

Report On  
The advent of digital payments and a new avenue of  
financing for consumers in Bangladesh

By

**AK Nader Ali Ahasan**  
**ID: 16104034**

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

BRAC Business School BRAC University  
December 2020

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## Declaration

It is hereby declared that

The internship report submitted is my original work while completing a degree at BRAC University.

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.

The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.

I have acknowledged all of the main sources of help.

### **Student's Full Name & Signature:**

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**AK Nader Ali Ahasan**  
Student ID: 16104034

### **Supervisor's Full Name & Signature:**

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**Sang H Lee, PhD**  
Professor and Dean  
BRAC Business School BRAC  
University

## Letter of Transmittal

Sang H Lee, PhD  
Professor and Dean,  
BRAC Business School  
BRAC University  
66 Mohakhali, Dhaka-1212

Subject: Submission of internship report on the advent of digital payments and a new avenue of financing for consumers in Bangladesh

Dear Sir,

With due regard, I would like to declare that I have successfully completed my internship report on the “advent of digital payments and a new avenue of financing for consumers in Bangladesh”. In the duration of my research, I utilized both primary and secondary data to maximize the legitimacy of my report and get a clear insight on how Bangladesh is developing towards embracing digital payment and multiple financing options.

As an advisor to the report, your insights have been invaluable and your support and understanding throughout the entire internship period was highly appreciated. Your words were inspirational and empowering during this difficult time due to the global pandemic.

I have displayed my best effort to execute the suggestions that you have provided throughout the duration and hope that my report is up to the mark and meets your expectations.

Sincerely yours,

AK Nader Ali Ahasan

ID: 16104034

BRAC Business School

BRAC University

31<sup>st</sup> December 2020

## Non-Disclosure Agreement

This agreement is made and entered into by and between IPDC Finance Limited and the undersigned student at BRAC University .....

## Acknowledgement

First and foremost I would like to thank almighty Allah to help me and guide me through such difficult times during this global pandemic and thank Him for granting me the patience and will power to complete this report with due diligence. I would also like to extend my whole hearted gratitude to my parents for always standing beside me and aiding me in all of my challenges however small or big they may be. I would also like to thank Professor Sang H Lee for showing patience and understanding to our scenario in such troubled times. Furthermore I would like to extend my gratitude to my line manager Avir Siddique Chowdhury who has been extremely professional and friendly throughout my entire internship period at IPDC Finance. His mentorship has been nothing short of exemplary and extraordinary. I am also grateful for having a wonderful colleague whose name is Enara Azad who was instrumental in my success in the last 3 months at IPDC Finance. While I understand that I am one of the lucky few who are blessed to not have been affected by the Covid-19 in this pandemic, my heart goes to all those who have lost loved ones in this pandemic. I wish to strive for greater excellence and professionalism in all fields wherever that may be and I wish to work with due diligence up holding my university's name and prestige. Finally I wish to extend my gratitude to my friends as well who have supported me when I have felt low and who have inspired me to work harder to achieve my dreams. I am truly fortunate to have had the opportunity to study in such a wonderful institution like BRAC University and to have been shaped by some of the brightest minds of this nation. I only hope that I can live up to everyone's expectations, including my own.

## Executive Summary

My internship period at IPDC Finance has been both an extraordinary and humbling experience. I got the opportunity to work in the retail department at IPDC and was blessed with an amazing line manager who trusted in my ability as an individual and allowed to me function as a full time employee. I worked in the merchant acquisition team for IPDC EZ which is an innovative product set to change how we view financing in the consumer white goods sector. Digital payment has been slowly gaining popularity among the masses in our country but a massive untapped market was up for grabs. This market was the EMI or installment market which is currently being tapped only by credit cards. However if we look at Bangladesh's scenario, out of the 17 million people who have bank accounts only 0.75 million people have credit cards which is absolutely miniscule thus leaving a massive 16.25 million market up for grabs.

IPDC EZ essentially is a digital form of loans; almost like microfinance which consumers can opt to take even without having credit cards and can avail the benefit of installments. Currently in our market, in order to get the facility of installments, one need to have a credit card which is quite difficult to get for young executives who recently enrolled in an organization and additionally a credit card is quite expensive to maintain. Credit cards also block the amount of money you can utilize once an EMI is activated so there are drawbacks in using credit cards for availing the EMI facility. Essentially making the whole 17 million market up for grabs to dominate for IPDC Finance. This was a smart and innovative move for IPDC as there are no real competitors in the market to rival the reach that IPDC EZ has and the only thing that comes close to it are the credit cards of banks.

In my 3 months duration at IPDC Finance as an intern, I have successfully managed to onboard 9 merchants into IPDC EZ. Some of the large ones are Samsung, Istore, Nitol Electronics, Oppo etc. It was a truly wonderful experience overall as I got to work and experience firsthand on how to barter and convince companies to use our module of finance to sell their products to the consumers. Even though IPDC EZ is a new product but there is great promise for the product as the market response thus far has been quite promising and this mode of financing is especially effective in a middle income country like Bangladesh where people have big dreams and spend heavily but simply require a helping hand in the financing of their dreams.

# Chapter 1

## Overview of Internship

### 1.1 Student Information

Name	AK Nader Ali Ahasan
ID	16104034
Program	BRAC Business School
Major	Finance

### 1.2 Internship Information

#### 1.2.1 Period, Company Name, Department/Division, Address

Company Name	IPDC Finance
Period	3 months
Department	Retail
Address	Hosna Centre (4th Floor), 106, Gulshan Ave, Dhaka 1212

#### 1.2.2 Internship Company Supervisor's Information

Name	Avir Siddique Chowdhury
Position	Senior Executive

### **1.2.3 Job Scope – Job Description/Duties/Responsibilities**

#### **Merchant Onboarding**

- I was tasked with finding and sourcing the contact info of management body (CFO/CEO/Head of Marketing etc.) to contact and set up a meeting to discuss about IPDC EZ.
- I also had to attend the meetings on my own and persuade and convince the companies to accept and implement our mode of financing to sell to their customers.
- This was a lengthy process as I had to initially start my contact from Facebook pages and work my way up to the top level management individuals and had to sell to each individual effectively in order to effectively bring them onboard to IPDC EZ.
- Over the last 3 months I successfully on boarded 8 merchants into IPDC EZ which took a lot of hard work and dedication. Some of the big ones were Samsung, Istore, Nitel Electronics, Oppo etc.

#### **Other Responsibilities**

- I was also tasked with updating an excel file to maintain the catalogue of all the products and services being sold by our merchant partners.
- I also helped create a master database excel which contained all the outlets of each merchant along with the contact details and portal account and password information.
- Additionally I had to give presentations and help in the preparation of EDM and digital marketing for each merchant that I on boarded to create customer awareness about IPDC EZ.
- Finally I also had to prepare presentation slides for the Head of retail department and present to him on a weekly basis.

## **1.3 Internship Outcomes**

### **1.3.1 Student's contribution to the company**

- I helped create a merchant progress tracker which has substantially organized the method through which a merchant is approached and helps keep track on how far each organizations has been progressed with IPDC EZ.
- The merchants I on boarded has brought in large number of sales for the company which has had a practical and real impact on the company.
- I have also participated and in most cases conducted solo training sessions to teach the on boarded merchants and all its outlets how to conduct the application form to allow consumers to avail the facilities of IPDC EZ.
- The master data sheet that I have created allows IPDC Finance to easily track and contact the hundreds of outlets that are now on boarded with minimal effort.

### **1.3.2 Benefits to the student**

- I got firsthand experience on how to handle and communicate with top level management of each companies and how to persuade them to come to my terms and rate.



- I garnered much needed communication experience and was able to come out of my shell when it comes to impromptu speeches and presentations.
- I have become much more proficient in making power point slides and have gained a much greater skill set when it comes to Microsoft excel.
- I have overcome my fear of stepping out of my comfort zone and have learned to adapt to changing and dynamic situations effectively and efficiently.

### 1.3.3 Problems/Difficulties during the Internship period

The only major difficulty that I faced during my internship period is the restrictions that were in place due to the global pandemic situation. Since most of my job was centered around contacting and setting up meetings to communicate with other companies face to face regarding IPDC EZ, the lockdown was a very big obstacle as many companies were not willing to meet face to face in most cases and it is difficult to sell something to someone and to convince them of the potential of a new product over phone. All in all the whole experience was amazing and beneficial for me which lead to my growth but the current situation due to Covid -19 was a really big obstacle which I managed to overcome.

### 1.3.4 Recommendations

Unfortunately the issue that I have faced during my internship is quite unique and is something that is quite difficult to overcome. The only recommendation that I can give regarding this is that safety regulations must be maintained by wearing masks when going outside and maintaining social distancing. Other than that there is very little we can do to tackle our current situation.

## Chapter 2

### Organization Part: Overview, Operations and a Strategic Audit

#### 2.1 Introduction

##### 2.1.1 Objectives

##### General Objectives:

The main objective of this report is to delve deep into the topic of ‘The advent of digital payments and a new avenue of financing for consumers in Bangladesh’ and to identify the obstacles that are ahead and how to give suggestions regarding ways to overcome said obstacles. The other objective of this study is to identify the competitors of this payment method and what the competitors can do to stay relevant in this field.

##### Specific Objectives:

- To know and understand the mission, vision, values and principles of IPDC Finance.
- To have a clear understanding on how digital payments work.
- To have a clear understanding on how credit cards work and how banks monetize them.
- To determine the scope and what the growth of this cardless EMI could mean for the economy.
- To weigh out the pros and cons of an additional financing option for consumers to avail.

- To determine if credit cards are truly a dying breed and whether this will simply be replaced by digital payment in the very near future.

### 2.1.2 Methodology

With the help of my supervisor and mentor Professor Sang H Lee and my time at IPDC Finance, I was able to come up with this topic and diligently gather data to bring about an accurate and in depth analysis on the shifting economy as it moved its head towards a favorable digital module of payment.

**Topic Selection:** My onsite supervisor Avir Siddique Chowdhury, who is a senior executive at IPDC Finance, had a massive impact on my understanding on the topic of credit cards and EMI and it is with his help I was able to come up with this topic to do a further in depth analysis.

#### **Sources of Data**

##### **Primary Data:**

A large portion of my data was collected from IPDC Finance's on site treasury team and I was fortunate enough to meet Miftah Ul Alam who is an assistant manager at IPDC Finance. He took time out of his busy schedule to explain me in great detail on what is considered asset and what is considered liability for a bank and non-banking financial institution. All the data that I have regarding IPDC EZ loan disbursements and rates are purely primary data because of my close work with the product. Furthermore I was fortunate enough to have had the opportunity to get in depth knowledge on how IPDC Finance uses loan amortization to set the effective rate at which loans are given out to consumers for consumer white goods financing.

##### **Secondary Data:**

- Annual Reports from the website (2019-2020)
- Online cases on how credit cards were first introduced in Bangladesh back in 2003

Since the product that I am working with is relatively new in the market as it was launched in 2019, there is very little data I can collect from online and therefore I will purely rely on the internal data that I have managed to collect while working at IPDC Finance and the sales & loan disbursement data that I have received from my supervisor.

##### **Scope of the study**

The report mainly focuses and revolves around IPDC EZ which is a new product/service introduced by IPDC Finance for the mass population to avail EMI facility without having any credit cards. My report will mainly focus on the advent of digital payments and how IPDC EZ is set to overtake and dominate the market where only credit cards thrive.

### 2.1.3 Limitation of the Study

Some of the major challenges that I have faced when gathering data and brain storming on how to set up a relevant and in depth analysis of the report's topic are listed below:

- The biggest issue first and foremost is the lifespan of IPDC EZ. While IPDC Finance is the first non-banking financial institution in Bangladesh, IPDC EZ on the other hand is an absolutely new concept that remains yet unproven in the market.
- Being a one of a kind product, I have faced an unique barrier since I have literally no internet data

that I can just to justify and support my hypothesis except for the data that I have collected on the job over the last 3 months.

- The Covid-19 global pandemic has also created a major obstacle as it has prevented me to meet the managerial board at IPDC Finance more frequently to get an even stronger understanding on how IPDC EZ operates.
- Finally the biggest limitation that I have faced is that being finance major I had no other option but to do my internship in the retail department. This was mainly due to the lack of internship opportunities available due to the pandemic and the other big obstacle is that there is literally nothing that I can compare IPDC EZ to and the closest logical comparison are the credit cards from banks.

#### **2.1.4 Significance**

- The main reason behind why I joined a financial institution during my internship period is to get a clear and strong understanding on how banks and non-banking financial institutions operate and how their business models are set up.
- The significance of this report is to grant me a broader understanding on how credit cards operate and how banks persuade companies to let go a certain percentage of their profit for greater sales volumes via credit sales.
- The making of this report has given me a clear understanding on how lacking our economy is when it comes to credit purchases and that is exactly what IPDC Finance has managed to identify and is investing heavily to dominate this market segment.
- Since all the data that I have used in the making of this report are all either primary data that I myself collected with due diligence or they are reliable secondary data from respected origins like annual reports.
- Finally I believe that this report will shed a light on the current situation of credit sales in our country and how IPDC EZ can have a massive impact for the good in our economy.

## **2.2 Overview of the Company**

Starting its journey back in 1981, IPDC Finance Limited is the first private sector financial institution in Bangladesh. Initially they were known as “Industrial Promotion and Development Company of Bangladesh Limited”. Later, they changed the name of the company to “IPDC Finance Limited”. IPDC registered as an NBFIs in 1995 and in December 2006, the company was enlisted in both Dhaka Stock Exchange and Chittagong Stock Exchange.

### 2.2.1 Vision

IPDC Finance’s main vision is to become the most passionate financial brand in the country with a focus on youth, women and under-served areas.

### 2.2.2 Mission

IPDC Finance’s main mission is to enable their customers and the communities to live freely and to promote their highest potential by pioneering and providing innovative financial solutions in a friendly, timely, transparent and cost-effective manner.

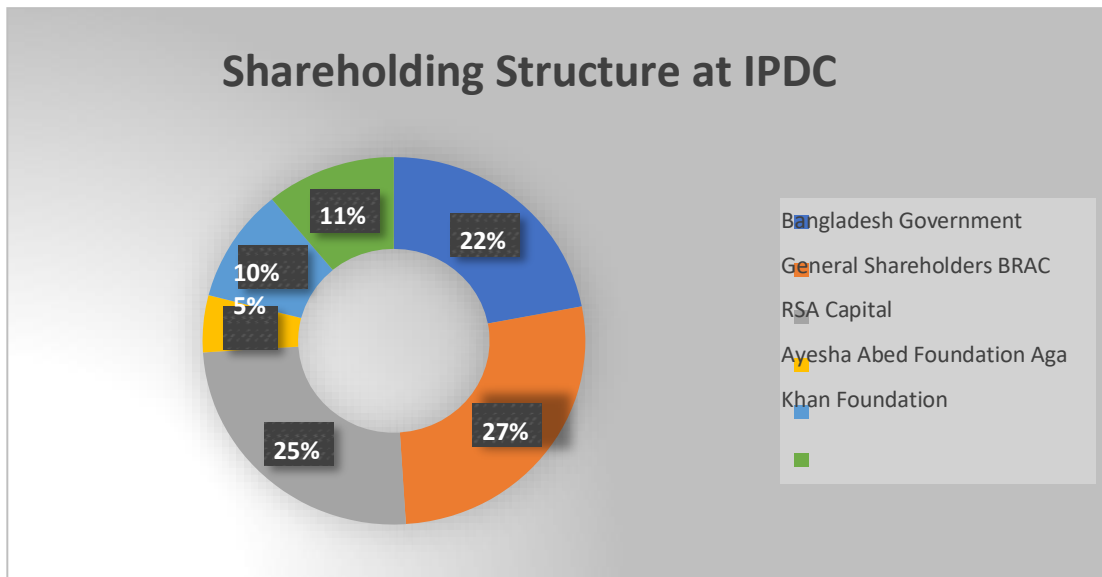
#### **Core Values:**

To create extraordinary customer experience by:

- Serving the customers with passion and honesty
- Going beyond the normal call of duty
- Relentlessly pursuing innovation
- Striving for perfection and excellence

### 2.2.3 Shareholders of IPDC Finance

Among the founding shareholders of IPDC were International Finance Corporation (IFC), German Investment and Development Company (DEG), The Aga Khan Fund for Economic Development (AKFED), Commonwealth Development Corporation (CDC), and the Government of Bangladesh. Over the time, with the issuance of new shares and acquisition of shares by institutions, the shareholding structure of IPDC went through a number of changes. Currently, BRAC is the largest institutional shareholder at IPDC, and the general shareholders and the government of Bangladesh make almost half of the total stakes.



*Figure 1: Shareholding Structure at IPDC Finance*

## 2.2.4 Organizational Structure

IPDC Finance Limited is governed by a board of directors comprised of nominated and independent directors. The structure of the organization is as below:

Dr. Muhammad Musa	Chairman, Nominated by BRAC
Amin H. Manekia	Vice Chairman & Director, Nominated by AKFED
Salahdin Irshad Imam	Independent Director
Sameer Ahmad	Director, Nominated by RSA Capital Limited
A Gaffar Khan	Director, Nominated by GoB
Shameran Abed	Director, Nominated by Ayesha Abed Foundation
Tamara Hasan Abed	Director, Nominated by BRAC
Nasreen Sattar	Independent Director
Md. Enamul Hoque	Director, Nominated by GoB
Salahuddin Mahmud	Director, Nominated by GoB
Tushar Bhowmik	Director, Nominated by BRAC
Mominul Islam	Managing Director

## 2.2.5 Products and Services provided

The product and services offered by IPDC Finance Limited belong under three strategic business units: Corporate, Retail and SME.

### **Retail Business**

IPDC's retail division offers varied services for diverse needs of individual customers:

- Home Loan: Variety of home loan and mortgage options
- Affordable Home Loan: Home loan for customers outside Dhaka and Chittagong
- Auto Loan: Automobile financing for individuals and organizations
- Personal Loan: Loans for personal needs and requirements
- Consumer White Goods Finance: Card-less EMI financing for consumer durables, furniture and trips
- Priti: Lifestyle, medical care and other deposit and loan services for female customers
- Deposit Schemes: Annual Profit Scheme, FDR, Cumulative Profit Scheme, Monthly Profit Scheme, Double Money Deposit Scheme, and Quarterly Profit Scheme.
- Saving Schemes: Deposit Premium Scheme, Millionaire Deposit Scheme, and Ultiflex Deposit Scheme

## **SME Financing**

IPDC wishes to become a partner for the upcoming SME entrepreneurs by offering attractive and competitive financing solutions and customized products for women entrepreneurs.

- Lease Finance: Lease financing against heavy industrial machineries, commercial equipment, vehicles etc.
- Long-term Finance: Financing for SMEs to meet capital and fixed expenditures
- Short-term Finance: Short-term loans for business to meet their interim cash requirements and conduct day-to-day operations
- Joyee: Loans tailored for female customers at an attractive rate

## **Corporate Financing**

IPDC's corporate finance division offers a wide range of financial solutions, products and advisory services tailored to meet the need of corporate entities.

- Lease Finance: Lease financing against new or already existing industrial machineries, commercial equipment etc.
- Term Loan: Long-term loans for various business purposes
- Project Financing: For projects that need large scale investments, IPDC acts as the lead arranger to raise funds through syndication
- Short-term Financing: Loans offered to companies that need help managing their day-to-day cash requirements
- Preference Share Investment: Financing through purchasing preference shares issued by clients
- Work order Finance: Financing to support the business for the time between order processing and receiving of payment
- Factoring: Loan offering to businesses against their receivables

### **2.2.6 Awards & Recognition**

In October 2019, IPDC Finance Limited gained the prestigious long-term AAA rating and short-term ST-1 rating from Emerging Credit Limited (The Daily Sun, 2019). In 2018, IPDC was awarded with Super brands-Bangladesh Award 2018 under the NBFI category (The Daily New Nation, 2018). Apart from these, IPDC Finance has won a heap of award over the years. A few of them are: ADFIAP CSR Merit Award 2018, SAFA Award, and International Finance Award for Best Retail Finance Company in 2018, etc

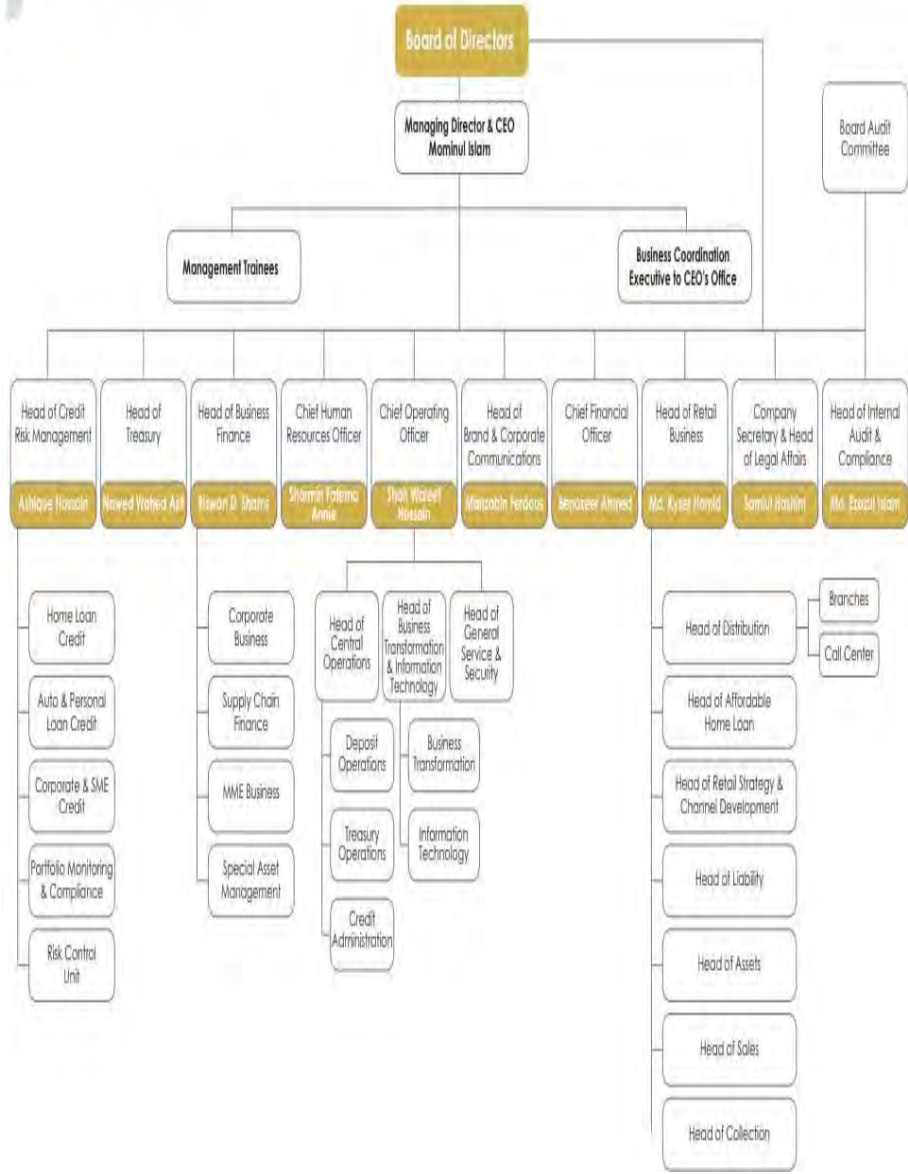
## **2.3 Management Practices**

The last 3 months at IPDC Finance has made me realize one major thing that this financial institution does different from almost all the other companies out there and that is IPDC Finance truly values and supports the work life balance of its employees. IPDC Finance has always been proud of its customer relation and believes that in order to thrive in this highly competitive industry they need dedicated employees to work with their heart and treat each and every customer to the fullest and the only way that this can be achieved is if the employees themselves are happy.

Work hours at IPDC Finance start at 10 am but it is acceptable to even come in at around 10:30 am and while there is a lot of work pressure the people around the office however maintains a very cheery mood that truly helps the whole team chugging along no matter how hard and tenuous the work becomes. Employees here get 25 privilege leaves on top of the 15 sick leaves and another 10 additional priority leaves and lastly both males and females get paternal and maternal leaves.

Lastly what truly amazed me here is the work culture. Everyone here is extremely friendly and cooperative even the bosses are quite friendly with their subordinates. Being an intern here I never once felt like I was just another intern because actually let me do significant work and gave me substantial autonomy. This type work culture is quite rare especially in our country and I believe this is necessary for interpersonal growth and a happy and satisfied work force.

### 2.3.1 Organogram



*Figure 2: Organogram of IPDC Finance*



### 2.3.2 Management Hierarchy of IPDC Finance



*Figure 3: Management Hierarchy of IPDC Finance*

### 2.4 Marketing Practices

IPDC Finance for most of its life cycle from 1982 to 2015 focused mainly on corporate loans and therefore did not follow traditional marketing channels of ATL & BTL marketing; instead they focused more on corporate activations to reach their target market segment. This has however changed drastically from 2015 onwards after BRAC became the major shareholder of IPDC Finance. In the year 2016 IPDC Finance went through a massive rebranding shifted its focus towards retail through services like auto loans, home loans, Priti and IPDC EZ.

Ever since this paradigm shift, IPDC Finance has very recently started focusing on both traditional ATL & BTL marketing channels. In mid-2020 they sponsored 4 hit songs under ‘Amader Gaan’ which went on to be sensational and very soon after released two television commercials one for their auto loan and the

other for home loan with the actors being extremely well known. Therefore we can see that IPDC has doubled down on dominating the retail market further with IPDC EZ which is consumer goods financing set to take the stage by storm as being the only financial institution to bring one of a kind product to rival the long standing dominance of credit cards in our market economy.

### **2.4.1 Legal Team and Operations Team**

The legal and operations team are two of the most essential parts of any financial institution and it is doubly true for IPDC Finance. The operations team consists of the CRM department (Credit risk management) whose job is to check the CIB report of each client thoroughly and to determine the risk factor behind granting loans to that individual. If the client seems too risky due to a history of loan defaults or if the client currently has multiple loans then the operations team reduces the amount of money financed and increases the down payment that the client will have to give in order to purchase an asset. The relationship managers source businesses for the firm but it is the operations team who goes through the files to determine if the investment is fruitful or not.

On the other hand, the legal team's job is to thoroughly vet all the written agreements and memorandum of understandings (MOU) that are signed between the firm and their clients/partners. While working with IPDC EZ when I on boarded a merchant I had to draft and submit a MOU to the legal team for vetting because this written form of agreement is crucial towards maintain a healthy and likeminded understanding between all the parties involved.

## **2.5 Industry & Competitive Analysis**

### **2.5.1 SWOT Analysis**

This SWOT analysis is based on my personal experience that I have garnered during my time as an intern at IPDC Finance.

#### **Strengths**

- Strong and efficient communication between high level management and front line relationship managers
- Truly amazing customer handling skills and prioritizes customers above all else
- Clear and effective understanding of what the market demands and needs
- Provides some of the most customer centric products out in the market with one of the highest interest rates for deposits
- Finances almost 80% in home loans and auto loans which is much higher than banks and that at a very reasonable interest rate of 9.9%

#### **Weaknesses**

- Invests too little in marketing campaigns
- Very new in the retail market and is still learning how to maneuver here effectively

- Operates in a highly congested market as Bangladesh has 60 banks and many nonbanking financial institutions
- Has to overcome the stigma of our society as people consider banks and treasury bonds to be a more secure investment to deposit their funds rather than financial institutions
- Last but not least, financial institutions are not allowed to deal in cash

### **Opportunities**

- IPDC Finance's biggest opportunity is their new consumer goods financing product called IPDC EZ
- IPDC EZ has first mover's advantage in a highly effective market. It is almost as if the product is a match made in heaven for Bangladesh's economy.
- IPDC will most likely enjoy monopoly in this sector because due to the rigid mindset of our nation's people, it will likely be a while until a competitor arrives in the consumer white goods sector against IPDC Finance

### **Threats**

- IPDC Finance has many threats in this highly volatile market and this doubly true due to the recent global pandemic.
- IPDC Finance has many competitors which are all the banks, treasury bills and the big financial firms like IDLC, BD Finance, Lankabangla etc.
- One of the biggest threat to IPDC Finance's IPDC EZ products is digital payment because once our country completely adopts a cashless economy then both credit cards and EZ will face a massive draw back

## **2.6 Summary**

Taking strength from the heroic fight for independence in 1971, Bangladesh has emerged as one of the emerging economic powers in Asia. According to EIU's (Economic Intelligence Unit) report, Bangladesh, with its GDP growth rate of 8.13% in the fiscal year 2018-19, was the second- best performing economy in the world. This impressive journey towards prosperity has brought unbound opportunities in the financial sector. Currently there are 62 scheduled banks and 32 non- bank financial intuitions operating in Bangladesh. Being the first private sector financial institution in the country, IPDC played a major role in financing several big firms since its inception and had been in the crucial pivotal role for the development and industrialization of the country ever since. With the rise of consumerism and increase in private expenditure, there is now a growing need in the market for organizations who can meet financing needs for households and individual customers. In order to bridge this gap, IPDC Finance Limited is focusing all its resources to come up with products and services which will enable them capture growing consumer financing sector.

## **2.7 Conclusion**

IPDC Finance Ltd has a vision of becoming the country's most preferred financial service provider. The market for NBFIs is growing even though, barriers of entry is high due to capital requirement, regulatory compliance and security concern. If the business does not provide superior services, then continuing this trend will be hard. They should make more effort than their rivals. Products should be campaigned and marketed more often to guarantee an increasing client base. Lastly, working as an Intern at Retail Strategy and Channel Development Division of IPDC Finance Limited has increased my practical knowledge of financial services and business administration; and made my Bachelor of Business Administration in Finance more comprehensive and applied.

## **2.8 Recommendation**

My time at IPDC Finance has been both humbling and educational. I have picked up quite a few useful skills in my time here and will find it a great asset in the days to come for my career. Furthermore I have made strong bonds here that I will cherish for days to come. IPDC Finance is an excellent organization which has performed splendidly even during this pandemic and when most organizations are downsizing, IPDC Finance managed to stay one step ahead and actually began expanding. Expanding during a pandemic especially in this industry clearly shows how strong of an organization IPDC Finance is. Regardless, nothing is perfect and my time at IPDC Finance has shown me that there is some room for improvements.

- IPDC Finance needs to invest more heavily in both ATL & BTL marketing in order to reach the mass population and to make them aware of their products.
- IPDC Finance has an extremely young work force which on most cases is beneficial because bright minds are needed to innovate but an experienced work force is also needed to supplement the whole team and act as the back bone of the team.
- IPDC Finance is a wonderful place to start a career but my time here has shown that most experienced employees leave this organization for better payment and provident funds.
- IPDC Finance has poor retention rates. While they do higher young talents but they fail to retain them for more than 3 years due to poor increments and no provident funds.
- The growth in terms of skills and interpersonal ability is quite high here however growth in terms of career is quite slow thus this is an issue that should be focused on by the management body.

## Chapter 3

### Project Part

#### 3.1 Introduction

In chapter 3 I am going to focus on the background of my topic and how its directly corelated with the objective, significance and methodology. The topic that I have selected for this report is in line with my project and is directly how the business operates on a day-to-day basis.

- **Background:** IPDC Finance is the first NBFIs in Bangladesh. It has been the leading financial institute and a pioneer in its field. However, IPDC finance has mostly focused on corporate loans throughout most of its tenure and has only recently shifted its focus towards retail. IPDC Finance has started its retail department from 2016 and has steadily grown to become a force to be reckoned with outside of its usual and dominating corporate loans, home loans and auto loans. In 2019 IPDC has set out to dominate this market with its new and innovate product called IPDC EZ where the main aim is to make it easier for everyone to purchase goods in installments without having to have a credit card. Credit cards have always had a high entry barrier thus leaving a large portion of target segment out of focus but IPDC EZ plans to incorporate and focus on this target segment which has mostly been left untouched. IPDC has seen the potential for growth in this market and are investing heavily in this. In the past it was all about a cashless society which has only been replace with cards but now IPDC EZ strives towards a digital economy where both cash and cards are made obsolete.
- **Objective:** The objective of my study is to apply forecasting and to determine and prove how this change in direction has been extremely beneficial for IPDC Finance and how both past and future data shows that the company is moving in the right direction.
- **Significance:** The significance of the study is to prove that my hypothesis of a digital economy is the right move for any economy and how impactful it will be for all. IPDC has not only opened up the path for a new mode of transaction but has also made a lot goods and services a lot more affordable for the general population and only by making goods and services for attainable to the general public, can we as a economy strive towards new heights.

#### 3.2 Methodology

I have carried out my study both through qualitative and quantitative data. All the data I collected has been through talking directly with the finance team of IPDC and the forecasted numbers are all within reason based on the growth and potential I have had the pleasure of experience during my team working there as an intern. Their data is quite confidential, so I only had access to their numbers via one-to-one communication and some of the numbers are purely based on the information that they had provided me during my time there. The data provided was given to me

by my line manager and formed this data for his internal presentation and I have taken his permission to use it in my report.

<b>IPDC Finance</b>					
<b>Statement of Financial Position</b>					
<b>As at the end of December</b>					
	2,018	2,019	2020	2021	2022
	<b>Taka</b>	<b>Taka</b>	<b>Taka</b>	<b>Taka</b>	<b>Taka</b>
<b>ASSETS</b>					
Non-current assets	1,587,052	23,190,477	24,350,001	25,509,525	26,669,049
Property, plant and equipment	1,587,052	9,254,809	9,717,549	10,643,030	11,105,770
Right-of-use of asset	-	1,837,192	1,929,052	2,112,771	2,204,631
Intangible assets	-	12,098,476	13,308,324	14,518,171	15,728,019
Current assets	9,444,716	52,822,797	55,463,937	58,105,077	60,746,217
Advances, deposits & prepayments	88,000	26,188,644	27,498,076	28,807,508	30,116,941
Accounts and other receivables	4,777,291	1,008,567	1,038,824	1,069,081	1,099,338
Cash and cash equivalents	4,579,425	25,625,586	26,906,866	28,188,145	29,469,424
<b>TOTAL ASSETS</b>	<b>11,031,768</b>	<b>76,013,274</b>	<b>79,813,938</b>	<b>83,614,602</b>	<b>87,415,265</b>
<b>EQUITY AND LIABILITIES</b>					
Equity	(5,483,564)	49,441,740	51,913,827	54,385,914	56,858,002
Share capital	200,000	29,436,143	32,379,757	35,323,372	38,266,986
Share money deposit	11,548,282	62,744,901	67,137,044	71,529,187	75,921,330
Retained earnings	(17,231,846)	(42,739,304)	(44,876,269)	(47,013,234)	(49,150,199)
Liabilities					
Non-current liabilities					
Lease liabilities	-	555,389	555,389	555,389	555,389
Total non current liabilities	-	555,389	555,389	555,389	555,389
Current liabilities	16,515,332	26,016,144	26,536,467	27,056,790	27,577,113
Accounts payable	2,057,656	3,602,307	3,674,354	3,746,400	3,818,446
Short term loan	8,160,319	7,511,229	7,661,453	7,811,678	7,961,902
Other liabilities	6,297,357	14,364,741	14,652,036	14,939,331	15,226,626
Lease liabilities	-	537,867	537,867	537,867	537,867
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>11,031,768</b>	<b>76,013,274</b>	<b>79,813,938</b>	<b>83,614,602</b>	<b>87,415,265</b>

### 3.3 Findings and Analysis

	Sales Growth plan				Forecasted Values			
REVENUE		2018	2019	2020	2021	2022		
Gross sales		400000	450000	480000	600000	950000		
	Less sales returns and allowances	2752	2900	3000	5000	6000		
Net Sales		397248	447100	477000	595000	944000		
<b>COST OF SALES</b>								
Beginning Inventory		50000	50000	55000	59000	75000		
	Plus goods purchased / manufactured	110162	500000	700000	800000	1000000		
	Production Labor	420000	3000000	250000	220000	490000		
Total Goods Available		580162	850000	1005000	1079000	665000		
	Less ending inventory	250000	450000	600000	650000	70890		
Total Cost of Goods Sold		330162	400000	405000	429000	594110		
Gross Profit (Loss)		67086	47100	72000	166000	349890		
<b>OPERATING EXPENSES</b>								
<b>Selling</b>								
2054000	Salaries and wages	2000000	95000	100000	125000	200000		
	Commissions	54000	30000	35000	40000	50000		
	Marketing	50000	30000	30000	30000	30000		
	Depreciation	0	0	0	0	0		
	Other	0	0	0	0	0		
Total Selling Expenses		2104000	155000	165000	195000	280000		
<b>General/Administrative</b>								
	Salaries and wages	225000	225000	225000	225000	225000		
	Payroll taxes	65000	65000	65000	65000	65000		
	Benefits	27000	27000	27000	27000	27000		
	Office Supplies	500	500	500	500	500		
	Postage	250	250	250	250	250		
	Professional Fees	5000	5000	5000	5000	5000		
	Telephone	6000	6000	6000	6000	6000		
	Utilities	32000	32000	32000	32000	32000		
	Training & Education	12000	12000	12000	12000	12000		
	Utilities	2000	2000	2000	2000	2000		
	Account 01	0	0	0	0	0		
	Account 02	0	0	0	0	0		
	Account 03	0	0	0	0	0		
Total General/Administrative Expenses		374750	374750	374750	374750	374750		
Total Operating Expenses		2478750	529750	539750	569750	654750		
Net Income Before Taxes-EBITDA		-2411664	-482650	-467750	-403750	-304860		
	Taxes on income	0	0	0	0	0		
Net Income After Taxes		286578	254700	491150	882749	1234540		
Interest Expense		9650	8650	8450	8250	7590		
Depreciation		12000	12000	12000	40500	75000		
Amortization		2500	2500	2500	2500	2500		
Income tax on extraordinary gain		118093	128093	138093	148093	158093		
		142243	142243	142243	170743	205243		
NET INCOME (LOSS)		144335	134078	172436	789313	1441766		



This data was provided to me by my line manager and his colleague from the Finance department so that I can base my study on the numbers forecasted. I thought this to be an accurate interpretation as I am certain that the employees who work there have access to far accurate numbers than me.

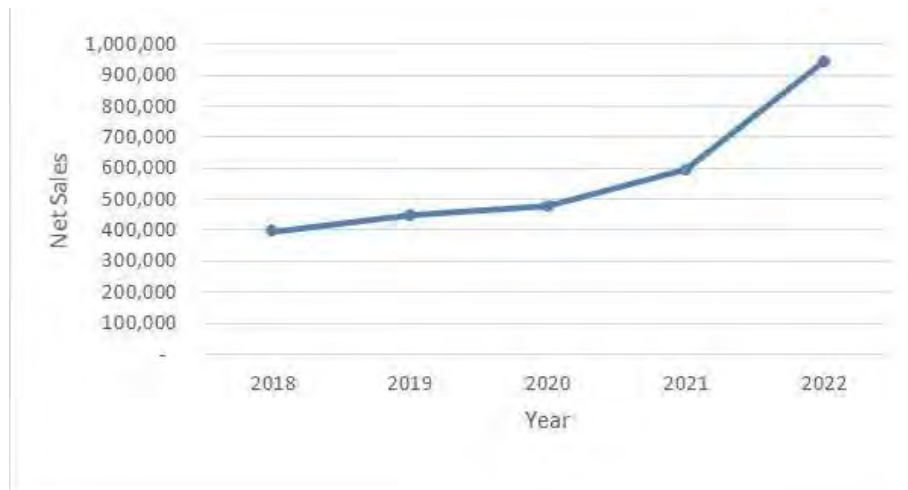
From the lower table, Forecasted Balance sheets, we can see that the accounting report is showing that the organization will be running in a productive state, as we can see that the upsides of the all out resources will be expanding continuously which implies the measure of asset what the financial backers contributed, they will fund it in the resources for create pay and the obligation will be decreased extra time, so they don't need to stress reimburse their obligation. Additionally, the measure of liabilities didn't expand contrasted with previous occasions. Because of this their obligation proportion will be lower, and they will get more get back from their resources too and they can create their pay all the more effectively.

Consequently, we can accept that if the organization continues moving with their proposed arranging or estimating values, at that point the organization won't deal with any issues later on and additionally on the off chance that they proceed in this structure, greater venture will drop by which they can additionally contribute more to produce their pay by using it on their resources and different organizations.

Assuming we see the pay proclamation from the other table, the organization isn't causing misfortune till 2022 since they are contributing more to bring benefit from their business and intending to broaden more organizations and since they have no contenders yet, it will be ok for them to contribute to an ever increasing extent and hold the market. Also, moreover, their proportion's slowly increment till 2022 so they don't need to stress in the event that they move with this arrangement. Contrasting the earlier years when they began their business and when they began financing their resources with obligation, they dealt with an immense issue to create pay and not many of their organizations were in tremendous misfortune.

In any case, as I would see it the anticipated years information might be strayed because of outside factors, particularly by the possible passage of different banks and NBFI in a Visa free EMI framework, can bring about expanded contest. The development of IPDC Finance is dependent upon how it extends during the current monetary environment and how it can impact the drawn out business.

Sales forecast of IPDC Finance:



Year	Sales	Annual Growth Rate
2018	397,248	
2019	447,100	12.55%
2020	477,000	6.69%
2021	595,000	33.11%
2022	944,000	58.60%
<b>Average</b>		<b>27.74%</b>

The Sales estimate begins with the survey of deals from 5 to 10 years, anyway I determined for a long time from 2020-2021 and it is communicated as chart. The diagram might have been determined for more 5 years however IPDC centered for a long time since its future development is more firmly identified with late occasions than to the previous occasions.

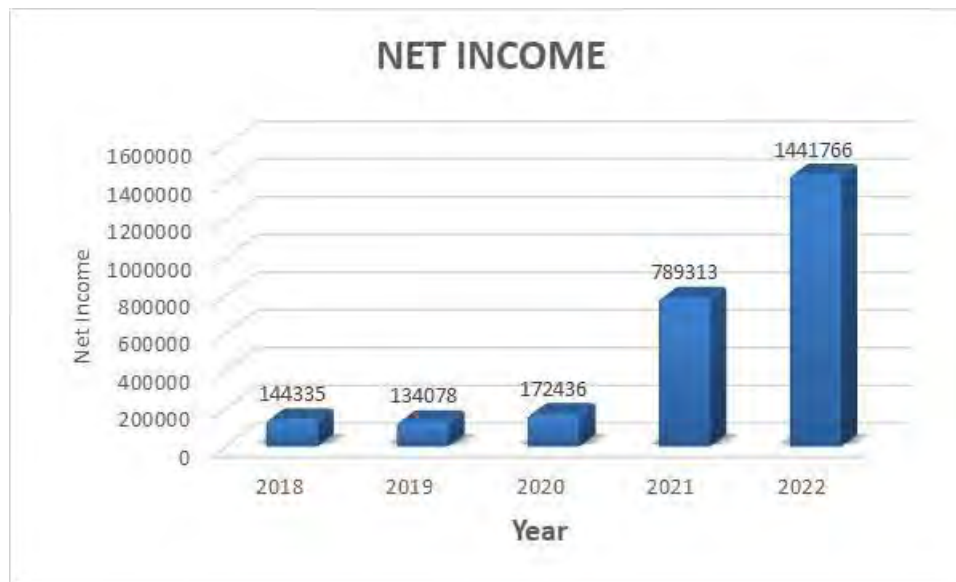
IPDC normal yearly development rate is 27.74% thus it will keep on developing with 27.74% rate. Anyway genuine deals couldn't be sequential, which relies upon certain components, which can't be forecasted right now .

Like if the forecasting were not done than the organization would have no clue about the thing they will look later on, as if the organization extends its business, it probably won't satisfy it is need appropriately, there will be less wholesalers or conveyance houses or wholesalers who would prefer not to utilize the application and sell through them their item for which they will lose client. Also, they will begin losing their portion of the overall industry and get an enormous impact the benefit and incomes. Not just that, if the organization continue financing their resource with obligation, they won't reimburse the obligation and at one point their loan cost will be high which could make a major issue. Thusly, IPDC Manager believed that 27.7% expansion of yearly development rate was the most suitable forecasting deals as the business the organization runs is a major venture and in the event that they intend to extend it, this development rate may be proper one.

### 3.4 Financial status of Income, Assets, Liability & Equity

**Income:** Income is what drives a business forward and a positive income is essential for the growth, survival and sustainability of any company. Below I have shown the change in income for IPDC over the years.

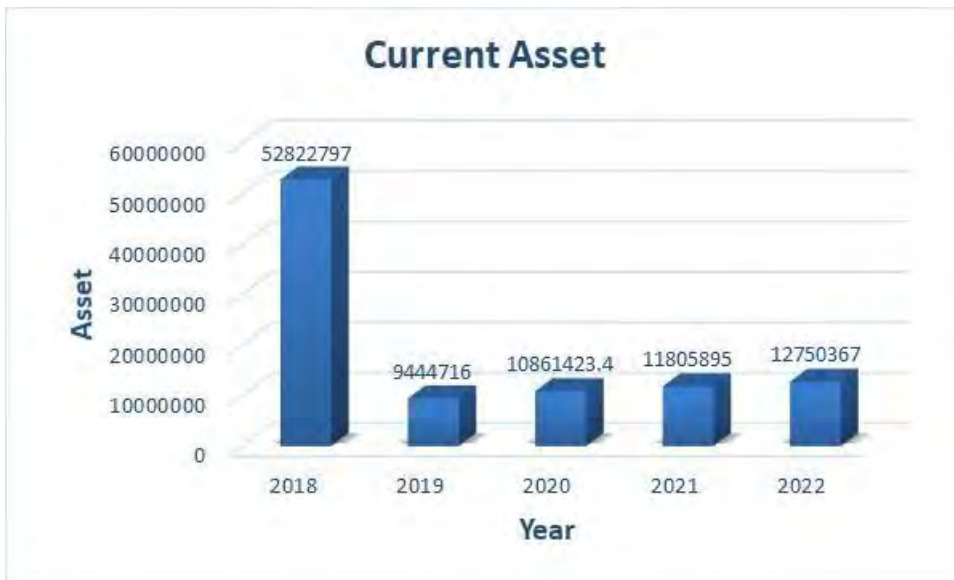
Year	2018	2019	2020	2021	2022
NET INCOME	144335	134078	172436	789313	1441766



From the table above we can see that IPDC has had a decrease in net income in the year 2019 when it first introduced IPDC EZ due to a lot of resources being shifted to this particular project and we know it takes time for any new idea to take root and make a profit but things changed in 2020 and according to the data given, IPDC EZ is set out to take over the market of credit cards as well as the untapped market of people who wish to purchase goods in installments but do not have the means as they do not qualify for a credit card.

**Asset:** Asset determines how much valuable goods the company has at its disposal and is essential for a company in the long run. A company must have an adequate amount of capital to have a strong asset.

Year	2018	2019	2020	2021	2022
Current Asset	52822797	9444716	10861423.4	11805895	12750367



We can see from the graph that the company had a huge dip in 2018 in terms of assets due to its large investment for IPDC EZ but from 2019 onwards we can see that the company has made steady improvements and is also forecasted to make further improvements down the year. This is normal as when a new product is invested on assets diminish but will recover over time as the invested product gains momentum and revenue for the company.

**Liability:** Liability means what the company owes to others and is generally not a good thing when it is too high but a low liability is also bad since it means the company is not operating at optimum capacity.

Year	2018	2019	2020	2021	2022
Liability	16515332	26016144	22113722	19512108	16910494



From the graph we can see that the company has had a considerable increase in liability in the year 2019 due to taking loans and investing heavily in IPDC EZ but that value has decreased in 2020 and is forecasted to decrease further in the coming years as the product gains more revenues and helps the company pay off its debts.

**Equity:** Equity shows how heavily the company has invested in its product and research and development. Equity is an extremely important measuring tool for a company and helps in identifying when a company is taking too many risks or too few risks.

Year	2018	2019	2020	2021	2022
Equity	-5483564	49441740	51913827	54385914	56858001

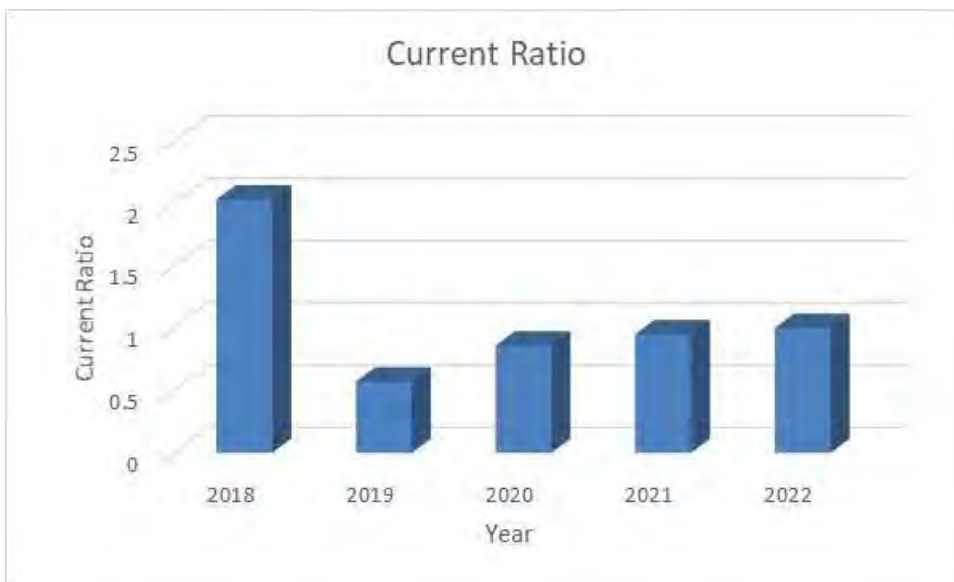


In 2018 we can see that IPDC had negative equity due its low investment but once BRAC bought its shares and became its major shareholder, a lot of changes were made especially in the retail department. IPDC EZ had its first inception, and the idea was heavily invested on. In 2020 the investment increased as the potential for it to dominate the market was further realized and it is forecasted that this number will only increase and IPDC will further capitalize on this growing trend.

### 3.5 Ratios

**Current Ratio:** The current ratio shows how well the company's current assets compare to its current liabilities and how well prepared it is to pay its current liabilities. In simple terms, it shows how solvent the company is.

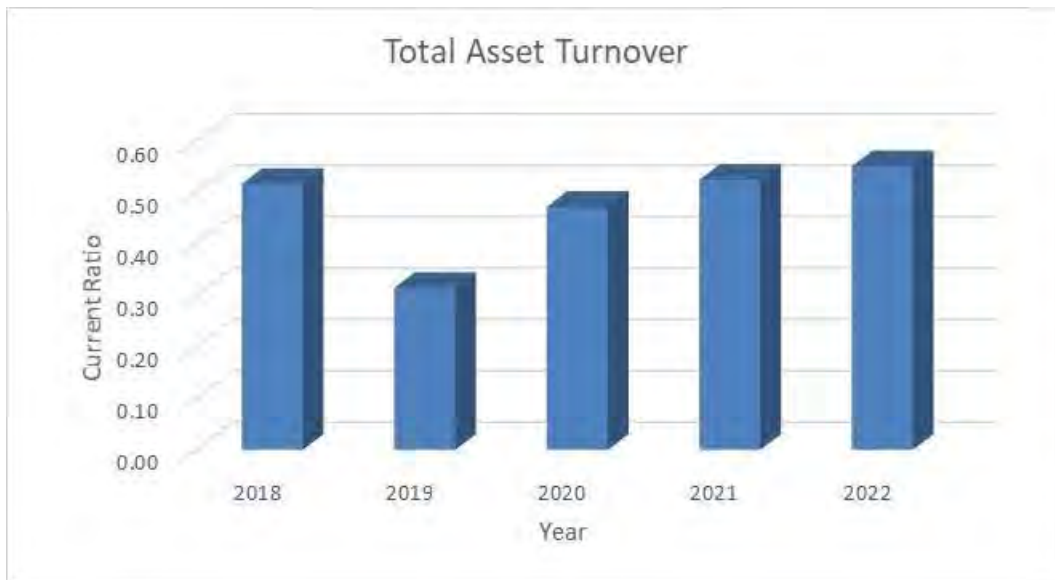
Year	2018	2019	2020	2021	2022
Current Ratio	2.03 times	0.57 times	0.86 times	0.95 times	1.00 times



According to the graph and the table we can see that the company has had a big dip in its current ratio in the year 2019 where liabilities increased but this is not a bad thing because it shows that the company was making a huge investment into IPDC EZ and in the subsequent year we can see a steady rise and the same pattern is followed in the forecasted years as well because once the product IPDC EZ starts bringing in more revenue and becomes more accessible to the public, there is bound to be a rise in business growth which will result in greater assets for the company. Therefore, this table shows exactly how a company should operate when investing in a venture.

**Total Asset Turnover:** This ratio shows how much efficient the company is in making sales by converting its assets. According to the table below:

Year	2018	2019	2020	2021	2022
Total Asset Turnover	0.52 times	0.32 times	0.47 times	0.53 times	0.55 times

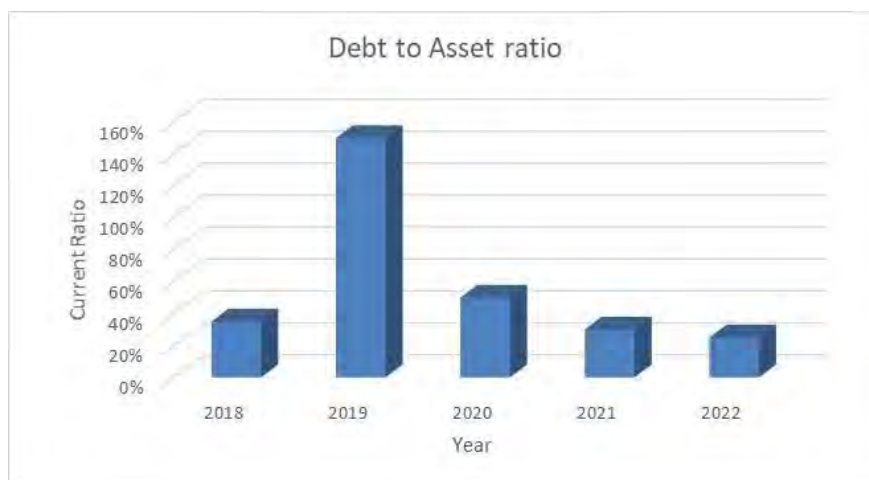


According to the graph above we can see that the company had lost its efficiency in making sales and using its assets efficiently at the start of the inception of IPDC EZ but there was a dramatic boost in 2020 as the organization got used to its product and according to my forecast, the ratio is only going to get higher set to overtake its original position in 2018 thus showing that the investment was fruitful.



**Debt to Asset Ratio:** This ratio shows how much debt was utilized to fuel the company’s assets and is calculated by dividing the company’s total liabilities by its total assets.

Year	2018	2019	2020	2021	2022
Debt to Asset Ratio	35%	150%	50%	30%	25%



If we look at the graph and the table we can see that the company incurred a lot of debts and used debt financing to fuel its new product called IPDC EZ. This is why in 2019 we can see that its debt to asset ratio was extremely high but in 2020 it fell sharply due to the company earning profit from IPDC EZ and settling its short time liabilities and loans and we can see that in the forecasted years the debt to asset ratio is set to decrease even further.

**Operating Profit Margin:** This ratio shows how well and efficiently the company is performing and earning profit after its operational costs.

Year	2018	2019	2020	2021	2022
Operating Profit Margin	36%	30%	36%	132%	152%



If we look at the graph, we can see that the company never really had all that high an operating profit ratio but after its inception of IPDC EZ it went through a short period of low operating profit but that soon changed in the coming year of 2020 and the drastic rise in the forecasted years is mainly because how dominating this product will be as it will technically be operating as a monopoly business.

**Net Profit margin:** Net profit margin shows how much profit is earned and fueled by the company from its percentage of net sales. It is calculated by dividing the difference between revenues and cost by cost.

Year	2018	2019	2020	2021	2022
Net Profit Margin	17%	11%	15%	28%	37%



According to the graph above we can see that just like operating profit margin, net profit margin will follow a very similar trend where in 2019 there will be small dip due to the inception of a new product called IPDC EZ but in 2020 it will follow an upward trend which will become much more prevalent in the forecasted years as the product dominates the market.

**Return on Asset:** This shows how much the company is actually earning from its assets and is an actual accurate representation of the progress of the company as a whole.

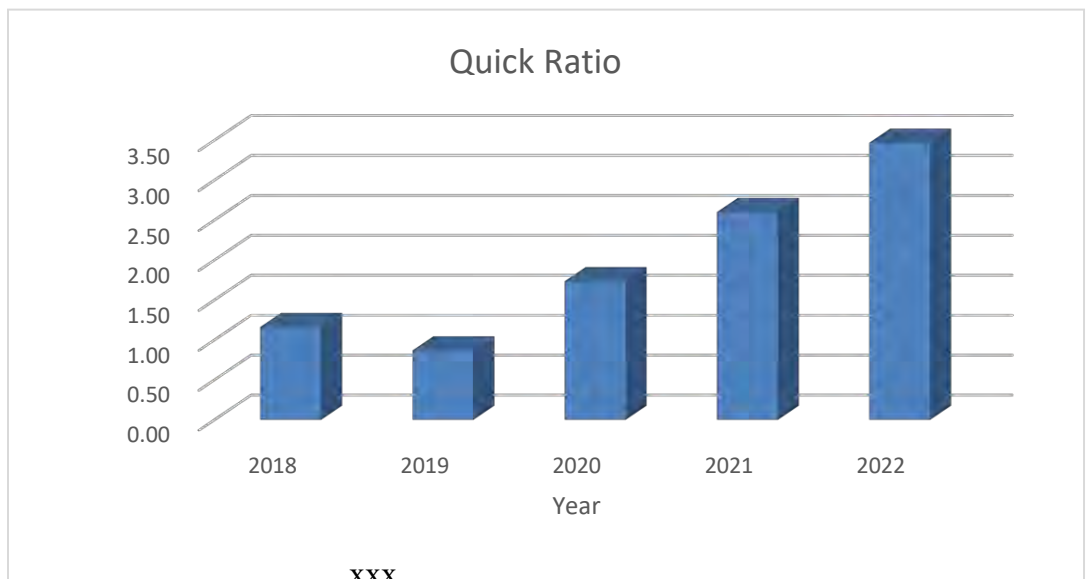
Year	2018	2019	2020	2021	2022
Return on Asset	3%	0.34%	1%	2%	3%



If we look at the graph we can see a similar pattern where IPDC faces a small dip in 2019 but very quickly recovers to make greater return on asset by the end of the forecasted year. Yes it takes time to efficiently utilize the assets of a business especially when the venture is new and a lot more difficulties are faced along the way.

**Quick Ratio:** Quick Ratio or acid test ratio is an effective tool in measuring how well prepared a company is to be able to pay its current liabilities without having to sell its assets and is a very important indicator in determining the success of a company.

Year	2018	2019	2020	2021	2022
Quick Ratio	1.16	0.87	1.73	2.60	3.47



According to the graph we can see that the company has faced a temporary downward slope but did recover well in 2020 and is set to make a strong and more than positive comeback in the forecasted years.

### **3.6 Impacts from Covid 19**

These last few months have been really hard for everyone all around the world. We have all faced a lot of hardships and many of us have lost loved ones. Organizations have been forced to cut back costs and lay off employees and some companies have even shut down completely due to the rising economic crisis that soon followed the health crisis. IPDC EZ also had its ups and downs and especially faced a very difficult initial challenge to get the product rolling because the whole product started picking up steam in 2020 and that is when the first wave of the pandemic hit the hardest and brought many companies to its knees. However IPDC endured through all of this and not only did it not lay off any of its employees but also allowed all its employees to work from home during the lock down period and supported everyone like they were one big family.

### **3.7 Summary & Conclusion**

IPDC is the first NBFi in the country and has been a leading pioneer in its field. IPDC has financed many major projects all over the country mainly focusing on corporate loans and handing out financing opportunities to young entrepreneurs. In recent years they have started to invest in the retail department and personal loans. IPDC believes in equality of women and have many products focused towards women entrepreneurs and help in supporting their businesses. IPDC has been a wonderful place for me to complete my internship at and the people there were extremely friendly and helpful towards my learning and experience as a whole. I was given plenty of opportunities to learn and excel in the work place and they never treated me like anything beneath them rather they treated me like an equal. They let me take on responsibilities and entrusted me with core working schedules. I am truly glad to have been a part of the team at IPDC and I truly believe that what they are doing with IPDC EZ is going to be revolutionary.

### 3.8 Appendix

#### Financial Ratios of IPDC Finance

Current Ratio:

Current Ratio = *Current Assets/Current Liabilities*

2018	2019
$52822797/26016144 = 2.03$	$9444716/16515332 = 0.57$

Quick Ratio:

Quick Ratio =  $(\text{Cash} + \text{Cash Equivalents} + \text{ST Investments} + \text{Current Receivables})/\text{Current Liabilities}$

2018	2019
$(363676+25625586+860530+98037+1008567+2228000)/26016144$ $= 1.16$	$(177691+4579425+4751206+26085+4777291)/16515332$ $= 0.87$

Total Asset Turnover:

Total Asset turnover = *Interest Income/Total Assets*

<b>2018</b>	<b>2019</b>
5701866/11031768 = 0.52	23945498/76013274 = 0.32



### Debt to Asset Ratio

$$\text{Debt Ratio} = (\text{Total Debt}/\text{Total Assets})$$

<b>2018</b>	<b>2019</b>
$(555389+26016144)/76013274 = 0.35$	$16515332/11031768 = 1.50$

### Operating Profit Margin

$$\text{Operating Profit Margin} = (\text{EBIT}/\text{Interest Income}) * 100$$

<b>2018</b>	<b>2019</b>
$(286578/803180) * 100 = 36\%$	$(254700/860132) * 100 = 30\%$

### Net Profit Margin:

$$\text{Net Profit Margin} = (\text{Net Profit After Tax}/\text{Interest Income}) * 100$$

<b>2018</b>	<b>2019</b>
$(286578/1643385) * 100 = 17\%$	$(254700/2243380) * 100 = 11\%$

### Return on Asset:

$$\text{Return on Asset} = (\text{Net Profit After Tax}/\text{Total Assets}) * 100$$

<b>2018</b>	<b>2019</b>
$(286578/11031768) * 100 = 3\%$	$(254700/76013274) * 100 = 0.34\%$

### Annual Growth Rate for Sales forecast:

$$\text{Annual Growth Rate} = \left( \frac{\text{Future Value}}{\text{Beginning Value}} \right)^{\text{Number of periods}} - 1$$

From 2018 – 2019

s

$$\text{Annual Growth Rate} = \left( \frac{4471001}{397248} \right) - 1 = 12.55\%$$

From 2019 – 2020

$$\text{Annual Growth Rate} = \left( \frac{4770001}{447100} \right) - 1 = 6.69\%$$

From 2020 – 2021

$$\text{Annual Growth Rate} = \left( \frac{5950001}{477000} \right) - 1 = 33.11\%$$

From 2021 – 2022

$$\text{Annual Growth Rate} = \left( \frac{9440001}{595000} \right) - 1 = 58.60\%$$

## Forecasted Financial

### Ratios: Current Ratio

2020	2021	2022
$(9444716*15\%)/(16515332*10\%) = 0.86$	$(9444716*25\%)/(16515332*15\%) = 0.95$	$(9444716*35\%)/(16515332*20\%) = 1.00$

### Quick Ratio

#### 2020

$$= (177691+4579425+4751206+26085+4777291) *10\% / (16515332*5\%) = 1.73$$

#### 2021

$$= (177691+4579425+4751206+26085+4777291) *15\% / (16515332*5\%) = 2.60$$

#### 2022

$$= (177691+4579425+4751206+26085+4777291) *20\% / (16515332*5\%) = 3.47$$

### Debt to Asset Ratio

2020	2021	2022
$(16515332*5\%)/(11031768*15\%) = 0.50$	$(16515332*4\%)/(11031768*20\%) = 0.30$	$(16515332*5\%)/(11031768*30\%) = 0.25$

### Total Asset Turnover

2020	2021	2022
$(23945498 * 15\%) / (76013274 * 10\%)$ = 0.47	$(23945498 * 25\%) / (76013274 * 15\%)$ = 0.53	$(23945498 * 35\%) / (76013274 * 20\%)$ = 0.55

### Return on Assets

2020	2021	2022
$(254700 * 20\%) / (76013274 * 5\%)$ = 1.34%	$(254700 * 30\%) / (76013274 * 6\%)$ = 1.68%	$(254700 * 50\%) / (76013274 * 5\%)$ = 3.35%

### Net Profit Margin

2020	2021	2022
$(491150 / 3243380) = 15\%$	$(882749 / 3143380) = 28\%$	$(1234540 / 3343380) = 37\%$

### Operating Profit Margin

2020	2021	2022
$(491150 / 1360132) = 36\%$	$(882749 / 675100) = 131\%$	$(1234540 / 810132) = 152\%$