



INTERNSHIP AFFILIATION REPORT ON

PRACTICES OF CREDIT RISK MANAGEMENT: A STUDY OF

IDLC FINANCE LIMITED

DILKUSHA BRANCH, PURANA PALTAN, DHAKA





**PRACTICES OF CREDIT RISK MANAGEMENT: A STUDY OF IDLC
FINANCE LIMITED
DILKUSHA BRANCH, PURANA PALTAN, DHAKA**

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Letter of Transmittal

April 5, 2018

Mr. Shamim Ahmed
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Subject: Submission of Internship Report.

Dear Sir

It is a great pleasure and privilege for me to submit my internship report on Practices of Credit Risk Management: A study of IDLC Finance Ltd, Dilkusha Branch under your co-operative supervision. This was assigned to me as a partial requirement to complete my BBA Program.

I have closely observed the operations of this department, Relationship Management, and Credit Appraisal Department. I really enjoyed working here to complete my requirement of study. Throughout my journey in IDLC I tried to collect the necessary information to prepare my internship report and would utilize them to enrich the report as informative as possible. I sincerely believe it will satisfy your requirements. Along with it will also serve the purpose of my internship program.

Consequently I am submitting my internship report for your concern. Hopefully you will be able to discover my hard work, well researched, informative approach. Moreover I will be happy to express my experience about working here with you if I find an opportunity. I express my heartiest gratitude to you.

Thanking You
With Best Regards

Josephine Purification
ID: 14104078
Major in Accounting & Finance
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Letter of Endorsement

The Internship Affiliation Report entitled “PRACTICES OF CREDIT RISK MANAGEMEN: A STUDY OF IDLC FINANCE LIMITED” has been submitted to you for the partial fulfillment of the requirements for Bachelor and Business Administration (BBA), Major in Accounting and finance, BRAC Business School on April 5 2018 By Josephine Purification, ID # 14104078. This report has been accepted and is presented to Internship committee for evaluation.

(The author is responsible for any opinions, suggestions prepared in the report. The University does not condone nor reject any of these opinions and suggestions).

I wish her every success in future.

Mr. MD. Shamim Ahmed

Internship Supervisor



Acknowledgement

This internship report is the accumulated co-operation of many kind souls. Firstly I would like to thank Almighty God for bestow his blessing upon me to write this report with good health, and to finish it by given time.

Secondly I express my gratitude to Mr. Shamim Ahmed sir as my internship supervisor. He is one of flexible, cooperative and amusing faculty I have come across in BRAC University. I respect and thank him cordially for helping me regarding preparing this report.

I would like to convey my utmost appreciation to Mr Muhammad Sazzad Hossain, Assistant General Manager, IDLC Finance LTD for believing in me and providing different tasks on me to build up working capabilities and make me more sincere. Then I extend my gratitude towards Mr. Saidul Bari, my supervisor in IDLC for his wonderful guidance, impartial support and valuable advices to finish the whole journey and thing in a right manner.

I also convey my thankfulness to Ms Nafisa Taher, Mr. Arifur Rahman, Mr. Golam Sarowar and others for their heartiest cooperation. Words are not enough to hold the thanks and gratitude towards them.

Finally I thank my organization, BRACU, and Office of career service for providing me the opportunity of self realization, self-development through practical experience, and opportunity of taking the taste of incorporating academic knowledge with practical knowledge.

Last but not the least I extend my best regards to my parents to take care of me and for proper support and to my friends and well wishers for their continuous encouragement and cooperation. Finally I put my best effort to prepare this report accurately and informatively. However, I apologize if any error finds here due to my limited knowledge and aptitude as well as time constraint. In this regard I seek your kind consideration since I am in the continuous learning process.



Executive Summary

IDLC Finance Ltd is a Non-Banking financial Institution which started its journey as a lease finance company in 1985. Now it has diverse segments in financial sectors to provide services to its clients in all over country with 38 branches and booths. It is helping people achieve their dreams of owning house, car, starting and expanding business, generating more employment and so on with the help of capable, qualified top management, dedicated and efficient personnel. They provide expert solution in security, portfolio management, mutual fund, asset management, and financing in business, corporate and consumer.

I am pleased to get opportunity to complete my internship in this renowned finance institution. It was dream to me to work here and it fulfilled by the grace of Almighty of God as well as I literally loved to work here. I learned many things from here and observed many things while working here that are revealed in this report.

In this report I explained about the types of loans credit risk management, consumer division provides their possible requirements for loans, their practices briefly and limitations.

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CHAPTER-1

INTRODUCTION



1.1: Overview of the Organization

IDLC Finance Ltd is a Non-banking financial institution. It had been started as a single leasing company in 1985 with 5 staff members. In 1993 and 1995 IDLC had been listed on Dhaka Stock Exchange and listed as financial institution under financial institutions act 1993. Also in 1996 it had been listed in Chittagong Stock Exchange. However, the former name of IDLC was Industrial Development Leasing Company of Bangladesh Ltd and it had been changed to IDLC Finance Ltd. in 2007. Its corporate head office is situated at Gulshan avenue. After the long 33 years it has been established itself as one of the most respected financial brands in the industry with multi segment and multi-product. It holds a strong and diversified position in case of SME, Corporate, personal and capital market. It has 38 branches and booths in 20 cities with 1400 employees and it serves over 45000 clients.

IDLC Finance Ltd has 3 subsidiaries – IDLC Asset Management ltd, IDLC Securities LTD and IDLC Investment LTD. They invest through these subsidiaries.

IDLC Finance ltd is managed by a bunch of professionals. It has well-organized corporate governance body under whose directions, farsightedness and management IDLC is getting huge success, awards and appreciation from all over the country. It is opening every doors of success and making the way towards its vision. However it is partly sad woman is nowhere to be seen in managing body.

IDLC finance ltd is also a part of green financing. They financed in modern and environment friendly brick technology that ensure low carbon emission and thus reduce Bangladesh air pollution. Furthermore, they are engaging them in sustainable business practices through local, international and CSR activities. For instances, IDLC provided assistance to Begumganj Cultural Academy & Library for renovation and refurbishment of their classrooms and library to accommodate more students in school, IDLC organized tree plantation workshop along with school and collage children in collaboration with green savers and they also distributed blankets to grief-stricken people in winter with Prothom alo.

Our Vision:

We will be the best financial brand in the country.

Our Mission

We will focus on quality growth, superior customer experience and sustainable business practices.

Our Values:



- ❖ Integrity
- ❖ Customer Focus
- ❖ Equal Opportunity
- ❖ Trust and Respect
- ❖ Passion
- ❖ Simplicity
- ❖ Eco-Friendly

IDLC Finance Offerings to their valued customer:

They generally categorized them into 3 parts- Corporate, SME and Consumer.

Corporate:

- Corporate finance
- Structured Finance

Small Medium Enterprise (SME)

- Small Business
- Supplier finance
- Medium Business
- Women entrepreneur loan (purmota)
- Udbhabon loan
- Commercial vehicle finance
- Abashan (commercial rental space loan)
- Seasonal loan

Consumer

- Home loan
- Car loan
- Personal loan

Home Loan: Home loan is categorized into some sections:

- **Apartment Purchase loan:** To apply for such loan an applicant must have a sustainable income source from its employment or business. Her/his age must be minimum 25 years and maximum 65 years old. This loan is taken to buy apartment or house. Interest rate is two types- 1) fixed, maximum loan term is 25 years 2) Variable rate, maximum loan term is 20 years. They provide up to 85% of accusation cost of the apartment or house. Repayment method is EMI (Equal monthly Installment).

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- **Home equity loan:** To apply for such loan an applicant must have a sustainable income source from its employment or business. Her/his age must be minimum 25 years and maximum is 60 years. This loan is taken for renovation or extension
- of any residential complex. They provide up to 75% of value of the building including registration. Repayment method is EMI (Equal monthly Installment). Loan term is 15-20 years. Interest rate can be fixed or variable.

- **Construction loan:** Service holder / businessman/ landlord/self-employed can apply for this loan for the purpose of constructing of residential building by keeping mortgage of property of something like that as security. Loan term is 20 years and repayment method is EMI. Applicant age is min 25 years old and max 60 years old. They finance up to 85% of the value of building.
- **Land Purchase loan:** To apply for such loan an applicant must have a sustainable income source from its employment or business. Her/his age must be minimum 25 years and maximum is 60 years. This loan is taken for land purchase. They finance up to 75% of value of the building. Repayment method is EMI (Equal monthly Installment). Loan tenure is 12 years. Mortgaged is required for this kind of loan.

Car Loan: It is divided into 3 parts:

- **New car:** To apply for such loan if an applicant is a service holder he/she must have 2 years of working experience if he is businessman must have 3to5 years of business experience. Her/his age must be minimum 22 years and maximum is 60 years. This loan is taken for purchasing non-commercial new car. They finance up to 80% of total cost. Repayment method is EMI (Equal monthly Installment). Loan tenure is 6 years. Minimum monthly income required as follows:

| Occupation | Salary |
|--------------------------------|---------------|
| Service-holders/Professionals: | Taka40,000 |
| Landlords: | Taka50,000 |
| Business Person(SME) | Taka50,000 |
| Business Person (Corporate) | Taka 75,000 |
| NRB Service-holders | Taka 75,000 |
| NRB Business Persons: | Taka 100,000 |

- **Reconditioned Car loan:** All requirements are same as new car.
- **Pre-owned car:** It is same as new car loan requirements

Personal loan:

This loan is sanctioned for the help of Purchase of consumer durables, Meeting financial liabilities, Marriage, Education, Domestic or foreign travel, Medical treatment for self/family members, and other needs. The loan amount can be from tk 50000 to 10 lacs. Loan tenure is min 1 year and maximum 5 years. Interest rate is set according to customers' financial status and loan repayment method is EMI. Personal loan is two types- secured personal loan and unsecured personal loan. Secured personal loan is backed by security of FDR, assignment of salary, assignment of pension benefit, cash security. On the other hand unsecured personal loan is not backed by security; it is only guarantee under specific condition of IDLC.

Awards

It earned reputation as highest tax payer in non-banking financial institutions category in 2016-17 fiscal year. It was the winner for best presented annual report 2015, for being in first position in overall category and first position in integrated reporting and financial services sector among 8 countries in the SAARC region by SAFA (South Asian Federation of Accountants). It is also the winner of 17th ICAB National award for Best Presented Annual Report and Integrated Reporting 2016 and 4th ICSB National award for Corporate Governance Excellence, 2016 under the Non-banking Financial Institution category. Recently it won the ICMAB Best corporate award 2016 (first position) in Non-banking financial institution category. Besides, IDLC is getting AAA rating for the past 5 years by Emerging Credit Rating Limited (ECRL).

A Brief financial records of 2017 from IDLC Annual report 2017

| Financial Ratios | 2017 | Growth |
|-------------------------------------------|-------------|---------------|
| Debt equity ratio (Times) | 7.76 | -1.3 |
| Average effective tax rate (%) | 40.05 | -1.97 |
| Financial expenses coverage ratio (Times) | 1.54 | -0.02 |
| Return on total assets (%) | 1.87 | -0.15 |
| Non performing loan ratio (%) | 2.77 | -0.18 |



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| | | |
|----------------------------------------|-------------|---------|
| Return on shareholders' equity (%) | 17.41 | -3.46 |
| Earnings per share* | 4.26 | -0.36 |
| Shareholders' equity (Taka in million) | 10,569 | 38.98% |
| Number of shares outstanding (No.) | 377,050,780 | 50.00% |
| Year end market price per share (BDT) | 85.3 | 49.65% |
| Market capitalization | 32,162 | 124.47% |
| Current ratio (Times) | 1.18:1 | 0.01 |
| Profit before tax | 2,639 | 2.25% |
| Net profit after tax | 1,582 | 5.72% |
| Lease and Term loans disbursed | 35,511 | 19.14% |
| Housing finance disbursement | 7,893 | 39.80% |
| Short term finance portfolio | 778 | -8.01% |
| Lease Finance | 4,629 | -6.49% |
| Real estate finance assets | 21,462 | 18.52% |



1.2.a: Rational:

Internship program is designed for 3 months to experience the real working life and its environment so that a student can relate the practical life with academic knowledge. An internship program is a compulsory part for completing of BBA program. I got the opportunity to complete this phase and work with IDLC Finance Ltd under credit risk management, consumer division, one of the renowned Non- banking financial institution in the country.

The importance of credit risk management, my experience throughout the journey working here has inspired me to write the report to express my gathered knowledge, observation. I am writing this report to incorporate my academic knowledge, practices with practical knowledge, practices. This report will contain some basic practices that are followed by IDLC Credit Risk Management, consumer division like other financial institutions in general. Some practices which I gathered during my undergraduate studies.

1.2.b Background

IDLC Finance LTD-credit risk ltd, consumer division is rapidly growing segment in IDLC Finance ltd. It is helping its client providing Consumer based loan such as Personal loan, Car loan and home loan. With the help of this finance, clients are able to cherish their dream by buying their dream house, car. Also they can take personal loan to meet their instant necessity.

IDLC credit risk management of consumer division is consisted of 17 personnel and 2 interns. They work as a great team collectively to uphold itself as one of the outstanding and successful division in the whole IDLC offerings by a strong leadership of Mr. Muhammad Sazzad Hossain. All employees are giving their utmost effort in their work and doing commendable performances under the supervision of head of CRM-CD. Credit Risk management, consumer division is a team of experienced and expertise who have positive approach to provide expert and professional services to its clients with the quickest possible time and with due care of professional ethics and bindings.

Credit Risk Management, consumer division believes in fast and steady approach to provide services to its valued clients and its internal stakeholders. It is the most active department I have seen in the IDLC Finance ltd and all are strictly supervised personally by its Head of department for its smooth, fast and reliable services to offer and to handle the pressure of month end.



At a Glance IDLC Finance Ltd. CRM-CD

| | |
|------------------------------|-----------------------------------------------------------------------------------------------------------------|
| Name of the Department | Credit Risk Management, CD |
| Establishment of the company | 1985 |
| CEO and Managing Director | Mr. Arif Khan |
| Philosophy of the company | Financing happiness |
| Office address | DR Tower (5th, 6th and 7th Floor) Bir Protik Gazi Golam Dastagir Road Purana Paltan, Dhaka 1000 |
| Head of Department | Mr. Muhammad Sazzad Hossain |
| Number of Staffs | 17 employees and 2 interns |
| Offerings | Car loan, Personal loan and home loan |

1.2.c Objectives:

- To express the real scenario, working environment, policies associated with IDLC Finance credit risk management of consumer division.
- To have an overall idea about the practices and operations of credit risk management of consumer division of IDLC.
-
- To gather practical knowledge and experience about the operations of credit risk management of CD.
- To have experience about dealing Relationship managers, stakeholders and third party company
- To handle files, assign them to its clusters and analyst
- To process verification request form and hardcopy received



CHAPTER 2

LITERATURE REVIEW



2.1: Non- banking financial institution has been a great help for most industries and business to acquire to loan for their smooth transaction and to improve as well as expand their business. According to Koranteng (2016) recently many industries, business and people opt for such institutions to take loan and other form of finance from this Non-Banking Financial Institution. As sometimes banks do not help much obtain loan and their procedure may be difficult often to obtain loan or any kind of finance. Therefore, it becomes best option to raise capital for firms during their difficult financial times. Furthermore, Maxwell (2016) added that non-banking financial institutions nowadays become a source of finance for many firms. The success and improvement of firms leads to better economy of a country as a whole. Therefore fast and instant finance is required to keep the operation of firms smooth. However it is also necessary for them to analyze the credit risk of that credit area and to manage them efficiently and effectively to reduce the credit risk. Thus they can sustain a stable and better economy. Also Frank(2016 said that the management of credit risk also may know as essence of proper financial management. When loans are under process things needs to be observed that are the relationship between credit risk and other risk associated with business. If it is calculated properly and they sanction the loan accordingly then it can play role in reducing default risk. As default risk poses a big problem for financial sector lately and it can hamper the economy growth. Generally there is high possibility of default risk in long term loans and so proper investigate can diminish the risk some. As a result, Government imposes importance to credit risk management and has some guidelines regarding credit risk management (Ntiamoah, 2016). Besides, every non-banking financial institution has their own policies to tackle with credit risk. Basically in credit risk management there are 4 steps to follow: Risk identifying, risk assessment, risk monitor and risk mitigation. These all are done before and after sanctioning the loan except loan risk monitoring. Risk monitoring is done after sanction. To deal with credit risk board of directors approve the credit risk policies and strategy, review them periodically or annually to measure its effectiveness to reduce the credit risk. They also play a role in determining credit limit and make procedure for credit risk management. They also define overall risk tolerance in relation to credit risk. On the other hand senior management is accountable for implementing the policies, strategy, and procedure approved by the board of directors. They sometimes develop policies for risk identify, monitor, measurement, and control. Such policies and procedures help find out credit risk and minimize the risk. Bangladesh government has guidelines and prescribed broad policies regarding to deal with credit risk and all are bound to follow. When setting the credit limit financial analyst studies the client's profile for loan he needs to consider the strength of the borrower, purpose of the credit, economic condition and risk appetite. After fully satisfying background information a financial analyst sanctions the loan. Further, an analyst should monitor frequently its client and its business to recover the loan. As part of that he often goes to client visit and assesses procedure and tries to identify any kind of deterioration in the credit. He



engages in this monitor process to identify the current financial position of the client, how the client is using approved credit lines and on and on (Bangladesh Bank, 2016).

“The effect of Credit Risk Management activities on Non-Bank Financial Institution of sampled Ghanaian credit unions was examined. Results show that Credit Risk management has significant positive relationship to the NBFI performance of the sampled credit union which implies that for every increase in NBFI performance through years resulted from an increase of 5.35% of credit analysis, 1.14% in credit policy and decision, 7.79% in loan policy, 8.06% in monitoring, and 6.07% in loan losses (default and failures). There is also positive correlation between NBFI and credit risk management, when it was analyzed independently while it gave a positive relationship when analyzed together with other performance indicators. Loan policy also has positive significant relationship with NBFI performance. Similarly, credit analysis and credit policy and decision also exert negative effects on NBFI performance indicating that the usage and not ownership has effect on NBFI performance. In the same vein, loan losses (default and failures) also have positive correlation with return on NBFI. This result implies that the increase in loan losses also leads to increase in return on NBFI performance” (Koranteng, Frank, Maxwell, Ntiamoah, 2016).

In conclusion, there is a strong statistical and positive impact on the NBFI performance of business sectors if it invests in credit risk management. With the purpose of develop the performance of Non-Bank Financial Institution (NBFI) management should develop efficient management of credit risk management. Along with that they must develop the level of credit risk management investments in case of credit policies and decision to raise their performance and satisfy stakeholders.



CHAPTER 3

ACTIVITIES UNDERTAKEN



First day at IDLC CRM-CD was a pleasant experience for me. I was present there at sharp office time at first day. Then I met my supervisor and he assigned me to an officer who trained me what to do and how to do the given tasks I am responsible for. Above all, she was my instructor and I was responsible for the tasks to her. Besides, I was introduced to my department's personnel soon after meeting my instructor. They accepted me warmly. However, the tasks I was working for was significant and important for CRM-CD department mainly from my point of view. Those are briefly discussed one by one categorizing into 3 parts- Work related, department-wide and other relevant activities.

3.1 Work related:

My first task was to keep trace of the physical files of loans into software using MS-Excel. Excel was already designed; I just put entry of them like client's name, profession, segment, loan amount, cluster name, files' received date once they came into my hands. They I used to distribute them cluster wise using a received seal with date. Then cluster assigned analyst name onto the physical files and I again put entry of analyst name in excel and redistribute them to assigned analysts. The analysts used to go through the files and verified them according to their policies.

Cluster: After entering the files in the software the files are clustered according to the profession of clients. Profession is categorized into 2 types mainly: Service and business. If the client's profession is service then it was going to one staff (A) and he was responsible for all kind of services coming from all over Bangladesh. On the other hand, if the profession is business, it is then categorized into 2 parts- 1) North division of Bangladesh, 2) South division of Bangladesh. Under these types, the physical files of north division were firstly given to other staff (B) and files of South Division were allocated to another staff (C) for assigning its analysts. This profession category was required for only home and personal loan. However, in case of Car loan, car loans were allotted to one responsible person (D), regardless of profession and place and in case of NRB (Non Resident Bangladesh) the loan files were clustered to another one to assign its analysts. The job of cluster is to divide the assembled files to its appropriate analysts later to approve or reject the loans after proper verification. This task is done on regular basis. On an average 15-20 files are recorded every day.

Analyst: After recording the name of analysts the physical files are allocated to its analysts. Then they study their provided documents with the files, make contact with them, go for personal verification/client visit and study third party verification report to fully ensure of the security of loan that it won't default. Sometimes they adopt internal verification if required. An analyst gets on an average 3-5 days to review the loan files.

Verification Policy: According to my observation, they prefer personal verification/ client visit and third party verification mostly. In rare cases, they adopt internal verification.

Sanctions and rejection and Return files:



- **Sanction:** After fully satisfied about client's background, income and other related information, an analyst sanctions the loan.
- **Rejection and return:** if an analyst is not satisfied with the provided documents, verification reports and if there lacks any necessary documents then an analyst reject or return the physical files to its respective branches. Interns send email by recognizing that the files are sending back to their branches through couriers. However, these files may be resubmitted to its analyst later with a convincing email why the files are submitted again. All sanctions, rejected, returned files are recorded firstly into excel with date specifying files status if it is rejected/sanctioned/returned. Secondly I had to keep a track into logbook regarding it with signature. Lastly the rejected and returned files were transferred to its respective branches via courier with email as well as sanctioned files were transferred to legal department for further procedures along with confirming email.

Messenger: All these files were transferred with the assistance of messengers over there. Also, they brought new physical files to us. Messengers were there to help us in any manner.

Final approver: Loan files are categorized based on loan amount for its smooth and fast approval. Like some loans are approved by the acting manager, some get approval by the head of department and high amount loans are approved with the help of EC (Executive Committee).

Third party: They can be called the backbone of CRM- CD. They verify the applicant's and guarantor's information to help analyst provide the authenticity about the clients. Thus help them approve the loans. IDLC CRM-CD assigned 3 agents for this purpose. They are- Credit Benevolence Company, Brisk and Active. As an intern I used to keep record of the data that is going for verification with date and agent name. Then I used to arrange them with tracker and bank statement document to give them. Lastly after returning with verification I used to search analysts' name with the given reference number, write them on report, scanned them and lastly, showed them into the excel that we got hardcopy of the documents. Once we got the hardcopy we used to deliver them to its respective analysts. This was done on daily basis.

Daily request: Processing of verification requests in the excel continues till 5 pm and after closing the verification request for that day I used to work on another excel sheet where I had to keep trace of daily requests of each day and send it through mail to their relevant RMs (Relationship Manager) to let them know their requests are under process. Sometimes time may vary according to the amount of requests and the urgency of requests.

CPV Exception report: After the verification when the reports are arrived on hand they are saved electronically and manually. If the report mentions a kind of comment that needs to be gone through carefully then that is marked as exception report. It is then kept record in another excel sheet and mailed it as well to its concerned RM to inform about the comment so that he could look into the matter.

3.2: Organization Wide:



I had been assigned to the tasks associated with the organization wide are briefly discussed:

- I had to keep connection with all branches of IDLC Finance Ltd in case of files sending back due to rejection / return/sanction.
- I had to handle RM from all branches and their queries regarding requests and files.
- I also had to be connected with the branch manager or senior executives via mail or phone.
- If I had to deal with missing files and verification reports if occurred to the performing officer.
- Third party agents were handled and communicated by me.
- Management of phone
- I also handled analysts over there.
- I handled legal department/CAD as well by direct and indirect means.

3.3: Other relevant activities:

Other relevant activities which are assigned to me are-

- Short-listing resumes
- Sending mail on behalf head of department ,CRM-CD
- Weekly Files status of analysts: how many files do they have? And what is the current status of them? I had to prepare that.
- Weekly files status: How many files are sanctioned and rejected in a week? I found out that for assisting my supervisor.
- Handling forged files
- Managing backlog files
- Managing fundraise: to find out if the verification reports of mentioned/ files under disbursement process has been arrived or if the requests are gone.
- To check daily if there is sufficient A4 paper for print, envelope available.
- Sometimes delivered files, documents to legal department personally and for courier.
- Any tasks assigned by analysts, supervisor and head of CRM-CD



CHAPTER- 4

CONSTRAINTS/CHALLENGES



4.1: Constrains/ Challenges:

The Constraints/Challenges I had to deal with are following below:

- **Time constraints:** The duration of internship is 3 months and it is insufficient to gather knowledge regarding credit risk management and its practices properly. This is the major constraints that may affect the report to make it fruitful one.
- **Lack of secondary information:** There was inadequacy of data given by IDLC finance ltd. Their secondary data was not enough for completing my report effectively. Moreover there was insufficient of data regarding credit risk management in non-banking financial sectors to write literature review.
- **Limitation of the study:** Accessibility to information that could make my report more insightful, informational regarding credit risk management was strictly discouraged and not open widely by its personnel. Some internal policies and practices are discouraged to be mentioned. Too confidential information was not disclosed by its employees of the respective department.
- **Corporate Environment:** the corporate environment was new to me so it required some time to adjust with it for me that was my first challenge. Secondly, to fulfill their needs instantly was another challenge for me and I could adapt that sooner.
- **Delivering services:** Sometimes messengers were not available instantly when it required so services were delivered late occasionally.

Other limitations are as follows:

- The company was quite open to its intern regarding its some internal policies and practices, confidential one but not allowed to disclose.
- Due to lack of practical knowledge there might be shortcomings in my reports.
- .In finance major we learnt of ratios, bonds, calculations of installment and so on nothing could be practiced by me over there.
- Also I could not implement my accounting knowledge over there.



CHAPTER-5

LESSONS LEARNED FROM INTERNSHIP PROGRAM

5.1: Lessons and Knowledge:

Credit Risk Management is very important to reduce default risk in an ongoing financial crisis. IDLC Finance Ltd CRM-CD, it works for consumer division and they manage the credit risk of this section only.

The things I learnt from here as follows:

Skills and behavior:

- **Responding to work load:** Since it was my first experience into corporate life, it took some time to be adjusted here. Learning new things and at the same time responding to seniors for assigned tasks were initially challenging for me. On other hand, in absence of my supervisor it became tougher for me. However gradually I coped up with it and learnt to work under pressure and manage stress and maintain a positive attitude towards everyone despite them.
- **Interpersonal Skill:** This is the most important skill to survive in the competitive workforce and internship program enhanced my interpersonal skill mostly. It helped me interact with others in better and pleasant way.
- **Communication skill:** It is one of the most important skills a person has. Communication means exchange of messages and thoughts with others. I had to communicate many personnel for professional purpose. I did it effectively and efficiently be it verbally or electronically. Consequently it increased my self-confidence to interact with others as well.
- **More Practice in Computer:** As I had to do all my work to computer so it enhanced my skill in excel more, word, outlook and email. It provided a scope of practicing as well.
- **Problem Solving:** This internship helped me solve problem if there occurred any kind of problem in office and also the strength of confessing it as well as rectify the problem if occurred.
- **Conceptual and observation skill:** This internship also helped me increase my observation and conceptual skill. I used my conceptual skill in relation to the understanding of organization, its working patterns, organization structure, activities and on and on. Internship affiliation program also developed my observation skill that assisted me to present this internship report in better manner.

More learning from here as follows:

- How files are reached to its analysts and role of RM
- In what stages a file goes through to be sanctioned and probable required time for sanction
- What documents are required to apply for a loan
- What are the practices to verify the documents?
- What kind of information an applicant can be asked for to sanction loan
- Overall credit procedures



CHAPTER- 6

CONCLUDING STATEMENTS



6.1: Conclusion:

Risk is an integral part in daily life. Be it business, loan, or anything there is risk. Risk is two types – avoidable and unavoidable. Credit risk management team calculates avoidable, and sanctions loan measuring it against client’s repayment capability and provide necessary guidance for it if required. On the other hand, they might keep some security to avoid the unavoidable risk. IDLC Credit risk management works efficiently to deal with such issues every day and adopt necessary measures to mitigate such risks. They are always alert to such issues and often visit their clients to understand the current financial situation of their clients. Moreover they are using advance network to verify their clients before sanctioning loan and thus also help them lessen default risk and fraudulent activities. Besides, they always engage to develop new methods to please their client and have trust in them. This department is growing day by day and in no time it will reach to its destination.

Recommendation:

BRACU internship program is well organized and coordinated by efficient coordinators. Still I think it has some loop holes in some cases. Like many students are not able to attend intern meeting due to professional and personal reasons. As a result they often miss important notices and guidelines that are required badly to complete internship in best manner. In this case, internship committee may appoint a content writer for that who will post the necessary information discussed in the meeting in an appropriate social media so that absent students get them. Another thing, I almost missed evaluation part that needs to be done by office. I became aware of it later on regarding this. Also I had no clue about it as well as about its importance like I will evaluate it or university will do that? Later on I was confirmed office will do that but my term of internship in office was over before a long time ago. Later I had to go office to fill up this only. Besides, my friend missed email containing this evaluation information. Therefore, I would like to request to update this kind of information regarding internship in BRAC Business School official FB group or opening a new group named “Internship” each semester to update the information along with email at first. As a result if any intern misses mails at least she/he could get that from there as almost everyone lately uses Facebook. Additionally it would be very helpful if there is a chart containing of all the documents we interns need to submit time to time to university for the completion of our degree if possible.



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Inspiring Excellence

APPENDICES



Inspiring Excellence

Acronyms

| | |
|------|-----------------------------------|
| CRM | Credit Risk Management |
| CD | Consumer Division |
| CAD | Credit Appraisal Department |
| RM | Relationship Management |
| CBC | Credit Benevolence company |
| NBFI | Non-banking financial institution |