

Report On
How IPDC Finance Ltd. is re-engineering its business operation
process to serve with efficiency

By

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An internship report submitted to the BRAC Business School in partial fulfillment of the
requirements for the degree of
Bachelor of Business Administration

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Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

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Letter of Transmittal

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Subject: Report on re-engineering the business process of IPDC finance and how it is helping the company to become sustainable in the market.

Dear Sir,

It is an immense pleasure for me to work under your supervision and submit a report on how IPDC finance is re-engineering their business process.

I made the effort to explore new arenas and learn new skills. The document that I have prepared on IPDC Finance, I hope I was able to showcase the things that is discussed in this report.

I am submitting this report to you and hope you will appreciate my effort, also I will be glad to assist you in future.

Sincerely yours,

Gazi Md Tasinul Islam
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BRAC Business School
BRAC University
Date: September 12, 2019

Acknowledgement

The report is a reflection of a contribution of few people. It would not be possible to complete the report without their guidance and support. I am immensely honored to be a part of IPDC Finance Ltd.

To begin with, I would like to pay honor my internship supervisor, Mr. K.M. Nafiul Haque, Lecturer, BRAC Business School who always provided support to me for preparing the report on “How IPDC Finance Ltd. is re-engineering its business operation process to serve with efficiency”. He guided me through the beginning of this journey and advised to make some difference by doing something unique. Therefore, we decided to work on process re-engineering of IPDC Finance Ltd.

Next, I would like to pay honor to the Head of Corporate Communication, Mahzabin Ferdous, who is my direct manager and let me explore the new arenas. She always encouraged me to learn new skills. Hence, with her support I managed to get an attachment with the Business Transformation department to work on this report.

Lastly, I would like to thank the employees of Business Transformation department who helped me in preparing this report.

Executive Summary

IPDC Finance has always been working relentlessly in order to bring efficiency and make the business operating process smoother. Moreover, for the purpose of re-engineering the business operating process, IPDC formed a new department called Business Transformation. The Business Transformation department functions almost the same as Information Technology department. Only the IT department provides solutions to operational issues with hardware. The BT team consist of some developers, analyst and executioner. Developers and the BT team build and test application or programs. On the other hand, the analysts and executioners run and test the application or programs built by the developers. The BT team always try to find a new way to reduce error and bring efficiency in day to day operation in IPDC Finance Ltd. Currently BT team is developing multiple systems for the ease of operating the business in upcoming years. One of the tasks currently being performed by the BT team is to merge two different Application Programming Interface (API) into a single API. The name core banking system used by IPDC Finance is Bank Ultimus developed by Leads and under this system, Credit Risk Management System is used by the CRM department. Bank Ultimus functions in keeping customer's important data in the system and CRM also takes input for the customer data in its system to originate the loan. Taking two different inputs for the same file in Bank Ultimus and CRM system slows downs the process and creates duplicate files. Therefore, to mitigate the issue the BT team is trying to merge the API of Bank Ultimus and the CRM system to single API to reduce the process time and error which will help IPDC to operate its business in upcoming days.

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List of Acronyms

IT	Information Technology
BT	Business Transformation
RM	Relationship Management
CRM	Credit Risk Management
CSR	Corporate Social Responsibilities
NBFI	Non-Banking Financial Institution
HRIS	Human Resource Information Systems
EDMS	Electronic Document Management Systems

Chapter 1

Company profile of IPDC Finance

1.1 Company Overview

IPDC started its journey as the first-ever private sector financial institution of Bangladesh in 1981. IPDC was founded by a group of renowned shareholders namely International Finance Corporation (IFC), USA, German Investment and Development Company (DEG), Germany, The Aga Khan Fund for Economic Development (AKFED), Switzerland, Commonwealth Development Corporation (CDC), UK and the Government of Bangladesh. Currently, IPDC is operating under the company Act 1994 as a public limited company and listed in both Dhaka Stock Exchange and Chittagong Stock Exchange Limited since 2006. IFC along with other international partners brought about this organization with a view to establishing an alternative development finance institution in the private sector. IPDC is performing with 12 branches with a customer base of over 6840. Its Head office is situated at the heart of Dhaka. This company has been playing a focal part in uplifting the condition of the private sector in Bangladesh. It has experience of undertaking and accomplishing milestone projects that were considered first of its kind. IPDC has the honor of being recognized as the best financial institution of the country several times. A big part of the corporate sector relies on IPDC confidently. It has gained a distinct brand value and reputation. It is needless to say that IPDC will remain as an essential entity in the financial sector of Bangladesh for a long period.

1.2 Vision

IPDC envisions becoming the most ardent financial brand in the history of Bangladesh and is obliged to put special focus on youth, women and underserved areas.

1.3 Mission

IPDC aims innovating financial solutions for customers in a friendly, timely, transparent and cost-effective manner so that they can live up to their fullest potential.

1.4 Objectives

- Work relentlessly to win larger portion of market share
- Harness the blessing of technology for research and innovation
- Ensure state of the art facility for the current and potential customers
- Nurture diversity for a decent work environment

Chapter 2

Philosophy and Service

2.1 Business Philosophy

IPDC has three pillars of ideology to follow; (1) Embracing customer's passion, 2) Accepting no limits and (3) Relentless pursuit for innovation. IPDC is committed to showing the highest level of integrity to their customers. It demonstrates a strong will to win the market. It ensures diversity in the community and works place. IPDC appreciates teamwork in every department. IT dedicates time to harness the power of technology for innovation. Lastly, IPDC is executing the best corporate citizenship standard for all the stakeholders.

2.2 Product and services

IPDC provides financial services such as corporate finance and financial advisory or lease in the corporate sector, middle market supply chain in SME and retail wealth management in the retail sector.

Chapter 3

Rebranding

3.1 Rebranding Definition

Rebranding refers to the method of introducing an organization or a product with a brand new image. This approach is taken by many companies intending to look more appealing and enhance the brand value. The objective of rebranding is to overcome past flaws and make a company exceptional among its rivals. It clears the path to prosperity for companies that are doing business for a long period.

Rebranding is the cluster of all the activities such as establishing a slogan, a new name, tagline or design to project a new image in the consumer's mind. A brand conducts rebranding to reckon customer loyalty and sustain brand value. It is one of the most crucial strategies to retain goodwill. Marketers mostly take this initiative to reposition the brand value to tackle the challenges of the future.

3.2 Rebranding of IPDC Finance Limited

A brand image ensures the firm to hold the profit margin efficiently. A firm can establish a competitive edge for its rivals if it can spread its name to the mass. IPDC is looking forward to expanding its market share by rebranding. Financial competitors of IPDC are respectively big enough to stand against any challenges. Hence, IPDC launched its rebranding operation in 2016. IPDC has been a consistent contributor to the industrial development of Bangladesh ever since 1981. IPDC believes that to take Bangladesh's standard of the economy to the next class; it has a big responsibly to play. It endeavors to support our corporate organizations as well as another private sector. IPDC has vision and goals that are in clear alignment with the

government's mandate. The authorities of IPDC are confident to embark on their journey towards a better future for Bangladesh.

3.3 Reasons for launching Rebranding strategies

1. Expansion of Business Diversity

The main objective of IPDC for rebranding is to stay pertinent to clients and focus more on the ever-changing market place of potential customers through captivating the retail sector. In the landscape of rapid industrial growth, IPDC wants to be customer-centric as the best non-bank financial institution.

2. Absence of Brand Coherence

Gaining a large portion of market share is not a piece of cake. The competitive market out there is extremely fierce. To become a market leader, IDPC needs to reappear with a clear identity and must update its financial model to show its strong existence. Unfortunately, IPDC has been less active in marketing promotions for the last few years. The result of corporate position changes, once the firm starts to modify logos, color palettes, visual language, and photographic style to uphold their new vision.

3. Wider Audience Approach

Like any other big brands, IPDC has its USP and utilizes it through communication. Every company faces rivalry all over the world. IPDC wants to rebrand to omit the client's confusion. IPDC is supporting and encouraging women entrepreneurs with every facility it can offer for smooth startups. IPDC has plans to inaugurate branches in every corner of the country as a part of their rebranding strategy.

4. New Segment Launch

The significant of rebranding is to launch new segments. IPDC has recently designed a segment called “Lady Unbound”, a platform for women empowerment. This is for brave women who take society’s clichés as challenges to overcome and move ahead to fulfill dreams.

5. Further Progress of Corporate Identity

IPDC has plans to engage in organizing more socioeconomic events along with promotional campaigns. It is also a part of rebranding so that they can capture larger market share and strong recognition in the coming future.

Chapter 4

Strategies followed by IPDC for rebranding

- Modification in organizational structure

The human resource management team of IPDC has decided to recruit fresh young minds to keep the operations of every department dynamic. IPDC has formed an effective management team that has introduced new positions such as COO, Head of Business Transformation and Head of Marketing. The human resource department of IPDC has revised orientation programs as well as medical and insurance costs. IPDC decided against implementing group training to strengthen their workforce.

- New Theme, Logo and Inauguration

IPDC has adopted a new logo with the tagline “Jaago Uchchashe” that portrays their renovation. As the representative of the youth generation, IPDC has used modest color in its logo with a new theme and visual pictures of youngsters to stay attractive to their target market.

- Customized financial solutions to meet the demand of the market

IPDC has brought some changes in their loaning scheme which is a style of rebranding. If a borrower becomes handicapped or terminally ill, he/she no longer has to carry the burden of repaying the debt. In this case, special insurance will work as a backup. An insurance premium will also be covered by IPDC and simultaneously additional expenses will be covered under its corporate social responsibly. IPDC decided to reach 15,000 families by 2020 to help them envision their dreams and how to turn them into reality. IPDC already has reached 30 districts to make the home loans affordable. IPDC is also working with SME finance to assist young entrepreneurs to take new initiatives. It has sponsored new programs, for example, Startup Dhaka, the latest initiative to create more jobs and mobilize capital to promote entrepreneurship.

- Expansion and Operation

IDPC targets to spread its wide range of financial services to customers of all walks of life by establishing several branches. IPDC has collaborated with BRAC, a major shareholder, to bring people from remote areas to offer their loan scheme.

- Collaboration with Business Partners on and off the financial Sector

New business deals create opportunities to serve the customers with a new facility along with a new start. IPDC has been successfully providing a home loan, auto loan, personal loan, and deposits with rebranding. It has collaborated with mainstream brands like Prime Insurance, Banglalink, Radisson Blu, Dhaka, Motor Diagnostic and Treatment, BRAC and Hafele. IPDC customers are getting provision from these brands as discounts, promotional cuts, coupons, stay over and concession. From an auto loan facility, customers can get free service of Motor Diagnostic and Treatment and free vehicle tracker with six months' subscription. Female customers of auto loan service are getting free driving lessons from BRAC. On the other hand, Hafele gives a 15% discount on any purchase. Furthermore, Customers can savor dinner at Radisson Blu, Dhaka, if they deposit BDT 10 lac or more.

Chapter 5

Process Re-engineering

5.1 Overview of the systems

There are multiple systems that IPDC is using for their daily business operation. For the core banking operation, the organization use Bank Ultimus developed by Leads. For loan origination, the system that is used by the organization is CRM - Credit Risk Management. The CRM system is an application under Bank Ultimus. Moreover, the Human Resources department operates their operation using a system named HRIS (Human Resources Information Systems). Next, there is another system called EDMS (Electronic Document Management Systems). All the documents that are processed by the organization get scanned and stored in EDMS. For the supply chain department, there is an application called Digital Supply Chain System. The system is made by IBM.

5.2 Process Re-engineering

The term Process Re-engineering refers to what is being done to make the business run smoother. In other words, what steps are taken in order to operate the business in an easier manner. There is a department called IT-BT. BT stands for Business Transformation and IT stands for Information Technology. However. The BT department falls under IT division. There are people who work as a developer and there are the ones who work as the executioner. The developer stuffs work with codes and programs. One of the programs they use for building their application is Microsoft Visual Studio. This is a well-known system for building applications and writing codes for computer programs as well as building websites. The other ones who are known as the executioner, they work with the system. Run the applications and

programs and take not of any glitch they come across. The system the execution use for their daily work is Oracle Database that has SQL language.

Next, there is another team under IT division who work closely with the operation of head office. They provide all the necessary hardware and software support from their end. The primary role of their duty is to ensure the security of their network system and the secondary duty is to solve technical issues faced by the regular employees.

To sum up, IT and BT department plays a huge role in keeping the organization stand still. Next, there is another team under IT division who work closely with the operation of head office. They provide all the necessary hardware and software support from their end. The primary role of their duty is to ensure the security of their network system and the secondary duty is to solve technical issues faced by the regular employees.

To sum up, IT and BT department plays a huge role in keeping the organization stand still.

5.3 How re-engineering the process helping the business operate in a smoother manner?

One of the major tasks being performed by the BT team is how they can merge the API of Bank Ultimus and CRM as a single API.

5.4 CRM

The CRM refers to Credit Risk Management. Credit Risk Management is measured by the financial institutions in order to calculate the risk and loss if the borrowed amount is not repaid to the lender. Often borrower collects money from the financial institution and fail to repay the borrowed amount. Which results financial loss for the lender. However, it is difficult to identify who will fail to repay the return the taken amount. Moreover, that is the reason for managing

the credit risk in order to reduce the possible loss. For such reason IPDC Finance has developed the CRM system manage the credit risk.

5.5 What CRM does?

There are few steps that a customer has to go through before disbursing a loan. The CRM system takes input based on those criteria. That are - The Board of Directors (BOD), The Executive Committee (EC) and The Management Credit Committee (MCC). Thus, the CRM system takes input of customer detail by an RM based on the customer's eligibility and identity verification. Once the customer file is submitted to the CRM system it goes to the dashboard of the line manager of the following RM. The line manager inspects the details and approves the file from the system. Finally, the file goes to the dashboard of the Head of the department. If all the processes are completed without any bottle neck then the disbursement of the loan takes place.

IPDC Finance has its well-designed CRM model that accommodates to keep the track of current and potential customers. CRM officials store financing and loan disbursement records. The mother system of CRM is known as Bank Ultimus where all the information is stored too. The database of CRM cannot be manipulated once one inputs information. One cannot touch the data even if he/she has access to do so. The only job for the CRM team is to approve all the inputs and check through. In this case, if one must change anything, he/she has to contact the IT support and report the concern. The system that is known as the mother system of Bank Ultimus stores all the data of the customers. Moreover, the CRM also stores the data of customers when creating a loan profile and disbursement. Therefore, there is a risk of producing duplicate profile which contains the same dataset. Currently there are two APIs. API refers to Application Program Interface. Bank Ultimus system has an API and the CRM system has an

API. However, these two APIs have to be cross checked while creating profile and disbursement of the loan.

5.6 Challenge

Since IPDC is having two separate systems that function almost in the same manner; these two information systems might likely cause glitches. Both of the systems are following the same drill. It is redundant to store the same type of data in separate databases. The business transformation team of IPDC has identified this as a major problem. This is not only inefficient but also ineffective. Both of the information systems have their respective API (Application Programming Interface). An API is a set of functions and procedures that enables an application to access features of data of the operating system. So, the business information team is trying to merge the API of both systems. Thus, the operations of both systems will be done through a single hub. A unified process will stop the creation of duplicate data.

5.7 Advantages of the CRM system

If both of the systems can be brought under a single medium, then the management of information will become a lot easier and simpler. The first perk is there will be significant process time reduction. Next, no data will be overwritten time after time. At the same time, relationship manager and other officials do not have to stress about data manipulation. Furthermore, there won't be any chance of data duplication.

5.8 Disadvantages of the CRM system

There are some conveniences of keeping a single API system but there is a shallow part too. API is the primary gateway for hackers. Managing all information under a particular database makes the company's security vulnerable. The cyber threats can occur as man-in-the-middle

attacks, CSRF attacks, XSS attacks, SQL injection, and DDoS attacks. So, the IT department must ensure the highest level of server safety before initiating any system change.

Chapter 6

Consumers Response

6.1 Consumer's current perception on IPDC

Whenever a company is changing its status in the marketplace, it is looking forward to doing it to be better than its competitors. With rebranding, a company is affecting its customer loyalty and equity as well. Rebranding is observed to be influencing the marketing mix of product, price, place, and promotion in response to the marketplace. Company has been successful for industrial financing for decades. Now, IPDC has gained customer satisfaction through their service. Number of customers has increased compared to the number that was before. They seem to put faith in our words. They are complying sophisticatedly. Even the entrepreneurs are coming on regularly for more financing for their business.

6.2 Consumer's reaction to the current actions by IPDC

IPDC has the privilege of working with some of the biggest names in the industry. It has sponsored many market changing events. As stated earlier, it was designed and launched a program called "Lady Unbound" to power women entrepreneurs. This program got critical acclaims and acceptance. People from all walks responded very positively. Even this motivated a lot of women to become entrepreneurs who never even thought of becoming one. This "Lady Unbound" package is also the most wanted package in all non-banking financial institution. On the contrary, its latest promotional offers are quite attractive that made potential customers

Chapter 7

Recommendation and Conclusion

7.1 Recommendation

Every business organization wants to improve their way of operating the business. Not all businesses cannot focus on the re-engineering the process. IPDC Finance is the first ever NBFIs that is trying to implement Block chain based system to become future proof. IPDC Finance has always been keen to provide their customer a new experience and that is the reason they are improving their internal structure by re-engineering the process. However, there is an area that IPDC should focus on its improvement. That is –

1. IPDC should focus on building an app for CRM system. So that the RMs can use the CRM system instantly and reduce repetition of their task process. The reason for such requirement is often relationship managers have to visit their customers in different places. In that type of situations, they only work with pen and paper and get back to office and calculate separately.

7.2 Conclusion

It is important for an organization to focus on its business operation as well as business strategy. IPDC Finance has brought an immense change after its rebranding. The rebranding caused some major changes in the structure of the organization that enabled a new way for the IPDC finance to peak into the future. IPDC Finance's customer retention growth increased by 47%. In 2018, the number of Loans and Advances has a growth 28.6%, the revenue has a growth of 50.5% and the net profit has growth of 34.2%. Ever since the BT department is formed, the changes that are being made in the organization are remarkable. Even though the financial sector was going through a difficult time back in 2018 followed by a decision to reduce the interest rate of loans and deposits. All the financial institutions and NBFIs were under pressure back then. However, IPDC Finance managed to generate its revenue and profit.

Therefore, from the report it reflects all the successful strategies taken by IPDC Finance.

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Appendix A.



Figure 1: Organisational structure of IPDC