch of loan requests and I had to process more than a hundred files every day.

However, I have to do some other very specific but lengthy works such as filling up files consisting

of IPDC form and NRBC bank form, making excel of the information of the loan applicants, CIB checking, Id card verification, old PD (Polli Dutt) [account holder] file correction, reject files excel sorting, accepted file listing, etc. I am discussing all of them below:

1. **Filling up files consisting of IPDC form and NRBC bank form:** I used to write many files at the very beginning and I wrote almost 1000 files in my 3 months of internship. I used to fill up the IPDC form and NRBC bank form on behalf of the loan applicants form seeing the information from applicants and nominees' NID cards. I had to write and fill up the forms because almost each of the retailers is uneducated and doesn't know how to write.
2. **Making excel of applicants' information:** I had to make excel sheets of putting all the information of the applicants including his name, outlet name, NID number, address, and loan amount. I also had to make alike excel sheet including the information of the nominees.
3. **CIB checking:** After writing and making an excel sheet I had to check the CIBs of the applicant which is very confidential provided by Bangladesh Bank. I had to check if they had any issues with their previous loan profiles.
4. **Id card verification:** I used to verify the NID card of every approved applicant from the system 'Unnoti' and rejected several files and applicants for forged NID and information. This was a very lengthy process to do this specific task. Because I had to do this one by one for every applicant.
5. **Old PD (Polli Dutt) [account holder] files correction:** I rechecked uncountable old PD files with owner name mismatch and outlet code mismatch. This was another time-consuming task.
6. **Reject files excel sorting:** I made excel of all the rejected files and shared them with the supervisor with a proper explanation of the reason for rejecting the loan request.
7. **Accepted file listing:** I also had to make another excel list for the accepted files. So that we can keep a track of the accepted files.

8. **Email for Disbursement:** I had to email the accepted loan request list including with all the information and loan amount to the operations department so that they can process the disbursement.

These were my main responsibilities of mine while I was doing my internship. Along with all these, sometimes I had to attend meetings with our clients online to update our work progress and provide them the information about the loan approval. Sometimes I had to meet them physically too for handing over the documents or correction purposes.

After the client meeting, the following papers are sent to CRM for downloading CIBs of the company, owner, and two personal guarantors:

i. NIDs, ii. CIB contract forms, iii. Trade Permit

CIB is a Bangladesh Bank webpage that lists all sanctioned banks' loan records. A financial institution requests the download of a person's CIB when the individual signs for it. These were my major tasks and responsibilities during the whole internship period in IPDC Finance. I enjoyed working there very much. It was a journey of learning new things and experiencing corporate tasks which will help me a lot to cope with corporate career's tasks and challenges in the future.

Chapter 5

Company Level Analysis

5.1 Global Market Performance

My internship host company was IPDC Finance Ltd. As per the policy of Bangladesh Bank, there is no permission for this company to conduct or perform its business in foreign countries. IPDC Finance is a local company that is the first NBFIs in the country.

Being a local company, there's no foreign business of this organization. Also, Bangladesh Bank policies regulate the company from any exchange of foreign currency. So, there is no global market business for this company. But the company is doing very well in the local market. It is serving a huge number of customers with its diversified and very precise financial products and services on demand of the customers. IPDC Finance is one of the leading NBFIs in Bangladesh and a very well-known company in between the country for its personalized financial loan or deposit packages.

5.2 Performance within the country

IPDC Finance is the first non-banking financial institute of Bangladesh which is established in the year 1981. IPDC finance is holding one of the leading positions among all the 35 NBFIs of Bangladesh. Its specialized financial packages of their products and services are attracting the customers and the company is serving them very well. Last year IPDC finance has completed 40years of the journey of successfully providing financial services to the nation. The following figure will give us a clear understanding of the company that how well it is performing its business in the country.



Figure 9: Information on IPDC

IPDC Finance is the leading NBFi in the country for its quality of services. Their better service is ensuring better growth. Their loan and deposit portfolios are also over 60 billion BDT (Shown in figure 9). To sustain growth and quality portfolios, non-bank financial firms in Bangladesh face an enormous challenge from borrowers' repayment habits. The non-bank financial institution's first-quarter performance in 2021 was where IPDC made the remarks. In the first three months of this year, the company's net profit increased by 36.61 percent, the greatest in the prior six years. Many borrowers are increasingly failing to repay their debts on time, resulting in an unprecedented rise in the number of defaulted loans. IPDC, on the other hand, saw its net profit rise by 120.5% year over year to Tk 15.9 crore in the January-March 2021 quarter. This is the lowest level since December of last year, when the percentage of non-performing loans was 2.14 percent. IPDC has the fewest non-performing loans of any of Bangladesh's publicly traded NBFIs. As a result of the Covid-19 pandemic's liquidity strain, IPDC has not had to deal with any issues. Because of IPDC's excellent governance, many corporations and multinationals are eager to store their cash there. IPDC's primary funding sources are public deposits and bank loans. Some 47% of deposits originate from the general people, while 30% are borrowed from banks. Most of IPDC's revenue increase came from corporations. Diversifying their product offerings is an opportunity for NBFIs to expand their consumer lending. Consumer finance is a focus of IPDC's activity. With regards to deposit and credit, IPDC has outpaced the market's other major players in the financial sector since 2015: IDLC, Lanka Bangla, and Delta Brac Housing Finance.

According to a rigorous investigation by the IPDC, the IPDC's yearly profit increased by 24 percent during the previous six years, while the IDLC's profit increased by 12 percent, the DBH's profit increased by 5.4 percent, and Lanka Bangla's profit decreased by 4.3 percent over the same time. Figure 10 will give a clear understanding of the growth and profitability of this company.



Figure 10: Annual growth of NBFIs

IPDC was able to achieve great growth because of the introduction of a new business idea - supply chain finance to small enterprises via collaboration with corporations. IPDC has cooperated with a variety of businesses, including Aarong and Pran, among others. The firm provides loans to its suppliers and distributors in exchange for work orders and invoices received. Borrowers do not need to put up any kind of collateral in order to get this type of loan. For this reason, IPDC is competing with the other NBFIs holding the leading position.

Adopting new technologies has become another strength for IPDC. The use of new technology has aided such funding by lowering the cost of loan processing and speeding up the loan approval procedure. Therefore, IPDC can complete loan processing in two days and send cash into client accounts within half an hour after receiving a customer's request.

IPDC first offered supply chain finance in 2013, but it was only in the past two years, namely during the Covid-19 era, that customers began to express an interest in it. Prior to the Covid era, funding was done in a conventional way, but the technology was created to increase lending. For this rise of interest the company has seen a drastic rise in its strategic products. Home loans, SME Enterprises, Women empowerment everywhere there was a rise of profitability. Figure 11 will help to understand easily the performance growth of its strategic products.

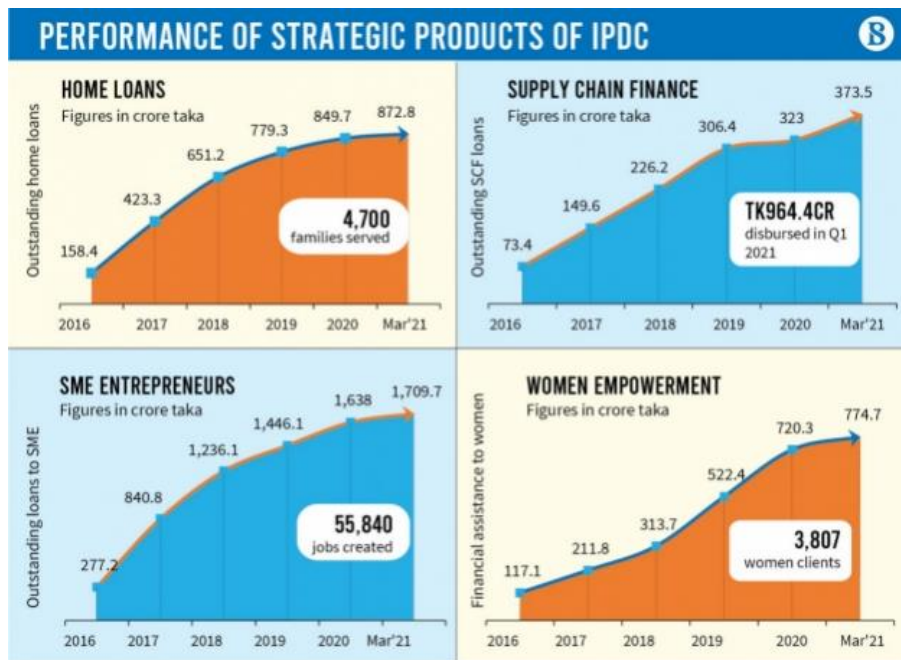


Figure 11: Strategic product performance of IPDC

According to the organization, IPDC now has a 50% share of the domestic supply chain financing industry. The client's company grew as a result of the supply chain financing and also IPDC has earned its profit through this financing. The IPDC intends to expand its small and medium-sized enterprise (SME) loan portfolio while simultaneously decreasing its corporate loan portfolio. The percentage of the corporate portfolio has decreased from 90 percent to 48 percent presently, from 90 percent before. In the next five years, the share will be reduced to 30 percent from its current level. The IPDC is also ahead of the competition in terms of garnering the confidence of depositors at a time when the whole sector is reeling from a public relations crisis.

According to the IPDC data, the deposit of IPDC increased by nine times in the previous six years between 2015 and 2020, making it the most significant growth in the industry at a time when deposits of other market leaders such as IDLC, Lanka Bangla, and DBH increased by less than two times. Because the IPDC has the greatest worldwide rating and capital basis, it has been able to build consumer trust while maintaining profitability and experiencing rapid expansion.

5.3 Professional Level Analysis

I have worked at IPDC Finance as an intern for 3 months. During these 3 months, I've learned so many things including the corporate culture, corporate ethics, financial policies, loan approval, and rejection criteria, data management, and client management. It was a great journey of experiences and learning for me so far. I was working on a project named 'Dana Project' which is a retailer financing project and this is the only retailer financing project among all the financial organizations in Bangladesh. This project basically provides micro-credit loans to the small retailers of different giant corporations. BAT Bangladesh, Unilever, Syngenta are the top clients of this project and their retailers are the borrowers.

Regardless, it is impossible to learn about the workings of a non-bank financial institution while enrolled in a university course of study. It was difficult for us to have a thorough understanding of an NBFi since we had never worked in one. As a result of my internship, I gained a better understanding of how NBFIs operate in our nation. Financial institutions like this have a wide range of responsibilities in Bangladesh's economy. In addition, I had the chance to see how an NBFi's several departments, each of which has a significant role to play, work together to manage IPDC Finance Limited as smoothly as possible.

IPDC Finance Limited has to follow Bangladesh Bank laws and regulations for funding projects. Being among significant corporate personnel helped me learn how each new rule impacted the organization and how the company responded to changing circumstances. During my internship, Bangladesh Bank planned to charge firms a single-digit deposit and lending rate. As a result, IPDC Finance Limited has to make difficult decisions on how to run different financial products that may be impacted by regulatory changes. Also, near the end of my internship, the Corona Virus epidemic broke out. This bad scenario required the organization to make tough judgments about how to deal with the economic issues. All of these experiences taught me a lot about how the Bangladeshi economy works and how businesses adapt to the frequent changes.

However, this internship helped me a lot to learn about the pros and cons of financial activities which will help me for my lifetime. I will not go into any carrier or any business which is risky in nature. I'll choose my career wisely knowing all the factors related to work responsibility. As I have worked in a financial institution and this was really interesting for me, I would like to start my career in a financial institution that will make me able to help people with their financial needs and demands. Also, this will make me feel proud to be a part of the developing economy of Bangladesh.

Our finance courses which we studied in our fifth and sixth semester, helped me to understand some terms and activities while I was doing my internship in IPDC Finance. That academic knowledge helped me to easily understand financial operations and made my work easier. The academic knowledge we have gathered studying in the Department of BTM was very helpful to cope with the office work. Being a BTM student, I have technical knowledge too from different courses we have studied. But especially the courses I have learned of computer science and technology, made my work easier to get and do with the computer. IPDC Finance Limited's internship program allowed me to contribute meaningfully to the organization throughout my time there. They had a tremendous impact on my life, and I found them personally rewarding. I learned a lot during my internship by executing the duties, which allowed me to put my academic skills to use in a real-world setting. Some of my coworkers taught me a lot, notably the head of the department of strategic initiatives, who was always willing to share his knowledge and experience with me. They were supportive of my inquiries and showed appreciation for my work, which fueled my want to learn more. There were a lot of learning chances as the days went on, as my job got more and more crucial. During my Internship, I had to face with a few problems and difficulties

that I had to overcome. They are as follows:

1. The amount of file space available for the department is quite limited. I ended up having to spend a significant amount of time searching for previously finished files that required some minor modifications as a consequence.

2. Despite the fact that IPDC Finance Limited uses an open office design, which I found to be quite engaging, there is an issue with space congestion, which I believe has proven to be a problem. During the course of my internship, I had to relocate twice, which made it difficult to concentrate on my job at the beginning and end of each day.

Although this is the case, it would be difficult not to appreciate how little the difficulties caused by these two issues turned out to be as a result of the friendliness and helpfulness shown by all of the staff of IPDC Finance Limited. My coworkers were constantly concerned about my learning and well-being, which resulted in an absolutely fantastic internship experience.

So that the organization's strategic planning and course of action may be improved, it is required to undertake a SWOT analysis. Potential and possible concerns are also identified. A better understanding of how customers interact with a brand and how it influences their impressions of that brand is also facilitated by this method.



Figure 12: SWOT analysis of IPDC Finance's Corporate Business Department

From figure 12 we can understand the strength, weaknesses, opportunities, and threats of the corporate business department of IPDC Finance Limited. This analysis is made based on my working experience when I was working there as an intern. I think this analysis can make a big impact in their business operation.

I also did Porter’s Five Forces Analysis. In my perception, Bangladesh’s financial sector is very competitive, with banks wielding considerable influence. A large portion of this industry’s customers resides in Dhaka and Chattogram, two major cities in Bangladesh. A lean business strategy and individualized customer service are two major advantages that NBFIs have over traditional banks, despite the fact that banks likely to have a larger operational footprint and better customer image. According to Porter’s five forces analysis (figure 13), NBFIs’ present situation may be seen.

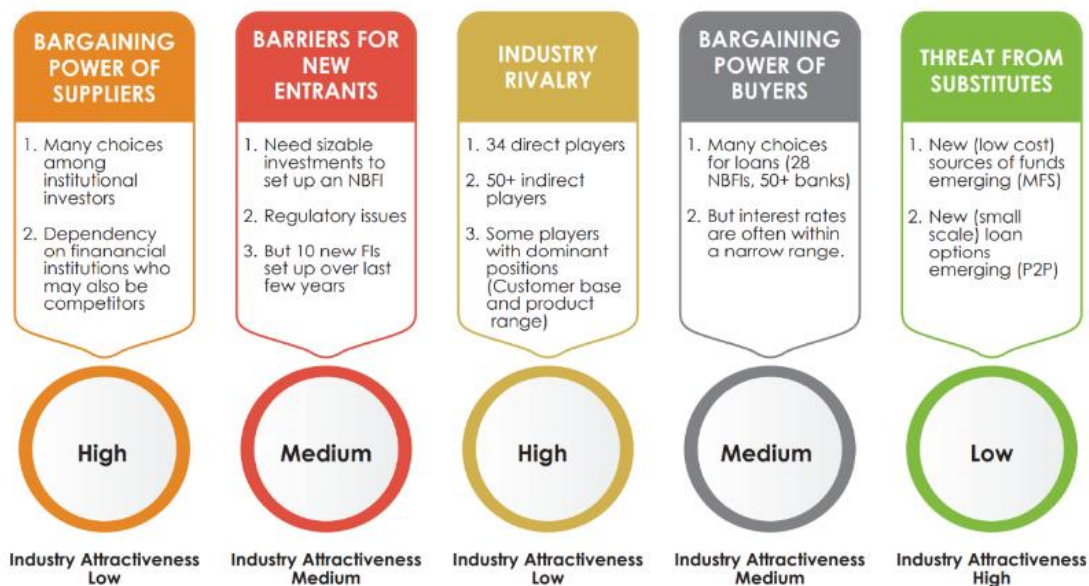


Figure 13: Porter’s Five Forces Analysis on IPDC Finance’s Corporate Business Department

Non-bank financial institutions (NBFIs) are also helping to address credit shortages in a range of sectors when conventional financial firms, including such banks, are unable to. They differ from banks and financial institutions in that they are able to offer specialized financial services while also having a higher degree of organizational flexibility. As a consequence, they are often able to provide customized financial services more swiftly than banks and other financial institutions.

Chapter 6

Products and Services

6.1 Product Insight

IPDC Finance Limited has separated its business operations into three broad strategic business areas, which are categorized as follows: Corporate, SME, and Retail. This division is intended to help the company maintain its strategic direction. Loan Products and Deposit Products are the two primary kinds of products supplied by these divisions.

The loan products of the company are as follows:

1. Products of Corporate Business:

- a. Lease Financing
- b. Loan on a Term
- c. Financing for projects and syndication
- d. Short-term Loans
- e. Loans for Common and Preferential Shares of Stock

2. Products of Small and medium-sized enterprises:

- a. Loans for a Specific Amount of Time
- b. Financing for a Limited Time
- c. Finance for Work Orders
- d. Production Loan
- e. Joyee: A loan for women entrepreneurs with an interest rate of 8%.
- f. Lend-Lease Loans

3. Products of Retail Business:

- a. Financing for Home
- b. Financing for cars
- c. Financing for Individuals or Personal Financing

4. **Saving Scheme:**

- a. DPS: Fixed installments that are capitalized on a yearly basis
- b. Millionaire Scheme: BDT 1 million monthly commitment for a variable duration.
- c. Ultiflex Savings Plan: Fixed deposit of cash for two years with a fixed interest rate.

5. **Deposit Schemes:**

- a. Yearly profit plan: BDT 10,000 or more must for a fixed account to get yearly profit.
- b. Cumulative Profit Scheme: BDT 10,000 or more in a fixed account in which interest will be paid at the end of the term.
- c. Fixed Deposit General: A predetermined sum of not less than BDT 10,000 must be placed, with a minimum duration of three months and interest paid at the end of the deposit period.
- d. Monthly Profit Scheme: In order to open an account, a set sum of BDT 50,000 or more must be placed. The account must be open for a minimum of three months, with interest paid monthly.
- e. Double-Deposit Plan: A sum of BDT 50,000 or more must be put in a fixed account where the deposit is doubled after a certain amount of time
- f. Quarterly Profit Scheme: A sum of BDT 50,000 or more must be put in a fixed account with a minimum duration of one year and interest paid on a quarterly basis.

There's another premium service of this Financial Institute namely 'Club Royal'. In this service, Customers that put a high emphasis on their company's success are given special care and priority service. A component of the service is personal financial counseling. This is a service that is only provided by a small number of non-banking financial firms in the industry. It is a unique priority service that is only available to the most valuable clients.

Chapter7

Findings from the Study

7.1 Findings and Recommendation

Personally, it is difficult for me to suggest IPDC Finance Limited since I could not have asked for a better experience than what they have offered. Still, there are a few more ideas I'd want to make that could need some further oversight.

1. IPDC should provide an orientation program for the interns. Introduction to the workplace via an orientation program for interns would assist newly hired interns in settling into their new positions more quickly and gaining a general idea of the organization before the real work begins. It could give you a feeling of belonging as well as a sense of where you're going.

2. I was required to participate in a face-to-face interview. IPDC, on the other hand, has a reputation for keeping interns as permanent workers beyond the internship term, thus they should be more discriminating in the interns they choose. They may utilize a written exam method to choose potential candidates who will complete all of the responsibilities and be prepared to begin their careers at IPDC Finance Limited immediately after their internship duration.

3. IPDC Finance should strongly work on digitalizing their files. Physically going through the paperwork takes a substantial amount of time, while digitizing the records will not only save time but will also improve the overall quality of the job.

4. They should also work on their sitting capacity. Interns' inability to sit for long periods of time is an impediment to their productivity since it forces them to switch desks often. The problem may be alleviated if the interns had a dedicated work area where they could easily keep up with the workload.

5. In order to achieve their mission of serving the disadvantaged, IPDC Finance should establish local offices/customer booths in rural regions. This endeavor will assist the organization in the future in gaining a higher sense of brand value.

6. IPDC Finance should use mobile application software so that it may concentrate its efforts on its retail and SME services and increase the pleasure of individual customers and clients. They

should take use of electronic payment and settlement systems such as ECS (Electronic Clearing System), EFT (Electronic Funds Transfer), and other similar systems, among others. In order for them to be able to offer a cost-effective retail payment solution to their small and medium-sized business clients.

7. IPDC should place a greater emphasis on advertising channels such as television, radio, print media, and outdoor advertisements. Recently, they have concentrated solely on social media and event sponsorship.

8. At the district level, the IPDC should organize a variety of workshops, seminars, and orientation programs so that local company owners and managers may get the most current information on new and expanding market sectors, services, and financial incentives. As a consequence, their consumer base will expand to the district level as a result of this.

All of these actions will enable IPDC to give more tailored and effective financing solutions to their precious customers, while also increasing customer happiness and building a successful brand value in the market, which will aid the company's long-term viability and sustainability.

7.2 Conclusion

For concluding, I believe that the IPDC Finance Limited model should be followed by other aspiring financial organizations around the nation. Because IPDC Finance Limited is always encouraging innovation and efficiency, other financial institutions in the nation should be motivated to follow its lead, despite the obstacles that the Bangladeshi economy has set in its way. Furthermore, there are some indications that IPDC has effectively reacted to the problem of ensuring its long-term viability. The company's new genuine vision, which is more consumer-centric, IPDC's current ownership structure, which is more amazing than the previous one, and IPDC's highest client retention, which has resulted in a 47 percent increase in the number of customers are all evidence of progress. Furthermore, if we take a look at the number for the present market portfolio of IPDC Finance, we can see that it is increasing year after year. Even during the Covid-19 outbreak, the firm had rapid development at a time when other NBFIs were struggling to remain solvent owing to a lack of available capital.

This company, IPDC Finance Limited, has the biggest SME financing portfolio in the nation, and it has also pioneered a unique and exclusive retailer financing concept, which is now on its road to great success. It is thus unquestionably clear that financial institution has made a significant contribution to the growth and progress of this industry. The loan comparison also demonstrates that IPDC outperforms the majority of other Non-Banking Financial Institutions in terms of loan performance. As a result, they should continue their efforts to maintain their position as the country's leading influencer in SME and retailer finance.

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