



Report On  
Effectiveness of the tools and techniques used for the marketing of  
Supply Chain Finance products of IDLC

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

BRAC Business School  
BRAC University  
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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.

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

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**Nowsheen Anjum Joya**

ID: 18204023

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

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**Rahma Akther**

Senior Lecturer

Bracu Business School

Date: 28/09/2022

To,

Rahma Akter

Lecturer

BRAC Business School

BRAC University

66 Mohakhali, Dhaka-1212

**Subject: Submission of Internship Report**

Dear Ma'am,

It brings me great pleasure to be able to submit the internship report that I have prepared from my experience of working as an intern with IDLC Finance Limited under the Supply Chain Finance Department. I have worked here as an intern for a time period of three months from the 22<sup>nd</sup> of May till the 22<sup>nd</sup> of August.

It was an amazing experience and I tried my best to carry out my supervisor's instruction and meet the needed criteria. This internship program gave me the opportunity to learn through experience. Being able to link my theoretical knowledge with the experience I have gained while working here will help me in my career.

I would like to thank you for your guidance and for the support you have provided me with all my queries regarding this report. I have attempted my best to finish the report with the essential data and recommended proposition in as significant a compact and comprehensive manner as possible. I trust that the report will meet the requirement. I will sincerely welcome any suggestions regarding my report.

Sincerely yours

Nowsheen Anjum Joya

Student ID: 18204023

BRAC Business School

BRAC University

Date: 22<sup>nd</sup> May, 2022

## **Non-Disclosure Agreement**

As a former intern of IDLC **Finance Limited**, I am aware that I have had access to much information some of which may be subject to confidentiality as this information can be business strategic and extremely vital for the organization. I recognise that I am required to uphold confidentiality of this information at all times. I understand that I will not share, discuss, or reveal any of this information with anyone.

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

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**Nowsheen Anjum Joya**

ID: 18204023

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

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**Rashed Hossain**

Head of Supply Chain Finance

IDLC Finance Limited

## **Acknowledgement**

This Internship program that I had with IDLC Finance Limited was a 3-month long program and it helped me learn how a non-banking financial institute operates. It was insightful and was a great learning experience. The practical knowledge that I have obtained here will be of much help in my career. I am grateful for the opportunity to work here alongside the experienced co-workers. They were so helpful and willing to teach me. I would like to give my gratitude to everyone who helped me and guided me in order to prepare this internship report. It wouldn't have been possible without their insight.

Firstly, and most importantly, I would like to convey Allah Almighty for his blessings. Despite, the difficult situation going about I was able to stay in good health. Without his protection and guidance, the completion of this report would not have been possible.

Secondly, I would like to thank my academic internship supervisor Ms. Rahma Akhter for her guidance throughout the entire process. I am extremely grateful that whenever I asked her for anything regarding my report she was willing to lend me her valuable insight. She was always available and with her help and support it was possible to finish this report in due time.

Furthermore, I would like to extend my sincerest gratitude to my organization supervisor Mr. Tanvir Shawkat, the head of the supply chain finance department. He was very supportive and his guidance made the entire journey a fruitful learning experience. He and his team consisting of Mr. Naimul Hasan Fayem, Mr. Nawshad Khan, Mr. Mosaddek Hossain, Mrs. Swasti Barai, Mr. Ahmadullah Taslim, Mr. Faisal Khan Shamim, Mr. Sharif Khan, Mr. Saiful Islam, Mrs. Israt Jahan and Mr. Bipul Hossain, were very kind and accommodating. They helped me integrate well with the company. They guided me and taught me everything. Additionally, I'd like to thank the new Head Of Supply Chain Finance Mr. Rashed Hossain for his support. They were very willing to answer my queries and also provided as much information as they possibly could in order to help me complete my internship report. I truly felt as if I were a valuable teammate working alongside them. I cannot express how fortunate I am to be able to work in such an amazing company under such amazing human beings.

Finally, my warmest appreciation goes to my parents who have been extremely supportive of me during my entire undergrad and internship journey. Without their love and care none of this would be possible.

## **Executive Summary**

IDLC Finance limited a public limited company doing financing business in Bangladesh for a period of 37 years with a philosophy of “Financing Happiness”. The company maintains it No-1, position in all aspects from revenue generation to market value added, stakeholder’s management to human capital empowerment, patronizing green finance along with sustainable finance, special product for greater inclusion of female entrepreneurs, maintaining non-performing loan way below to the industry average, etc. Company’s has been performing better even during a tough pandemic as its net interest income increased by 10% in the year 2021 compared to the year 2020. Net interest income in the year 2020 was estimated at BDT: 4,219 million which increased to 4,650 million in the year 2021. Apart from that its retained earnings also increased by 16%. Retained earnings in the year 2020, was estimated at BDT: 3,088 million which increased to 3,595 million in the year 2021.

This report is prepared to partially fulfill the requirement of my bachelor of business administration degree. Thus, it is prepared as per report-structure provided by the Business School of the University. This report includes 3 (three) chapters namely Overview of Internship in chapter-1, Organization Part in Chapter-2 and the Project Part in chapter-3. In order to complete chapter-2 which includes numbers of financial and non financial analysis, annual report and financial statements of IDLC and 4 (four) major financing companies for the year 2017 to 2021 have been taken into consideration. While preparing chapter-3, a questionnaire survey has been conducted to find out the most popular marketing tools used by IDLC for on-boarding and retention of buyers for their financial products. Research unveiled direct marketing tools namely relationship marketing remains the most popular from both employee perspective and customers perspective. However, IDLC’s strong brand image, corporate reputation and reliable 37 years of service business experiences also played vital roles which need to be investigated further.

Finally, it was a 3 months excellent journey as I got the opportunity to work in a rich corporate cultured financial organization. As I have done my major in marketing, I still preferred to do my internship in a financing company to acquire knowledge from real life working experience in order-to complete my incompleteness of financing business knowledge.

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## **List of Acronyms**

1.	ASIAN	:	Association for South East Asian Nation
2.	BDT	:	Bangladeshi Taka
3.	BRI	:	Belt and Road Initiative
4.	BRICS	:	Brazil, Russia, India, China, South Africa
5.	BMRE	:	Balancing, Modernization, Rehabilitation, and Expansion
6.	CAR	:	Capital Adequacy Ratio
7.	CAD	:	Credit Administrative Department
8.	CIB	:	Credit Information Bureau
9.	CSR	:	Corporate Social Responsibility
10.	EU	:	European Union
11.	EVA	:	Economic Value Added
12.	FSA	:	Financial Statement Analysis
13.	HRM	:	Human Resource Management
14.	IAS	:	International Accounting Standard
15.	IDLC	:	Industrial Development Leasing Company
16.	KPI	:	Key Performance Index
17.	SCO	:	Shanghai Cooperation Organization
18.	SME	:	Small and Medium Enterprise
19.	SOP	:	Standard Operating Procedure
20.	SWOT	:	Strength Weakness Opportunity and Threat
21.	MFS	:	Mobile Financial Service
22.	MVA	:	Market Value Added
23.	NAFTA	:	North America Free Trade Agreement
24.	NATO	:	North Atlantic Treaty Organization
25.	NBFI	:	Non Banking Financial Institute
26.	NPL	:	Non Performing Loan
27.	OPEX	:	Operating Expenditure
28.	ROI	:	Return on Investment
29.	ROA	:	Return on Assets
30.	TAT	:	Turn-around-Time
31.	UNEP FI	:	United Nations Environment Finance Initiative

## **Chapter 1: Overview of the Internship**

### **1.1 Student Information**

**Name** : Nowsheen Anjum Joya  
**ID** : 18204023  
**Program** : Bachelor of Business Administration  
**Major** : Marketing  
**Minor** : Resources Management

### **1.2 Internship Information**

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

**Period** : 3 (Three) months- May, 22<sup>nd</sup> - 22<sup>nd</sup> August, 2022  
**Company Name** : IDLC Finance Limited  
**Department** : Supply Chain Finance  
**Address** : Bay's Galleria (1<sup>st</sup> Floor), 57 Gulshan Avenue, Dhaka 1212

#### **1.2.2 Internship Company Supervisor's Information:**

**Name** : Tanvir Shawkat  
**Position** : Head of Supply Chain Finance

**1.2.3 Job Scope – Job Description/Duties/Responsibilities:** As I was appointed as an intern in the Supply Chain Division of IDLC, I was assigned to do major pre-requisite tasks/formalities for effective (on-time, correct no. of clients, strictly following the SOP) and efficient (error-free, stakeholder's engagement) fund disbursement to its clients;

- i. Preparation and submission of pre-requisite documents for disbursement.
- ii. Collection of necessary documents from the clients. Communication carried out with the clients in order to collect disbursement pre-requisite documents and provide them to the Credit Administrative Department (CAD).



- iii. Memo preparation (e.g. deferral memo) to ensure disbursement takes place as per predetermined time frame.
- iv. Submit fund requisition to the treasury in advance to ensure next day disbursement.
- v. Arrangement and providing required statements and other documents as per client's request.
- vi. Supporting the disbursement schedule and ensuring the day to day disbursement requirement.

Along with the day to day task I worked closely for the process re-engineering of the overall invoice submission procedure in order to reduce Turn-around-Time (TAT) with higher efficiency.

### **1.3 Internship Outcomes:**

**1.3.1 Student's contribution to the company:** As an intern at IDLC, my work was mostly based around being a support to the Supply chain finance department. IDLC is one of the most reliable and prestigious financial institutes of the country. Every transaction, business decision and their execution is done under the stipulated standard operating procedure (SOP). As a result, it is difficult for an intern to be able to make any significant contribution in a company that have a formal structure with clear role profile of each employee, additionally maintaining high confidentiality is another concern for the company. Supply Chain Finance department's core product is it's factoring product and it has to be maintained regularly as this is the only regular transactional product in IDLC. Apart from other services provided by IDLC, supply chain finance is the only product where customers request for daily disbursement and collection of funds. The Supply Chain Finance department maintains a portfolio worth BDT: 2,000 million with 130 plus clients. Average monthly number of disbursements is more than 450. Therefore, on an average 20-23 disbursements are needed to be ensured on a daily basis. There are other factors involved to ensure disbursement such as invoice management (collection, submission, and data entry-recording into the system), disbursement pre-requisite document requirements, prerequisite approval requirement, fund requirements, etc. Due to the complexity of the total process it was difficult for an intern to make a significant contribution to the company. My contribution to the company may be summarized as;

- i. Worked closely with the Supply Chain Finance team in order to support the regular day to day transaction.
- ii. Worked under the guidance of a Senior Executive Officer to propose a project for the construction of a new work-flow design in order to improve the overall process flow among the stakeholders.

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

With IDLC Finance being one of the leading non-banking financial institutes of Bangladesh. Working here as an intern can have lots of benefits for students.

- i. An insight into how one of the most competitive non-banking financial institutes in Bangladesh operates.
- ii. A unique opportunity to work in a company that is rich in diversity and has a very human approach management style. This helped me learn how to support and cooperate with team members in order to work effectively.
- iii. IDLC Finance provided competitive remuneration to its interns. A lot of companies in this country do not do this and the internship is usually unpaid. Despite being such a strong company in terms of its brand value and high demand in terms of job prospects they pay us the interns fairly. So we get good remuneration and the opportunity to work in a highly reputed company such as IDLC.
- iv. The friendly and respectful environment allowed us interns to learn a lot from the seniors. They were willing to listen and teach us various things. The company is one that follows a growth mindset and facilitates learning.
- v. As an intern my assigned work allowed me to further develop my soft skills such as my communication skills, time management skills, organization skills etc.
- vi. The team I was assigned to operates closely with the top-most management in the organization. So, it was easier to get an insight into how the corporate decisions are made, implemented and practiced throughout the organization.

### **1.3.3: Problems/Difficulties (faced during the internship period):**

Working at IDLC Finance Limited for three months as an intern granted me the amazing opportunity to learn how a dynamic work culture operates. Working at IDLC did have a few challenges;

- i. IDLC maintains strict confidentiality in order to safe guard information which are critical to the company's competitive advantage in the financial sector. Hence, it was difficult to get access to all the information needed for the completion of the intern paper.
- ii. The company is currently going through some internal changes. So, it was a struggle to get access to their internal software, which was necessary for me to have in order to do my tasks. It took some time for everyone in the department despite their consistent attempt to understand the new process and finally give me access to the software.
- iii. The transition from being a student to being an intern was difficult for me. As a student I was not used to spending eight hours in the office. The first week of the internship period was hectic.
- iv. At times there was not too much work for me to do. As I am an Intern and the department I was assigned to worked closely with the top management, most of their work was kept confidential.

### **1.3.4: Recommendations (to the company on future internships):**

For most of us the students, IDLC Finance Ltd is a dream place to get an opportunity to work in. Initially, we interns are motivated and energetic. However, the confidentiality issues that IDLC restricts us the interns from active participation. If there was a scope to make us the interns sign a non-disclosure agreement in order for us to get the opportunity to get access to more work that would give us the interns opportunity to learn more.

## **Chapter 2**

### **2.1 Introduction:**

Non-Banking Financial Institutes (NBFI) plays a valuable role in the country by addressing the diverse financial need in the market. NBFIs typically play the role of allocating surplus resources to people and businesses that have financial shortfalls. It also works to increase competition in the financial sector by unbundling innovative financial services and specializing in individual needs. The primary areas of focus for NBFIs are selling of loans and advances, trading of shares, bonds, debentures, securities issued by local or state governments, as well as other securities with a similar marketability.

NBFIs carry out marketing in order to identify the need in the market for its services, influence the development of their services in order to create value and satisfy both the customer and the NBFI institute. IDLC uses different types of marketing tools to attract and satisfy customers, these tools include; (1) Direct Marketing- personnel selling, marketing promotion, relationship marketing, etc. (2) Indirect Marketing- digital media, print media, TV commercial or TV show sponsorship, sports sponsorship, etc. Proper utilization of these tools and techniques can help increase the company's revenue, ROI, MVA, reputation, authority in the market and added value to its product and service. Marketing can therefore play a significant role in the demand for NBFIs services.

### **2.2 Overview of the Company;**

IDLC Finance Limited was incorporated in Bangladesh as a public limited company on May 23, 1985 under the Companies Act, 1913 in its earlier name of Industrial Development Leasing Company of Bangladesh Limited. The Company changed its name in August 2007. The registered office of the company is situated at Bay's Galleria (1st Floor), 57 Gulshan Avenue, Gulshan 1, Dhaka. The Company is registered as a Financial Institution under the Financial Institutions Act, 1993, governed by Bangladesh Bank (the Central Bank of Bangladesh) The Company went for public issue of its shares in 1993. Its shares are listed in both the Stock Exchanges in Bangladesh.

When incorporated, the Company started with lease and term financing, as its core businesses. It expanded its activities into ‘Short-Term Finance’ (factoring of accounts receivable and work order financing) and ‘Real Estate Finance’ operations in 1997. It also started car loan and personal loan services to individuals in 2004 and 2007, respectively. Now, the company has evolved itself as multiproduct financial institution.

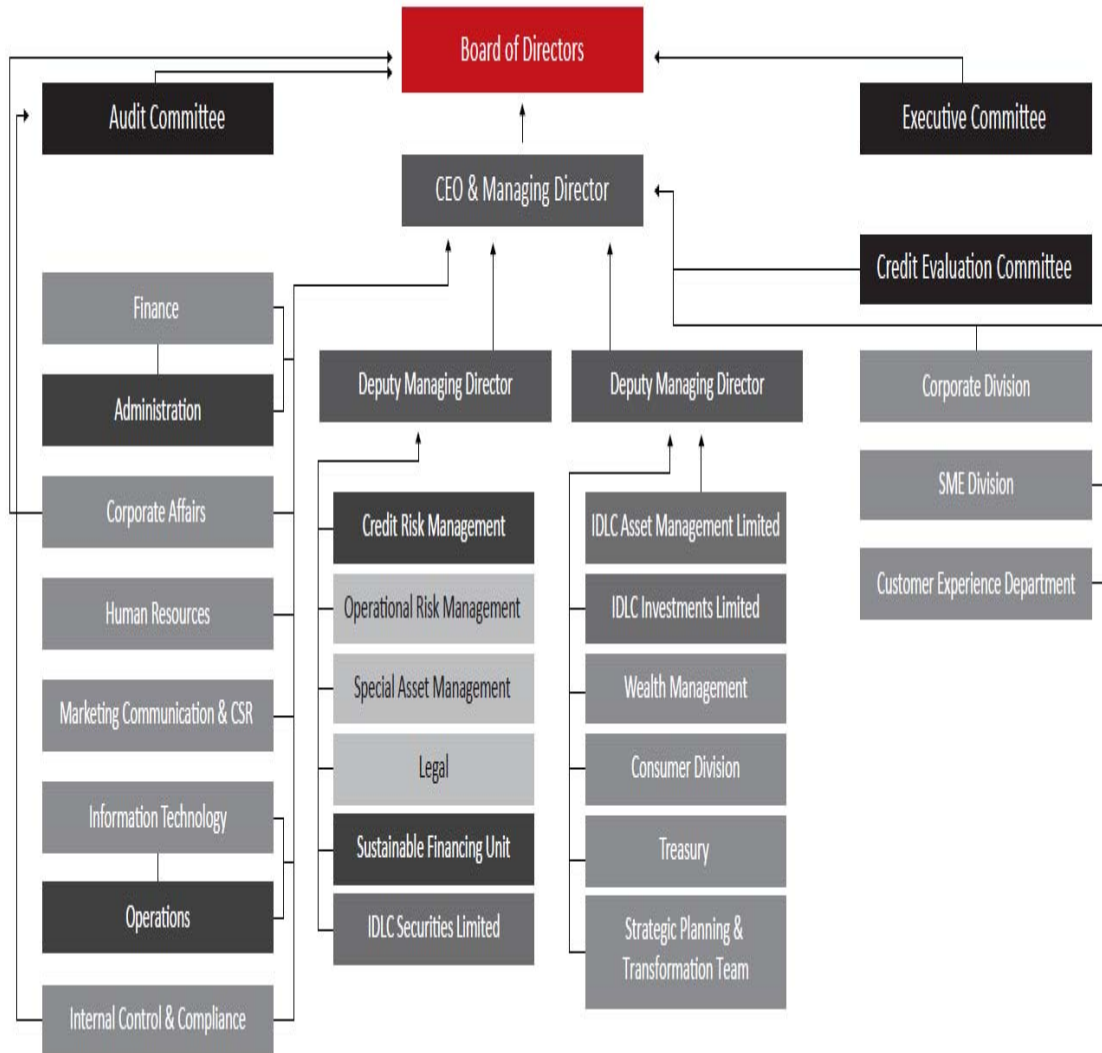
IDLC Finance Limited is a multi-product Non-Banking Financial Institution that was originally known as Industrial Development Leasing Company of Bangladesh Limited (IDLC). Currently, it is one of the leading NBFIs in this country. The subsidiaries of IDLC Finance Limited consist of (1) IDLC Securities Limited (2) IDLC Investment Limited and (3) IDLC Asset Management Limited. This paper focuses on IDLC Finance Limited and discusses its management, marketing, operation management and information system practices and accounting practices. It will also analyze the organizations financial performance in comparison with its competitors. A through competitive analysis will also be carried out.

Details of the Structure /Organogram, Vision, Mission, Goals and Objective(s) of the company are depicted as follows;

**2.2.1 Organization Structure:** In order to maximize shareholders value, achieve and maintain sustainable growth, up-keep Company’s vision, mission, goals and objectives, a compatible organization structure has been proven critical.

IDLC has its Corporate Organogram as well as Organogram for individual functional department. Corporate Organogram of IDLC is shown below;

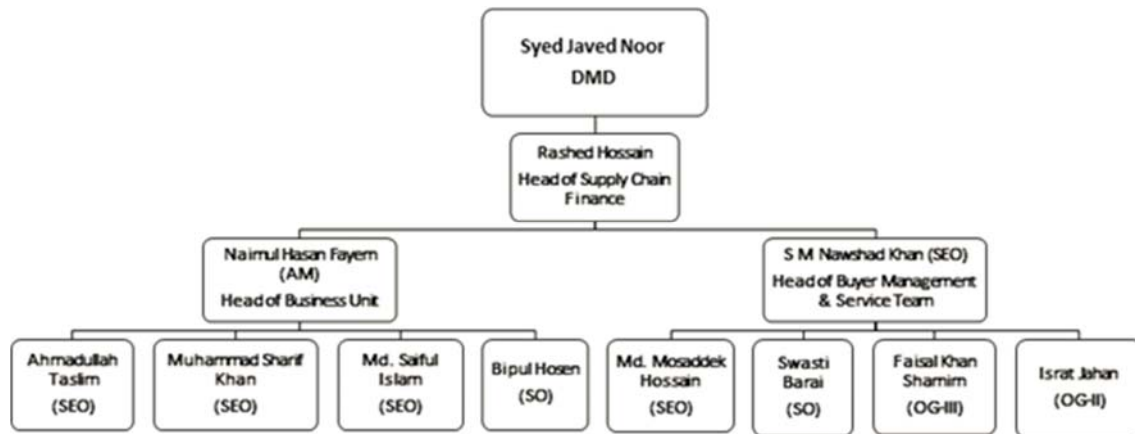
**Figure-1: IDLC’s Organogram for year 2021**



**Source:** IDLC’s Annual Report-2021

Supply Chain Finance department initially used to be under SME Division. However, from the beginning of the year 2022 it went under Corporate Division and then it split off and at present Supply Chain Finance is a separate division that reports directly to the CEO & Managing Director. The new Organogram is yet to be approved.

**Figure-2: IDLC’s Organogram of Supply Chain Finance for the year 2021**



Source: IDLC’s Supply Chain Finance Function

**2.2.2 Vision, Mission, Goals and Objective(s) of IDLC:** Within the Financial Industry of Bangladesh; IDLC is one of the leading Non-Banking and highly reputed financial organisations of the country. It has a very clear Vision and Mission statement. IDLC’s stakeholders are very much aware of its Goals and business Objectives. This places IDLC at the head of leading Non-Banking Financial Institute. IDLC’s Vision, Mission, Goals and Objectives are shown below;

**2.2.2.1 Vision:** “We will be the best financial brand in the country”

**2.2.2.2 Mission:** “We will focus on quality growth, superior customer experience and sustainable business practices”.

**2.2.2.3 Goal (s):** In order to be focused and more specific to maneuver the business activities IDLC differentiated its goals into 3 (three) major terms namely (i) Short-term, (ii) Medium-term and (iii) Long-term. Goals of IDLC sets on the basis of different terms are discussed below;

**(i) Short Term Goals:** The short term goals of IDLC Finance Limited involved becoming one of the greatest financial brands in Bangladesh. Additionally, the company wants to digitally enable their retail operations, increase its presence across the country in a geographical

aspect and elevate financial inclusion considerably by service diversification. IDLC Finance Limited short term aims also include becoming no. 1 employer of choice among the local financial institutions, be one of the top 5 most efficiently-run companies within the financial sector and continue finding innovative ways to be one of the most socially responsible institution in the country

**(ii) Medium Term Goals:** The medium term goals include, continuing catering to existing segments while working towards affordable and high volume businesses. Also, to achieve major advancement in retail base, catering to mass people for lending, deposit and other wealth management products. The company also aims to implement more broad and well defined analytics solutions in order to improve credit appraisal, faster customer acquisition and forecasting requirements. Furthermore, the company aims to execute tech-based solutions for customer on-boarding, client service & internal processes. The company also aims to optimize their client reach through their current distribution channels alongside adopting and implementing a digitized distribution network. One of their focus is also in obtaining a great brand recognition at the retail level. IDLC Finance Limited also intends to introduce effective hiring tools in order to improve their selection of the person-job fit, reduce recruitment times and achieve cost efficiency while doing so. One of their targets also involves the formalization of detailed career roadmaps and tailored career development plans for the key roles & top performing employees. Additionally, one the company intends to implement sophisticated reporting tools that enable greater monitoring & benchmarking of the various business verticals, lower their carbon footprint levels, optimize CSR efforts to maximize impact, obtain a portfolio growth during post- pandemic while upholding their credit quality and finally set up the foundation for digital lending.

**(iii) Long Term Goals:** IDLC Finance Limited's long term goals include the improvement of the credit & collection processes in order to effectively restrict NPLs to acceptable levels and look further into the policies and processes to ensure portfolio quality in the backdrop of business growth objectives. One of the targets is also to implement Credit Risk Grading (CRG) based on financing at a larger scale. The company aims to double down on customer segmentation and focus on identifying the needs of the customers, their concerns, and the actual touch points through market research. Additionally, the company wants to enhance its efficiency through process automation. Carry out an elaborate review of their promotional strategy and execute campaigns to expand brand recognition across different tiers of possible



customers. One of their major focuses is on further investing in talent development. Also, target at a significant improve on our objective based performance management process across the organization

For the employees the company intends to identify all roles, determine banding of roles and further align employee rewards & compensations accordingly, introduce more employee engagement initiatives and surveys. In order to obtain efficiency, the organization plans on constructing a detailed data strategy and initiate, among other things, a drive towards improved analytics for management reporting and also establishing a more detailed community welfare roadmap

**2.2.2.3 Objective(s);** Unlike any other business; IDLC also has both (a) financial and (b) strategic objectives(s) to achieve. Details of Financial and Strategic objectives are discussed below;

**(a) Financial Objectives:** We have inquired to know the financial objectives of IDLC and informed because of strategic importance and business confidentiality this information is not subject to disclosure.

**(b) Non-Financial /Strategic Objective(s);** Non-Financial objectives of IDLC include; Maintain Strong Funding Mix, fully leverage the core banking function, attract, retain and develop talented human capital and Continuously Improve Operational Efficiency.

## **2.3 Management Practices:**

Management practice in IDLC includes its democratic and participative style of leadership, formal disclosure of mission and vision statement, openness of goals and objectives, its Human Resources Management (HRM) policies and practice, execution and controlling of management policies and procedures etc. are discussed below;

**2.3.1 Leadership style in IDLC;** In general, most of the business practices three types of leadership styles;

**Figure-3:** Kurt Lewin’s Leadership Style



IDLC mostly exercises a democratic style of leadership which is considered to be one of the most effective leadership styles. A democratic group leader provides direction, but they also engage with the group and welcome feedback from other participants. So, there is a significant openness in both ways of communication. In order to set business targets, HR budget, OPEX budget for functional departments, development and execution of business policy and procedures; a participative leadership is practiced. This type of leadership facilitates greater leverage in participative decision making. Openness in communication and formal structure of the organizations, clear reporting line of the team members of the organization also ease organizational harmony and dynamics. As a result IDLC has the lowest level of employee turnover and amongst its strategic group. Average length of service of an employee has been increasing continuously since the year 2017 to 2021.

**Table 1:** Trend of employee’s average length of service;

Year-	y-2021	y-2020	y-2019	y-2018	y-2017
<b>Average length of service (in years)</b>	5.48	5.26	4.55	4.37	3.53

**2.3.2 IDLC’s Human Resources Management (HRM) policies, Procedures and Practice;**

IDLC's HR department is responsible for developing the HR budget ahead of a business year being started. All functional departments are notified to send their HR requisition to the HR department along with the specification of the incumbent, job description, etc. Budgeting for human resources in IDLC Finance Ltd involves determining the incumbent position in the organogram, employee compensation package, cost of hiring, training and development, etc. in a nutshell cost to company is estimated.

**2.3.2.1 Recruitment and selection process:** The purpose of the recruitment process is to find the most qualified candidates to fill open positions. All applicants are given equal job opportunities by IDLC, regardless of their ethnicity, religion, sex, age, capacity to pay, or any other factor recognized by the law of land.

When the requirement for a particular post arises, the concerned department lets the head of the department know and the head of the department communicates the need to the HR department. The HR department then verifies the need and then views the forecasted budget and checks their budget planning. After this phase is cleared the recruitment process begins.

IDLC follows two kinds of recruitment and selection processes, namely (I) External recruitment (II) Internal recruitment

(I) **External recruitment:** As per the requirement for the position, IDLC's human resource staff posts job openings in forums such as Bdjobs, LinkedIn and they even use a third party recruiter. Interested applicants can apply if they meet the following key requirements in order to be considered for a certain post. Their CV's are checked by both the HR department and the concerned department and the best CV's are chosen and the most qualified are shortlisted and called for sitting in an interview, a written exam and a presentation to show their capabilities for the post.

(II) **Internal recruitment:** As per the requirement if the HR department is aware of an employee who wants to shift departments and move to the vacant post then an internal recruitment is carried out. If the employee meets all the criteria then they are selected.

**2.3.2.2 Compensation and benefit;** The elements in the employee's salary and compensation package include the following:

- i. Salary- Basic Salary, House Rent, Medical Allowance, Festival bonus, Transportation allowance, etc.
- ii. Provident fund
- iii. Gratuity
- iv. Performance bonus
- v. Mobile allowance

**2.3.2.3 Training and Development Program:** Training is heavily emphasised in IDLC. By the year 2021 they implemented around 185 trainings. The department head conducts a talent gap analysis. Once, the need is recognised and the HR department is informed. Following that in accordance with the budget the HR plans on arranging the training programme. Examples of some training and development programs conducted by IDLC include; 1) Sales training 2) Training arranged by Bangladesh Bank on CIB 3) Excel training etc.

**2.3.2.4 Performance appraisal:** Ans: The head of the departments is tasked with the consultation of individual employee's sets Key Performance Index (KPI) against their job capacity at-least 3 months before starting a business year of the company. A 6-month interval review and feedback of the performance is also discussed with the employee and sometimes KPI's are reviewed with the changing scenario of business and organisational policies. Finally, once in a year employee appraisal is conducted on which employee's promotion, increment and other reward/ compensation is arranged.

## **2.4 Marketing Practices:**

IDLC’s marketing mix include its diverse (1) product range and pricing proposition, (2) promotion proposition, (3) people proposition (human capital / stakeholders engaged in marketing and sales activities), (4) places propositions as distribution channel and its own branches, etc. are discussed below;

**2.4.1 Product and Price Proposition of IDLC:** Product and Price Proposition of IDLC, mainly consists of two main service products namely: **Retail Finance and Business Finance**

**2.4.1.1 Retail Finance:** Retail Finance refers to the financing activities by which financial institutions offers products to credit worthy customers. IDLC’s Retail Finance products i.e. i) home loan, ii) car loan, iii) personal loan and their features are discussed below;

**(i) IDLC Home Loan:** In the Retail Loan basket, Home Loan is the top most sold product of IDLC. Major offerings within the home loan segment are; IDLC Loan for Apartment Purchase, IDLC Loan for Home Renovation, IDLC Loan for Home Loan Shield, IDLC Loan for Construction Project, Affordable Home Loan of IDLC, Semi Paka Loan, IDLC House Purchase Loan and IDLC Commercial Space Purchase Loan. Type of IDLC Home Loan and their features are shown in the table below;

**Tabl-2:** Type of Home Loan and their features of IDLC

SL	Type of Home Loan	Tenure / Year	Loan Amount	Remarks
1	Apartment Purchase	Up to 25 years	Up to 80% of Property value	Early pay option, visa card, CIB, TIN, salary certificate, bank-
2	Home Renovation	Up to 15 years	Up to 75% of Property value	
3	Home Loan Shield (single premium)	Equal to the home loan tenure	50 to 100% of total home loan	
4	Construction Loan	Up to 25 years	Up to 85% value of the construction- costs	
5	Affordable Home Loan (low-interest)	Up to 25 years	Up to 80% of property value	

				statement, gas, electricity bill, registration deed, mutation, etc.
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(ii) **IDLC Car Loan:** Amongst 3 of the Retail Loan products of IDLC, Car loan is 2<sup>nd</sup> most popular offering. This product is designed for customers of both brand new car lovers as well as reconditioned car (model age should not be more than 5 years) buyers. Main Feature of this product Include;

**Table-3:** IDLC’S Car Loan and its features;

SL	Features	Terms
1	Loan period	Maximum 5 Years
2	Repayment	Equal Monthly Payment [EMI]
3	Guarantee	No personal Guarantee Required
4	Buyer Income Range	BDT: 40,000-75,000 pm. [regular and sustainable]
5	Buyers Profession	Service-holder, professional, business person, NRB,
6	Buyers Age Limit	22 Years- 65 Years
7	Registration	IDLC Finance and Borrower’s, Joint Name
8	Loan Limit	Maximum possible limit as per individual profile
9	Type of Car	Sedan car, SUV, Jeep, Microbus etc.

(iii) **IDLC personal Loan:** With a numbers of unique features, IDLC personal loan is offered to individuals to fulfill their immediate need like education loan for children, marriage of self or dependent on him, emergency medical expenses, holiday abroad, etc. Following table displays the different features of Personal Loan;

**Table-4:** IDLC’S Personal Loan and its features

SL	Features	Terms
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1	Loan Amount:	100,000.00 Maximum
2	Loan period	Maximum 5 Years
3	Employment Record	Minimum 2 Years
4	Repayment	Equal Monthly Payment [EMI]
5	Guarantee	No personal Guarantee Required
6	Buyers Age Limit	20 Years- 60 Years

It is worth mentioning that buyer can use this loan for meeting financial liability, purchase consumer durables, home or car repair, etc.

**2.4.1.2 Business Loan:** IDLC Business Loan comprises of these types of loan service, namely; Loan for Small and Medium Enterprise-SME Term Loan, Purnota-Women Entrepreneur Loan, Seasonal Loan, Abashon-Commercial Housing Loan, Commercial Vehicle Financing, Working Capital Finance, Supply Chain Finance, Corporate Finance, and Structured Finance. Main features for few of the popular products are shown below;

**Table-5:** Business Loan products of IDLC and their key features

SL	Type of Home Loan	Tenure / Year	Loan Amount
1	SME Term Loan	13 to 60 months, EMI	Up to BDT: 5 crore, 35 lac without collateral
2	Purnota -Women Entrepreneur Loan	13 to 60 months, Flexible repayment based on the cash flow of business	Starting from 2 Lac, up to 35 lac without collateral, Under BB, Refinancing Scheme loans up to BDT 50 lac at 5% interest rate
3	Seasonal Loan	Up to 12 months EMI	Up to BDT 1 crore, up to 35 lac without collateral,
4	Abashan loan	Up to 20 years, EMI, disbursement: by phase	Up to 80% of LTC (Loan-to-Cost)

5	Commercial Vehicle Loan	13 to 60 months, EMI	Up to 80% of the price of the vehicle
6	Working Capital Finance	Up to 12 months, disbursement: phase-wise.	Up to BDT: 1 crore

In addition to the above Business Loan product of IDLC's (A) Supply Chain Finance that comprises (a) factoring (b) work-order finance, and (c) distributor finance which IDLC planned to prioritize from year 2021. While, (B) Corporate Finance and (C) Structured Finance, etc. are shown in the next page.

**(A) Supply Chain Finance:** As it is open to IDLC management that 70% of spent is dealt by Supply Chain Support function of every business. This function also can play a vital role for the sourcing of new buyers getting into the supply chain network of the potential buyers of financial products. Therefore, IDLC separated its Supply Chain Function from SME in the year 2022 and started its journey with the following offerings;

**(a) Factoring:** Factoring may be referred to as an activity through which financial institutions offer finance to mitigate customer's short term financial liquidity requirements. It may also be identified as a method of converting a non-productive, inactive asset / receivable to a productive and active asset by selling that asset to a company that specializes in their collection administration. Main Features of IDLC's Factoring product are shown in the table below;

<b>Features:</b>	<b>: Terms</b>
Loan period	: 1 year from the Sanction date
Loan Limit	: Any amount that is justified
Loan Amount	: Up to 80% of advance against verified invoices;
Repayment	: Maximum 180 days;
Buyer's Experience	: 2 years of continuous business experience



**(b) Work Order Finance:** It is another short term financing facility under supply chain finance. If potential or existing buyers of IDLC products have a supply order/ work order in hand and require short term finance to fulfill the work order, IDLC is ready to offer work order finance to this buyer. Main features of work order finance are shown in the table below;

<b>Features:</b>	<b>: Terms</b>
Loan period	: 1 year from the Sanction date
Loan Limit	: Any amount that is justified
Loan Amount	: Up to 60% of advance against verified invoices;
Repayment	: Maximum 180 days;
Buyer's/Customers Profile	: Have recurring sales on credit to corporate buyers;
Buyer's Experience	: 2 years of continuous business experience

**(c) Distributor Finance:** It is common in distribution business that a distributor may fall into liquidity problem and need short term finance to tackle the situation; IDLC finance designed a short-term financing product called distribution finance to help the supply chain remains in operation. Major features of distribution finance are shown in the table below;

<b>Features:</b>	<b>: Terms</b>
Loan period	: 1 year from the Sanction date
Loan Limit	: Any amount that is justified
Loan Amount	: Up to 100% to corporate on behalf of the distributor;
Repayment	: Maximum 180 days;
Buyer's/Customers Profile	: Have recurring sales on credit to corporate buyers;
Security Required	: If loan amount exceeds BDT: 2,000,000.

**B] Corporate Finance:** In order to inject additional funds in operation, business may require finance for further increase of production and sales. Major products under corporate finance include; (i) Term-Loan, (ii) Project Finance, (iii) Working Capital, Loan, (iv) Lease Finance, (v) Term Loan for Commercial Vehicle, (vi) Term Loan for Commercial Space, Bridging Loan, etc.;

**(i) Term Loan:** Term Loan is a product that lenders may buy for land acquisition, introduce new projects, build new construction, meet capital expenditures, doing BMRE, etc. Main features of IDLC's term loan are shown below;

<b>Features:</b>	<b>: Terms</b>
Loan period	: Flexible
Loan Limit	: Tailored to business requirement
Repayment	: Structured Repayment

**(ii) Project Financing:** A long-term loan intended to make it easier to start any new project for corporate integration or diversification, increasing production capacity, updating old projects, and implementing new technologies.

<b>Features:</b>	<b>: Terms</b>
Loan period	: Based on cash flow
Loan Amount	: As per standard of debt-equity structure
Repayment	: Based on project implementation timeline;

**(iii) Working Capital Loan:** Working Capital Loan may accommodate business needs for the procurement of raw materials, payment of overhead charges, or ongoing operational needs of the firm. The short-term facility can be used to close a funding gap in the company by making one-time or multiple disbursements.

<b>Features:</b>	<b>: Terms</b>
Loan period	: 360 days
Repayment	: Structured repayment mode.

**(iv) Leasing Financing:** An excellent way to assist a business's capital expenditures for buying machinery, equipment, vehicles, building and industrial machinery, ships (inland and at sea), etc. Refinancing using a Sale & Lease Back program and a fully equity-backed asset.

<b>Features:</b>	<b>: Terms</b>
Loan period	: As per business requirement
Loan Amount	: Up to 100% of procurement cost or net value;
Repayment	: Customizable repayment mode

**(v) Term Loan for Vehicles/Commercial Vehicles:** Long-term loans are given to business clients so they can purchase private vehicles for directors and executives to use as well as commercial vehicles.

<b>Features:</b>	<b>: Terms</b>
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Loan period	: Flexible
Loan Amount	: Up to 100% of procurement cost or net value;
Repayment	: Customizable repayment mode

**(vi) Term Loan for Commercial Space:** This loan provides long-term loans to business clients for the purchase of factory, warehouse, showroom, office space, and other property.

<b>Features:</b>	<b>: Terms</b>
Loan period	: Extended & Convenient Loan Tenure
Loan Amount	: Suitable moratorium period as per business needs
Repayment	: Customizable repayment mode

**(vii) Bridge Loan:** Facilities for short-term funding that are intended to bridge a firm's financial gap while implementing new projects, grow an existing business, or restructure debt. This interim financing helps a company to meet its present financial responsibilities by supplying quick cash flow, which finally satisfies the project finance or BMRE execution or timing requirements.

<b>Features:</b>	<b>: Terms</b>
Loan period	: Up to 360 days
Loan Amount	: As per business requirement
Repayment	: Highly structured repayment mode
Security Package	: Flexible

**C) Structured Finance;** Structured Finance is a financial instrument/ product that involves financing to a large business enterprise or a financial institution by another enormous financial institution like IDLC.

(a) Project Finance and Loan Syndication; IDLC's specialized management team serves its customers through efficient study of the viability of a project, designs and offers best-fit financial solution according to the project requirement, rising fund from national and international market, issuing different financial products and also engage in coordinating multiple stakeholders engaged in transaction.

(b) Foreign Currency Loan: IDLC is a company that plays a vital role in sourcing funds and disbursement in places to get better ROI. It generally arranges low-cost US\$ financing with attractive tenure and grace period for suitable projects. The company also engages in the arrangement of floating/ fixed rate of USD debt to hedge against foreign currency risk, etc.

(c) Agency and Trustee: For syndication deals and project financing, IDLC's agency services include loan documentation, disbursement, as well as overseeing project execution loan repayment; its trustee services are focused on safeguarding the interests of bondholders through effective and timely realization and distribution of coupon payments and final settlement within a legal framework

Alternative Financial Solutions: IDLC offers alternative financial services to its customers by breaking the shackles of traditional financing business. Its Alternative Financial Solutions include;

(i) Arranges to issuance of; Preference Share for the clients through subscription from various banks, financial institutions, and institutional investors;

(ii) Arranges to issuance of; Zero-Coupon Bond and Corporate Bond as a long-term financing solution with an attractive discount rate for both the issuer and the investors;

(iii) Arranges the issuance of; Commercial Paper as a short term alternative solution to meet up the working capital requirement for the corporate houses.

**2.4.2 Promotion proposition of IDLC:** IDLC Finance limited mostly follows two types of marketing promotional strategy: (I) Direct Marketing (II) Indirect Marketing

**(I) Direct Marketing promotion:** It is an act of communicating an offer directly to a target client and providing them with a way to respond immediately is known as direct marketing. Direct Marketing tools used in IDLC Finance Limited include: (i) Personal Selling (ii) Relationship marketing, (iii) .Social-media marketing and (iv) Trade Shows.

(i) Personal Selling: In case of a Non Banking Financial Institute such as IDLC. Personal selling is basically the process of supporting and persuading a potential buyer to purchase a product in face-to-face situation. In IDLC Finance Limited, it can be observed that the relationship managers carry it out through phone calls and a face to face meeting. They communicate with the potential client of their financial product and persuade them in purchasing the product.

(ii) Relationship Marketing: IDLC employs direct marketing tactics such as relationship marketing to both acquire new customers and retain existing ones. In order to execute relationship marketing effectively, IDLC's relationship management department plays an active role. They organize (a) Gift item distribution (b) Events such as dinner parties and (c) Send greeting cards and cakes during events such as new-year.

(iii) Social-media marketing: IDLC Finance Limited uses social media as a direct marketing tool in order to communicate with specific consumer. They use Facebook to target mostly the SME and the common people while LinkedIn is used to target corporate businesses. This can also have an effect in on-boarding and retaining clients. Social-media tools such as Facebook, LinkedIn, YouTube Ad's and even its own Website.

(iv) Trade Shows: IDLC participates in Fare and Trade shows, which are regarded as a vital communication technique for those companies, making them an integral part of the marketing communication strategy. This enables companies to: develop customer relationships; offer opportunities for sales and sales promotion; undertake and maintain good business relations; monitor competition; and minimize entry barriers in new markets.

**(II) Indirect marketing promotion:** It is an act of communicating in which brands market their products indirectly rather than directly. The brands will not try to sell anything to the customer in indirect marketing. Instead, the focus is on increasing brand awareness and trust among the potential customers. The types of In-direct Marketing tools utilized by IDLC Finance Limited are: (i) Public Relation, (ii) Print Media such as newspaper and magazine, (iii) Social Responsibility initiative, (iv) Television, (v) Billboards, (vi) Sponsorships, etc.

(i) **Public Relation:** A public relations strategy is used by IDLC its public relations (or media relations) activities and making strategic decisions about how to communicate with the mass people and enhance its reputation and brand value while using PR.

(ii) **Print media such as newspaper and magazine:** IDLC Finance Limited uses print media as a type of mass communication in which news and information are created and disseminated through printed publications.

(iii) **Social Responsibility initiative:** IDLC Finance Limited is dedicated to sustainable development by creating long-term value for our stakeholders, the environment, and the community. The company has signed up for a few local and international initiatives that promote sustainable business practices and CSR activities. This can also play a significant role as an indirect marketing strategy.

(iv) Although these initiatives are voluntary in nature, compliance with globally acceptable CSR standards like, UNGC (United Nations Global Compact), CSR Centre, UNEP FI (United Nations Environment Program Finance Initiative), etc. are required:

(v) **Television:** Instead of communicating directly with customers, indirect marketers will promote IDLC products through television commercials. They don't have to avoid targeting specific people with specific needs this way; instead, they target everyone with an ad that is relevant to some but not all potential buyers.

(vi) **Billboard:** Similar to television commercials the billboards be used to communicating directly with customers, indirect marketers will promote their products through can be designed to target everyone with an ad that is relevant to some but not all potential buyers.

**2.4.3 People Proposition of IDLC:** In IDLC, scope of people proposition includes its stakeholder's engagement and management through a diverse business process. In current state of business, inclusion of stakeholders for sustainability is top priority. Thus, IDLC's people proposition include effective and efficient management of both internal and external stakeholders from and within the business and also who have interest and power to influence and or stimulate its business process. In a broader aspect, IDLC has identified its stakeholders from Economic perspective, Environmental Perspective as well as Social Perspective and to be more specific IDLC defines it people proposition encircling by 3P [triple-bottom-line] i.e. profit, planet and employee & community as people. Detail of the IDLC's people propositions are shown in the chart below;

**Figure-4: IDLC's stakeholders-people propositions**



**2.4.4.1 People Proposition under Economic Perspective:** It is clear from the above chart that IDLC's people proposition under Economic perspective includes its shareholders, customers, suppliers and regulators. In order to be transparent and visible to this group of people, IDLC have its highly interactive website, award winning annual report, monthly business review magazine, publication of periodic financial statements and market sensitive information, relationship management programs like periodic meet, gift on special occasion, declaration of dividend and its on-time disbursement, maintain capital adequacy ratio, economic value added-EVA, market value added-MVA, etc. are few of the examples of its endeavor.

**2.4.4.2 People Proposition under Environmental Perspective:** IDLC acknowledges the importance of environmental protection for people's well-being. Additionally, central bank of the country Bangladesh Bank has a policy in this regard that prescribes that all NBFI's must ensure 5% Green Finance under long-term-finance portfolio and 20% of the total disbursement for Sustainable Finance. IDLC's disbursement in this segment exceeds the above given target by 2.3% and 0.99% respectively. IDLC also provided 10% of CSR fund to Climate Risk project through Tree Plantation program and building Solar Power Village.

**2.4.4.3 People Proposition under Social Perspective:** IDLC's social perspective of people proposition encompasses the Employee of the company and the Community. In order to



empower employee decision making IDLC encourages a culture of open communication, democratic and participative leadership, employee training and development, offers competitive compensation package, employee promotion and annual integrity award, etc. Furthermore, to support the welfare of the community IDLC's employees were put into training for Anti-Money-Laundering / Combating the Financial Terrorism. In addition, IDLC has a committee to monitor its whistle blowing policy regularly.

**2.4.4 Places as channel of distribution for sales:** The place in marketing mix or a distribution channel is a set of organizational arrangement that performs all the function required to make a product available at customers reach. In order to establish and maintain fundamental linkage between existing and potential buyers, IDLC's channel of distribution consists of its 39 branches and the team presence in diverse geographic location. IDLC has established its own branches at different strategic location evaluating the business potential. Each branch is provided with sales target by product. As per company policy, branches use most of the direct marketing tools like personal selling, etc. to leverage for customer cultivation. However, IDLC's very strong brand value, corporate image, superior relationship marketing strategy, tools and techniques helps it to on-board a new-buyer and let the existing buyer turn to a re-buyer. In general, individual sales person often spend more time to provide customers service activities than on selling to upkeep the tie with company. As IDLC sales its products directly to buyers there are hardly any intermediaries in the channel of distribution. IDLC's personal selling, customer service, company-buyers relationship and physical disbursement policy are so tightly integrated; they may be viewed as part of comprehensive sales and distribution program. Therefore, the company's Channel Structure includes its own establishments as branches instead of any intermediaries.

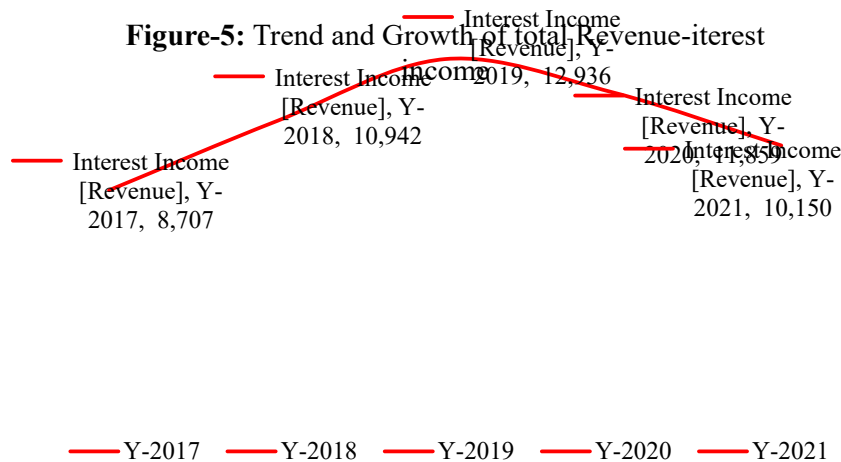
## **2.5 Financial Performance and Accounting Practice;**

**Financial Performance;** This report includes, Vertical and Horizontal Analysis of Income Statement and Balance Sheet Items, Financial Ratios, MVA, EVA, etc.

**2.5.1 Vertical and Horizontal Analysis of Income Statement Items:** In order to identify the trend and growth pattern of different dependent variables over the independent variable "Revenue- Interest Income", major variables for vertical and horizontal analysis taken for analysis include: Interest Expenses over Interest Income, Operating Expenses over Interest Income, Salary Expenses over Interest Income and Marketing Expenses over Interest Income

etc. are analyzed separately followed by a graphical representation of revenue trend of the business for the year 2017 to 2021 and detail of the analysis are described below;

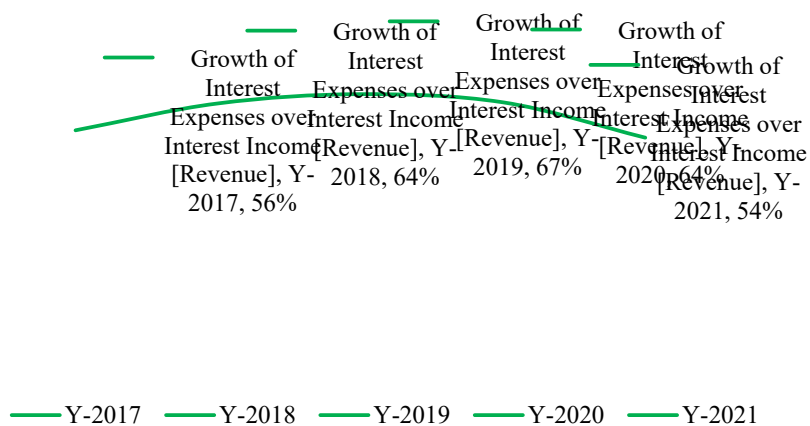
**2.5.1.1 Trend and Growth of Revenue-Interest Income:** IDLC the leading NBFI of Bangladesh has been maintaining it’s total average revenue around BDT: 11 thousand million for last 5 years (year-2017 to year-2021). However, probably due to COVID-19, company experienced with a negative growth for consecutive two years i.e. year 2020 and year 2021. Following line-graph shows growth trend of revenue of the company;



It is evident from the above line-graph that revenue has increased in the year 2018 and year 2019 compare to the base year 2017 which was around 26% and 18% respectively during year 2018 and 2019. In contrast, it suffered a revenue loss of 8% and 14% in the following year-2020 and 2021.

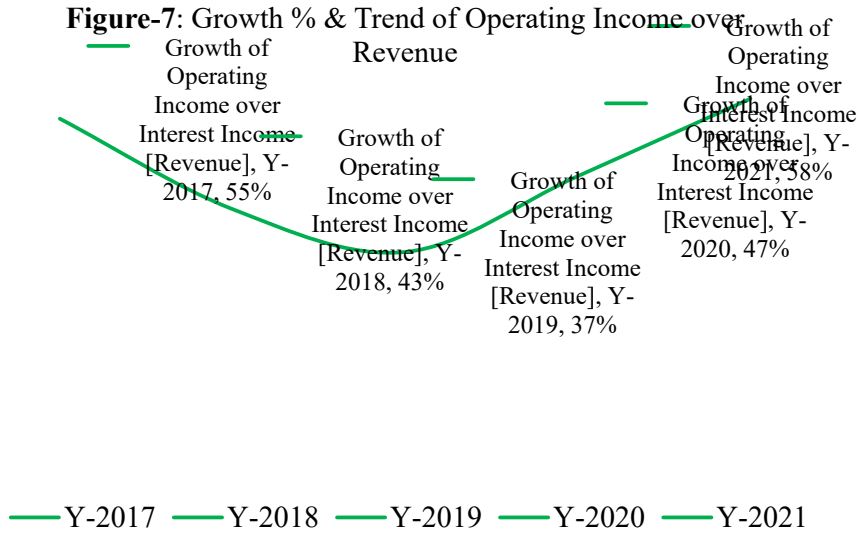
**2.5.1.2 Trend and Growth of Interest Expenses over Revenue:** In the year 2021, IDLC’s interest income was recorded at BDT: 10,150 million that suffered with a drop of 14% compare to the year 2020. 5 years trend analysis on interest income shows a growth in the year 2018 and 2019 are around 26% and 18% (year-on-year) but company has started experiencing a loss in interest income from year 2020 which continue till of the year 2021, details of which are shown in Appendix-FSA-1. However, vertical analysis shows an improvement in the cost reduction in Interest Expenses from the business year 2020 to year 2021. Following graph shown the growth pattern of interest expenses over company’s revenue generation;

**Figure-6: Growth % & Trend of Interest Expenses over Revenue**

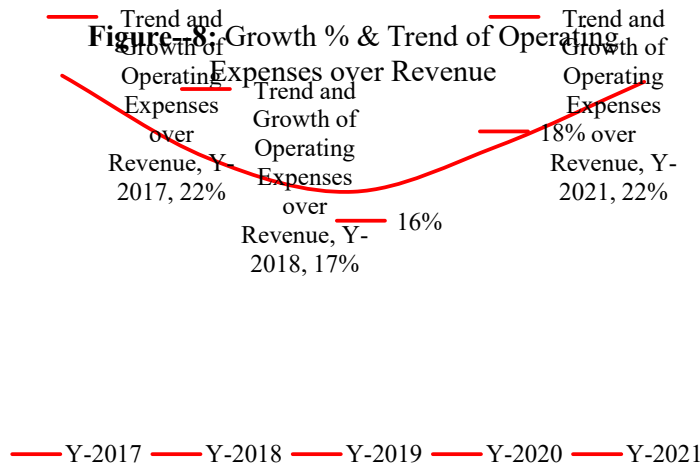


It is evident from the above line chart that percentage (%) of interest expenses over interest income have started decreasing from the year 2020 and the decreased is estimated at -4% and -16% [year-on-year] respectively as shown in Appendix-FSA-3. This may signify management efficiency protecting profitability through cost reduction when revenue suffers with a negative growth.

**2.5.1.3 Trend and Growth of total Operating Income over Revenue:** In the year 2021, company’s total operating income was estimated at BDT: 5,870 million against total revenue of BDT: 10,150 million, which represents company’s operating income, is 58% of the total revenue. Following line-graph shows the trend and growth of operating income over revenue;

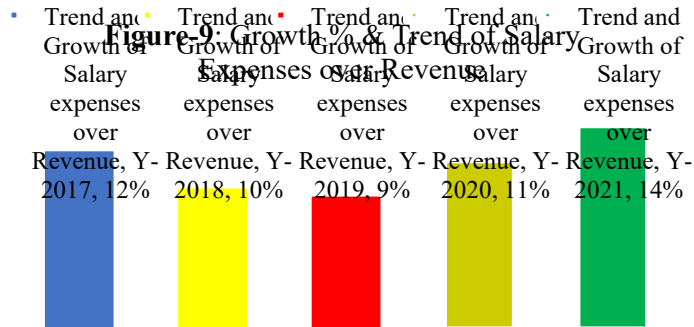


**2.5.1.4 Trend and Growth of total Operating Expenses over Revenue:** It is evident from the analysis that in the year 2019, total operating expenses of the company was BDT: 2,012 million which was 16% of total revenue of BDT: 12,936 million which increased in the following years by 17% and 20% respectively. Following line-graph shows the trend and growth of operating expenses over revenue;

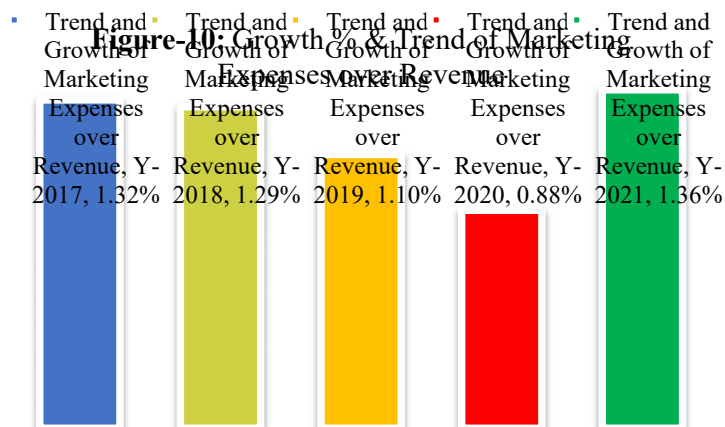


**2.5.1.5 Trend and Growth of Salary Expenses over Revenue:** In the year 2021, Company's salary expense was BDT: 1,392 million compare to its salary expenses of BDT: 1354 in the previous year 2020 which in an increment of 3%. However, as revenue decreased by 14% in the year 2021 compare to the year of 2020 thus, growth % of salary expenses over revenue is

reached at 14% which is eventually shows an increment of 20% compare to the year 2020 as shown in Appendix-FSA-3. Following bar chart shows the trend and growth % of salary expenses over revenue;



**2.5.1.6 Trend and Growth of Marketing Expenses over Revenue;** In the year 2021, marketing expenses of IDLC was BDT: 138 million which is an increment of 33% compare to its previous year 2020. In the year 2020, marketing expenses of the company was BDT: 104 million as shown in Appendix-FSA-1. Following bar-chart shows trend and growth of marketing expenses over revenue;

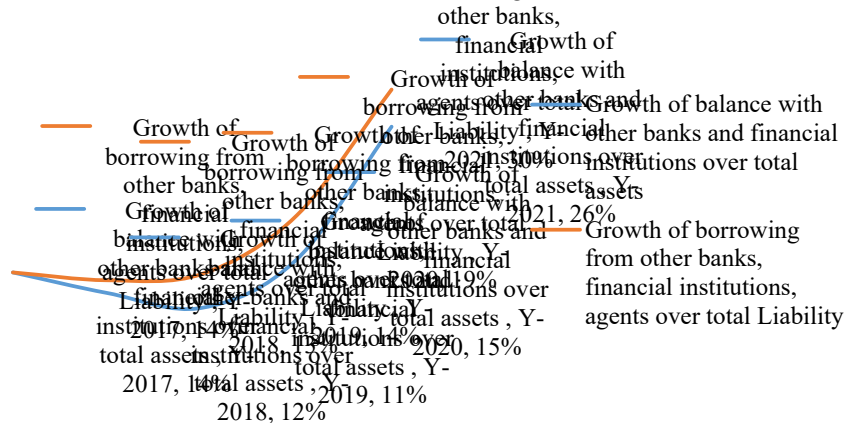


However, this growth is around 55% while comparing its growth against the revenue generation as shown in Appendix-FSA-3.

**2.5.2 Vertical and Horizontal Analysis of Balance Sheet Items:** In order to determine the relationship between total assets or total liability with other items of balance sheet, businesses generally conduct a vertical and horizontal analysis of the dependent items. as shown in Appendix-FSA-2 and FSA-3. Analyses on few of the Balance Sheet Items of IDLC are shown below;

**2.5.2.1 Trend and Growth of Borrowing to Total Liability and balance with other banks and financial institutions:** Operational efficiency of a financial institute highly depends on the borrowing finance from most cost effective sources and lending the same to most profitable avenues. The following line chart depicts the trend and growth percentage of borrowing and lending operation of IDLC over the last five years from year-2017 to year-2021. Horizontal analysis depicts growth of balance with other banks and financial institutions have increased by 78% in contrast to this the growth of borrowing has increased by 59% as shown in Appendix-FSA-8.

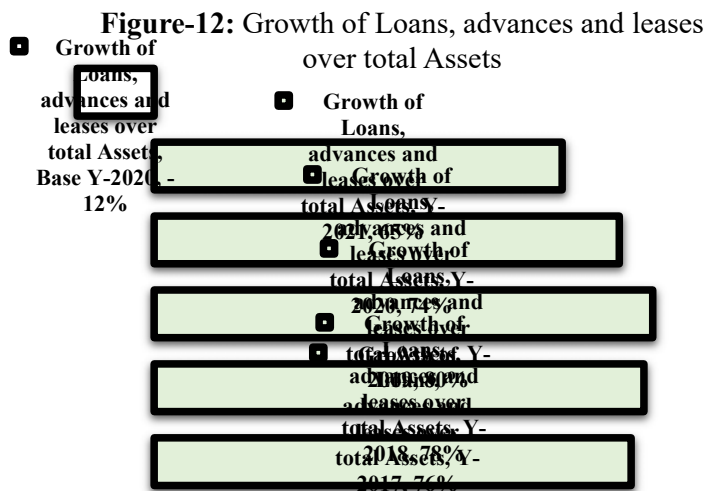
**Figure-11: Trend and Growth of borrowing to total liability & balance with financial institutions over total asset**



It is clear from the above line-chart that the company has been experiencing a flat growth during year-2017 to year-2018. Following this, the growth took the shape of a Hockey stick growth from the year-2019 and continued till year-2021. This type of growth expresses the level of strong confidence of stakeholders specially who lend funds to the company and also who borrow from it and this confidence develops over time because of the company’s competitive policy, marketing strategy, top management commitment to business and its customers and finally, its effective and efficient implication by the highly motivated execution team.

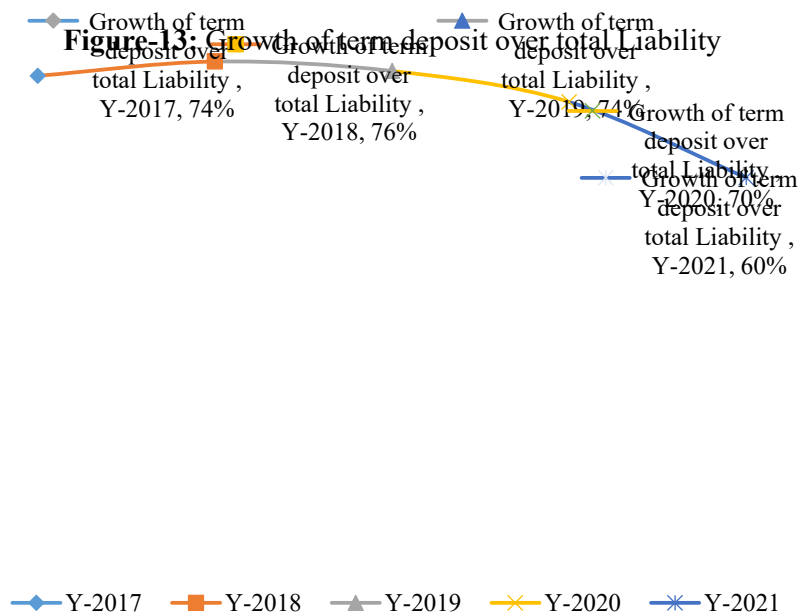
**2.5.2.2 IDLC’s Growth of Loans, advances and leases over total Assets:** In the year 2021, total assets of IDLC are estimated at BDT: 136,755 million out of which the company’s loans, advances and leases were estimated at BDT: 89,262 million which is 65% of total assets. In other hand, in the year 2020, total asset of IDLC is estimated at BDT: 123,419 million in which company’s loans advances and leases were estimated at BDT: 91,853 million which was 74% of total assets as shown in Appendix-FSA-8. Analysis revealed that there is an improvement in this item of balance sheet around 12% compare to the growth of its total assets.

Following bar chart shows the growth of Loans, advances and Leases of IDLC from the year 2017 to 2011



It is also evident from the analysis that IDLC has been maintaining the percentage of loans, advances and lease against its total assets around 80% since year 2017. However, a decline started from the year 2020 and continued till the end of 2021. It is estimated this reduction in the percentage of growth of loans, advances and leased is around 23% compare to the base year of 2019 as in the year 2019 total loans, advances and leased were BDT: 91,448 million against its total asset of BDT: 114,655 million.

**2.5.2.3 IDLC’s Growth of term deposit over total liability:** In order to meet regular business requirement financial institutions like IDLC buys different kinds of deposits from a numbers of individuals which is considered to be repayable when terms expires as per the contract. Term deposit is one of the most vital procured items for financial institutions as the term is predetermined and fixed, additionally the cost (payable interest) for this term deposit is also predetermined. Hence, business can develop a proficient plan on how to sell this term deposit to maximize their profit. The following line-chart shows the growth percentage and trend of term-deposit that IDLC purchased against its total liability from the year-2017 to 2021;



It is evident from the above line chart that procurement of term-deposit against total liability has started decreasing since year-2019. As shown in Appendix-FSA-8, in the year 2019, total term deposit against total liability was 74% which decreased to 70% in the year 2020 and it further declined and reached at 60% by the year-2021. The total decrease of term deposit against its total liability from the year 2019 to 2021 is estimated to be 23%. However, if we consider the year-2020 as the base year the growth of term deposit against total liability in the year 2021 is -15%.



3.5.1 **Ratio Analysis:** Ratio Analysis is a process to calculate and categorize financial strength and weakness of a business by properly establishing relationship between the items of financial statements. Major ratios discussed in this report include;

**Table-6: Type and list of major ratios discussed in this report;**

SL	Types of Major Ratios	Group of Major Ratios
1	<b>Profitability Ratio</b>	Gross Profit Ratio = $\frac{\text{Net Profit Before Tax}}{\text{Revenue}}$ Net Profit Ratio = $\frac{\text{Net Profit After Tax}}{\text{Revenue}}$
2	<b>Liquidity Ratio</b>	Current Ratio = $\frac{\text{Current Assets}}{\text{Current Liability}}$
3	<b>Leverage/ Gearing Ratio</b>	Debt to Assets Ratio = $\frac{\text{Total Liability}}{\text{Total Asset}}$ Deb to Equity Ratio = $\frac{\text{Total Debt}}{\text{Net Worth (Asset-Liability)}}$
4	<b>Efficiency Ratio</b>	Fixed Asset Turnover Ratio = $\frac{\text{Revenue}}{\text{Fixed Asset}}$ Asset Turnover Ratio = $\frac{\text{Revenue}}{\text{Total Asset}}$ ROI Ratio = $\frac{\text{Net Profit Before Tax}}{\text{Total Asset}}$ ROA Ratio = $\frac{\text{Net Income (Net-interest income)}}{\text{Av.Total Asset}}$ Operating Expenses Ratio = $\frac{\text{Operating Expenses}}{\text{Revenue}}$
5	<b>Non-performing loan Ratio</b>	Total amount of Non-performing loan ÷ Amount of Loan, advances, Leases
6	<b>Capital Adequacy</b>	Sourced: Annual Report of Companies
7	<b>MVA-Market Value Added</b>	Market Value of Share Outstanding (-) Book Value of Share Outstanding;
8	<b>EVA- Economic Value Added</b>	Net Operating Profit – Taxes – Cost of Capital;

**2.5.3.1 Profitability Ratio [NPAT/Interest Income]:** Profitability ratio is derived by dividing Net Profit after Tax by Revenue (in this case-Interest Income). In order to be sustainable, achieve and maintain profitability is the ultimate goal of every business. Following table shows comparatives of profitability ratio of major Completions with IDLC

**. Table-7: Profitability Ratio of IDLC and Major Competitions;**

<b>Name of Companies</b>	<b>Y-2017</b>	<b>Y-2018</b>	<b>Y-2019</b>	<b>Y-2020</b>	<b>Y-2021</b>
<b>IDLC Finance</b>	18%	15%	12%	19%	16%
<b>IPDC Finance</b>	11%	9%	8%	10%	13%
<b>BD Finance</b>	13%	15%	11%	14%	18%
<b>DBH Finance</b>	21%	18%	17%	15%	21%

It is evident from the above data that IDLC is following DBH in achieving highest percentage of net profit after tax against revenue.

**2.5.3.2 Liquidity Ratio [Current Ratio]:** Liquidity ratio is derived by dividing current assets by its current liability of a particular business date. In general, it is the last day of a financial year or a calendar year. In IDLC case it is as at 31 December of every year. Liquidity ratio is the indicator of company's liquidity strength to meet up its immediate financial obligations. Generally, if company's liquidity ratio is at 1:1, this indicates that the business is capable of meeting its immediate financial requirement. However, if this ratio is higher than 1, represents business is ineffectively using its liquidity strength to cultivate further revenue. This also indicates management efficiency of utilizing liquidity strength as bargaining leverage and no fund is underutilized. Comparative analyses of liquidity ratio of major players among NBFIs of Bangladesh are shown in the table below;

**Table-8: Current Ratio of IDLC and Major Competitions;**

<b>Name of Companies</b>	<b>Y-2017</b>	<b>Y-2018</b>	<b>Y-2019</b>	<b>Y-2020</b>	<b>Y-2021</b>
<b>IDLC Finance</b>	1.12:1	1.11:1	1.10:1	1.10:1	1.09:1
<b>IPDC Finance</b>	1.08:1	1.07:1	1.08:1	1.08:1	1.07:1
<b>BD Finance</b>	1.11:1	1.13:1	1.16:1	1.17:1	1.18:1
<b>DBH Finance</b>	1.08:1	1.09:1	1.10:1	1.12:1	1.13:1

It is evident from the analysis that the company has been maintaining its current ratio (current assets/current liability) effectively and efficiently and it is around 1:1 which may be considered as ideal. It is also evident from the table above that all of the major competitions are successfully maintaining their liquidity ratio around 1:1.

**2.5.3.3 Debt to Assets Ratio (Solvency/Leverage Ratio);** Debt to Assets ratio also known as one of the solvency ratio is an indicator of solvency of a company. It is derived by dividing total liability by total assets of the company and states business debt mitigation strength by its total assets. Following table shows comparatives of debt to assets ratio of major completions with IDLC.

**Table-9: Solvency Ratio of IDLC and Competitions;**

<b>Name of Companies</b>	<b>Y-2017</b>	<b>Y-2018</b>	<b>Y-2019</b>	<b>Y-2020</b>	<b>Y-2021</b>
<b>IDLC Finance</b>	88.59%	89.51%	90.20%	90.18%	90.40%
<b>IPDC Finance</b>	92.08%	92.57%	91.34%	92.02%	92.52%
<b>BD Finance</b>	88.32%	86.33%	83.69%	82.59%	82.33%
<b>DBH Finance</b>	92.02%	91.23%	90.20%	89.03%	87.98%

Debt to Assets ratio of IDLC is around 90%. It is common for financial institutions as these types of business operation evolve around buying and selling of money of in other words debt. Thus, it is obvious that all of the industry leaders have been maintaining their debt around 90% of their total assets.

**2.5.3.4 Debt Equity Ratio/ Gearing Ratio:** In order to take investment decision investors may be interested to look into the intensity on Debt of the business against its Equity. This ratio is derived dividing company's total liability by its shareholders total equity and can vary from industry to industry. In case of manufacturing companies, the ideal ratio is 50:50 while it may be very high in case for financial company such as IDLC as businesses of this types of company are to borrow money and invest the same for interest income.

**Table-10: Debt Equity Ratio of IDLC and Competitions;**

Name of Companies	Y-2017	Y-2018	Y-2019	Y-2020	Y-2021
<b>IDLC Finance</b>	7.76	8.54	9.21	9.19	9.42
<b>IPDC Finance</b>	11.63	12.46	10.55	11.53	12.38
<b>BD Finance</b>	7.56	6.32	5.13	4.72	4.66
<b>DBH Finance</b>	11.53	10.41	9.21	8.11	7.32

It is clear from the comparative analysis above that IDLC has debt of 9 times in contrast to IPDC, which has 12 times of debt against its total equity. However, if we compare the interest income for both of the company for the year 2021, it is BDT: 6,544 million for IPDC where IDLC's interest income is BDT: 10,150 million which is almost 55% more than IPDC. It states that IDLC is doing much better compare to its competitions in terms of debt equity ratio.

**2.5.3.5 Fixed Assets Turnover Ratio (Times):** Fixed Assets Turnover Ratio states the comparative strength of fixed assets of the firm in generating revenue and analysis reveals that in the year 2020, company cultivate 13 units of revenue utilizing 1 unit of fixed assets which dramatically decreased by 48% in the following year and reached to 7 units of revenue utilizing 1 unit of fixed assets. Following table shows the comparatives of Asset Turnover Ratio of major competitions with IDLC.

**Table-11: FATO Ratio of IDLC and Competitions;**

Name of Companies	Y-2017	Y-2018	Y-2019	Y-2020	Y-2021	Growth %
<b>IDLC Finance</b>	14.58	21.92	13.97	13.40	6.92	-48%
<b>IPDC Finance</b>	11.20	9.32	8.53	8.89	8.55	-4%
<b>BD Finance</b>	3.94	4.77	4.80	3.16	2.86	-10%
<b>DBH Finance</b>	25.63	34.54	22.71	20.38	19.25	-6%

It is evident from the table above; Delta Brac Housing (DBH) Finance's Fixed Assets Turnover Ratio is comparatively stronger amongst all competitions under review. In case of DBH, the company generates 19 units of revenue utilizing 1 unit of fixed assets which is 3 times

comparing to IDLC. IPDC also little ahead of IDLC, that generates 9 units of revenue utilizing 1 unit of fixed asset. However, BD Finance generates only 3 units of revenue against its 1 unit of Fixed Asset.

**2.5.3.6 Asset Turnover Ratio:** Assets Turnover Ratio states the comparative strength of total assets of the firm in generating revenue and analysis reveals that in the year 2020, company used 100 units of assets to generate 10 unit of revenue while in the year 2021 company hardly generate 7 units of revenue utilizing same amount of assets which is a negative growth of 23% compare to the base year 2020. Following table shows the comparatives of Asset Turnover Ratio of major competitions with IDLC.

**Table-12: Asset Turnover Ratio of IDLC and Competitions;**

Name of Companies	Y-2017	Y-2018	Y-2019	Y-2020	Y-2021	Growth %
<b>IDLC Finance</b>	9%	10%	11%	10%	7%	-23%
<b>IPDC Finance</b>	8%	10%	10%	9%	8%	-15%
<b>BD Finance</b>	9%	11%	12%	10%	9%	-14%
<b>DBH Finance</b>	8%	10%	11%	10%	8%	-17%

It is evident from the comparative analysis above, that all of the major competitions stated above have been maintaining asset turnover ratio ranges from 7% to 9% leading by BD Finance. BD Finance generates 9 units of revenue using by 100 units of total assets. While, IPDC and DBH generates 8 units of revenue utilizing 100 units of fixed assets.

**2.5.3.7 Return on Investment-ROI Ratio:** Return on investment generally called ROI, is one of the major Key Performance Indicators (KPI) and one of the main ratio to determine efficiency of the management of business. The term investment may also be named and referred to be total assets or the funds employed in assets called as capital employed. In practice, companies use a numbers of formulas to determine this ratio considering the business projects or objectives. This report determines ROI, dividing the Earning before Income Tax by Total Assets. However, firms also may calculate ROI dividing Earning before Income Tax by Average Total Assets. Following table shows the trend of ROI of completions and IDLC from year-2017 to 2021;

**Table-13: ROI Ratio of IDLC and Competitions;**

Name of Companies	Y-2017	Y-2018	Y-2019	Y-2020	Y-2021
<b>IDLC Finance</b>	3.10%	2.65%	2.45%	2.81%	2.67%
<b>IPDC Finance</b>	1.71%	2.22%	1.84%	2.21%	2.59%
<b>BD Finance</b>	2.24%	1.92%	2.18%	2.40%	3.87%
<b>DBH Finance</b>	2.51%	2.61%	2.39%	2.77%	3.19%

It is open from the table above, the industry average of ROI is ranges from 2%-4% leading by BD Finance and DBH Finance at 3.87% and 3.19% respectively. In other hand, ROI ratio of IDLC and IPDC, are estimated at 2.67% and 2.59% in that order.

**2.5.3.8 Return on Assets-ROA Ratio:** Return on Assets also called as ROA, is an indicator that depicts how proficiently a company is operating to generate revenue/net-income relative to its assets. This ratio is derived, dividing Net Income (net-interest-income-in this-case) by Average total Assets. Following table shows ROA Ratio of IDLC and Major Competitions;

**Table-14: ROA Ratio of IDLC and Competitions;**

Name of Companies	Y-2018	Y-2019	Y-2020	Y-2021
<b>IDLC Finance</b>	3.97%	3.91%	3.54%	3.57%
<b>IPDC Finance</b>	3.78%	3.38%	2.87%	3.46%
<b>BD Finance</b>	2.41%	3.45%	3.09%	3.13%
<b>DBH Finance</b>	3.20%	2.93%	3.31%	3.64%

Analysis in the table above depicts, IDLC and its competition ROA ratio is around 4%. It states that IDLC and its competitions have been generating Nett Profit after TAX in comparison to its assets is around 3.13% to 3.64%.

**2.5.3.9 Operating Expenses (OPEX) Ratio:** Operating Expenses (OPEX) Ratio is another efficiency ratio or Key Performance Indicator of management performance in the area of cost control against revenue generation. This ratio is derived; dividing operating expenses by

revenue (i.e. interest income in case of financial institutions). Following table shows the comparative scenario of OPEX ratio of IDLC and its competitions;

**Table-15: OPEX Ratio of IDLC and Competitions;**

Name of Companies	Y-2017	Y-2018	Y-2019	Y-2020	Y-2021	Growth %
<b>IDLC Finance</b>	22%	17%	16%	18%	22%	20%
<b>IPDC Finance</b>	19%	15%	15%	17%	19%	12%
<b>BD Finance</b>	12%	12%	11%	11%	16%	44%
<b>DBH Finance</b>	10%	8%	8%	9%	11%	26%

Above comparative analysis shows that all of the companies have an increment in OPEX ratio leading by BD Finance with a 44% increment from year-2020 to 2021, followed by DBH Finance and IDLC respectively. IPDC has lowest OPEX ratio amongst its competitions.

#### **2.5.3.10 MVA-Market Value Added**

Market Value Added (MVA) measures how the market has evaluated the Company's performance in terms of market value of shares. MVA is the difference between the market value of equity and the book value of equity invested in the Company. In order to calculate MVA, Market Value per Share is multiplied by no. of shares outstanding to get total market capitalization. Finally, book value to total shares (no. of share outstanding X book value per Share) is deducted from market capitalization. Following in an example of Market Value Added calculation;

**Table-16: MVA Calculation; BDT: million**

Particulars	Y-2018	Y-2019	Y-2020
Market Value per Share	38.10	25.60	27.60
(x) No. of Shares Outstanding	218,160,816	353,420,521	371,091,547
(=)Total Market Capitalization	8,312	9,048	10,242
(-)Book-Value, Outstanding Shares	3,752	5,576	6,063
(=)Market Value Added-MVA	4,560	3,472	4,179

**Source:** Annual Report of IPDC

The higher and or the increased MVA is the better indication. An increased and a high MVA indicates the company has created substantial wealth for the shareholders while, a negative MVA states that the value of management’s actions and investments are insignificant than the value of the capital contributed to the company by the capital market. Following table shows the trend and growth of MVA of IDLC and Competitions;

**Table-17: MVA of IDLC and Major Competitions; BDT: million**

Name of Companies	Y-2017	Y-2018	Y-2019	Y-2020	Y-2021	Growth %
<b>IDLC Finance</b>	19,565	12,643	3,101	8,667	7,084	<b>-18%</b>
<b>IPDC Finance</b>	5,998	4,560	3,472	4,179	7,971	91%
<b>DBH Finance</b>	15,353	14,549	13,980	12,732	11,894	-7%

**Source: Annual Report**

#### 2.5.3.11 EVA- Economic Value Added

Economic Value Added (EVA) measures the company’s economic success (or failure) over a period of time. EVA is calculated by taking the company’s NOPAT (Net Operating Profit After Tax) and deducting capital charges from NOPAT to get the real economic performance of the company.

**Table-18: EVA of IDLC and Competitions; BDT: million**

Name of Companies	Y-2017	Y-2018	Y-2019	Y-2020	Y-2021	Growth %
<b>IDLC Finance</b>	758	707	497	1,217	1,039	<b>-15%</b>
<b>IPDC Finance</b>	233	415	160	740	909	23%
<b>DBH Finance</b>	420	516	246	552	629	14%

**Source: Annual Report**

**2.5.3.12 Non-performing Loan Ratio:** Non-performing loan is the most challenging phenomenon of financial institutions of Bangladesh to overcome at earliest. Non-performing loan ratio is derived by dividing the amount of non-performing loan as at Balance Sheet date by total of the amount of loan, advances and leases of that particular year. Following table shows the comparative status of non-performing loan of IDLC and its Competition;



**Table-19: Non-performing Loan of IDLC and Completions;**

Name of Company	Y-2017	Y-2018	Y-2019	Y-2020	Y-2021
<b>IDLC Finance Ltd.</b>	2.77%	2.20%	3.07%	1.79%	3.05%
<b>BD Finance</b>	6.08%	4.42%	4.84%	3.22%	2.54%
<b>DBH</b>	0.27%	0.30%	0.45%	0.41%	0.63%
<b>NHFI</b>	5.88%	5.33%	5.16%	4.21%	5.06%
<b>IPDC</b>	0.62%	2.14%	1.57%	1.38%	3.15%
<b>Lanka Bangla</b>	2.85%	3.35%	5.20%	4.40%	6.14%

**Source:** Annual Report

**2.5.3.13 Capital Adequacy Ratio-CAR:** Capital Adequacy Ratio (CAR) refers to the relative amount of capital of a financial institution in relation to its risk weighted assets and current liability. In general, it is decided by the Central Bank of a country or by any other competent authority like financial regulator (if any) to prevent financial institutions from taking excess leverage consequently insolvent by any means. High CAR is good as it indicates that the institution is financially stronger to deal with unexpected losses due to any shortage of enough capital. In contrast, lower CAR indicates the institution is at a higher risk and regulatory authority may be required to inject more capital.

In accordance with Bangladesh Bank's DFIM Circular no.14 dated 28 December 2011, the disclosures on capital adequacy and market discipline have been made, which consists of three mutually reinforcing pillars namely:

**Pillar I:** This prescribes the minimum capital requirements for Credit Risk, Market Risk and Operational Risk.

**Pillar II:** This prescribes the Supervisory Review Process which is based on the principle that the Company assesses the overall adequacy of its capital and set targets for capital that commensurate with the Company's specific risk profile and control environment.

**Pillar III:** This depicts Market Discipline and comprises as set of disclosures on the capital adequacy and risk management framework on the Company to ensure that market participants can better understand the Company's risk profile and the adequacy of its capital.

Since Financial Institutions are highly exposed to diverse ranges of financial risk including credit risk, market risk, interest risk, operational risk, etc. In order to protect depositors from

the potential shocks or losses that a NBFIs may experience, NBFIs have been instructed under the Basel Accord to maintain Capital Adequacy Ratio not less than 10.0 percent with at least 5% in core capital.

Capital Adequacy Ratio of Major Competition and IDLC on total capital basis are shown in the table below;

**Table-20: Capital Adequacy Ratio of IDLC and Competitions;**

Name of Companies	Y-2017	Y-2018	Y-2019	Y-2020	Y-2021	Growth %
<b>IDLC Finance</b>	15.30%	15.47%	14.82%	14.59%	15.27%	5%
<b>IPDC Finance</b>	15.14%	14.01%	19.30%	18.51%	15.65%	-16%
<b>BD Finance</b>	13.60%	15.50%	15.50%	16.60%	18.30%	10%
<b>DBH Finance</b>	17.16%	18.90%	21.93%	24.22%	25.94%	7%

**Source:** Annual report

**2.5.4 Accounting Practice:** In order to review the accounting practice and principles of the company, notes to the financial statements along with the audited and certified report by the Chartered Accountant Firm is analysed. Major accounting policies and principles followed IDLC are as under;

- 1) Accounting period of the company is considered as a calendar year which started on 1<sup>st</sup> Of January and ended on 31 December of every year.
- 2) As per regulatory obligation IDLC published its consolidated financial statements, financial statements of subsidiaries, comparative financial statement, quarterly financial statement along with any price sensitive information that may affect the market price of the share. These are published in company websites as well as in the national news paper.
- 3) Financial Statement, except of the Cash Flow Statement of the company is prepared on accrual basis considering it as a going concern. While, Cash Flow Statement is prepared in accordance with International Accounting Standard (IAS) and also following International Financial Reporting Standard as adopted by the Institute of Chartered Accountants of Bangladesh.
- 4) The accounting policies of the company are found consistent in accordance with the previous years.

- 5) The financial statements are prepared and presented in Bangladeshi Taka as this is the company's functional currency.
- 6) Depreciation of company's fixed assets is charges to amortize the cost of assets over the estimated life of each asset where straight-line method is used in accordance with IAS-16.

## **2.6 Operations Management and Information System Practices:**

In order to be competitive, and sustainable in the challenging environment, business needs to be more transparent, to ensure accountability to its stakeholders where management information system plays a vital role. In general term, information system can be defined as a set of interrelated systems and components that collect, process, store and distribute information to control management decision making of an organization.

IDLC's Information System is mainly designed with highly interactive software and hardware infrastructure. Its own ISAF-interactive software and website integrates major stakeholders that help expedite decision making process as well as reduction in use of paper per employee by 0.72% in the year 2021. Major business functions IDLC uses IT infrastructure include;

- i. Sales and Marketing: In order to achieve business/sales target, IDLC values its customers as long-term assets which to be nurtured through Customer Relationship Management (CRM). IDLC launched first ever Mobile Finance Service (MFS) based Deposit Pension Scheme (DPS) product, Digital Term Deposit Product, leveraging its IT infrastructure.
- ii. Finance and Accounting: As a public Limited Company, IDLC's financial statement at market sensitive information is due to be disclosed regular basis. IDLC's annual report achieved best annual report award from ICAB for many times.
- iii. Human Resources: In order to ensure work life balance, increased motivation and productivity, IDLC's 1500 human capital has been integrated with in IT infrastructure.
- iv. Compliance and Regulatory: IDLC regularly published its periodic financial statement, price sensitive information that may affect stock price, annual report, etc. on its website which is a regulatory direction from Bangladesh Bank and Register of Joint Stock Companies.

## **2.7 Industry and Competitive Analysis:**

In order to develop competitive strategy, IDLC conduct a number of analysis namely; SWOT analysis, Porter’s FIVE Forces Analysis, Ratio Analysis etc. SWOT analysis and Porters Five Forces analysis are discussed below;

### 2.7.1 SWOT Analysis:

IDLC remains market leader amongst Non-Banking Financial Institutions (NBFIs) of Bangladesh for decades. Ups and downs in business is the reality a business may experience during the courses of its journey. However, hardly any NBFI’s could challenge IDLC’s journey to success and its leadership in the industry. Still IDLC regularly exercise most of the business analytics tools like SWOT as Entity Analysis to improve its performance further. SWOT analysis of IDLC is shown below;

**Figure-14-: IDLC’s SWOT Analysis for the year-2021**

Strengths:	Weakness:	Opportunity:	Threat
IDLC Brand; Corporate Identity; Leadership; Lowest TAT; Infrastructure, etc.	Liability basket; Attrition rate; Non-performing loan; Market Value Added; Increased OPEX; Decreased Term-Deposit	Countrywide network expansion Increased SME account; Increased customers reach through mobile app; Offer more innovative products, etc.	Changing geopolitical scenario; Unhealthy competition; Strict regulatory control; Stagnant GDP growth; Increased Cost.

#### 2.7.1.1

**Strengths:** IDLC’s major strengths may include;

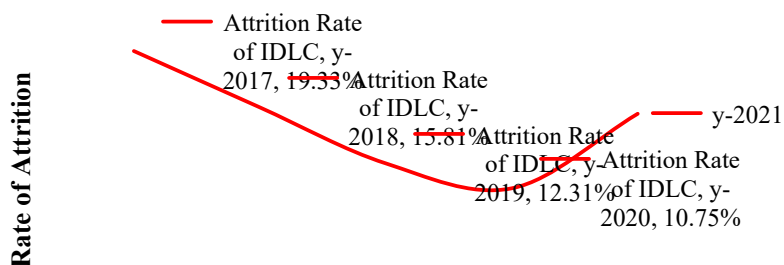
- **IDLC Brand;** IDLC’s continuous business success, proven customer centric need based offerings-marketing mix, uphold stakeholder’s expectations, professionalism in market approach, commitment to transparency, award winning annual report, unique public relation and strong dejection to modern day slavery established IDLC as an un-parallel financial brand of the country.

- **Strong Corporate Identity;** IDLC's physical and organizational structure, its market coverage, longstanding, trustworthy, successful service business experience, etc. upholds IDLC corporate identity to its existing and potential customers.
- **Effective and efficient leadership;** Leadership is the core of business success. IDLC's leaders of the leader of individual functional department act as a single body with a clear role profile. This eliminates conflict and ensures team dynamics
- **Lowest Loan Turn-around-Time (TAT):** IDLC's automated and tab based solution in credit risk grading, loan sanctioning and customized online service portal, etc. establish it as lowest loan TAT provider of the industry.
- **Compatible and Time-honoured Infrastructure:** IDLC have outstanding intellectual capital in terms of the state of the art house property software, continuously improved core banking software, in-house proprietary software development and maintenance facility which enabled IDLC to launch digital deposit product and ensures increased focus on digital campaign, strategically placed branches which ensured more customer reach, improved policies and procedures those facilitates reliable, transparent, efficient and effective operational activities.

**2.7.1.2 Weakness:** IDLC's major weakness may include;

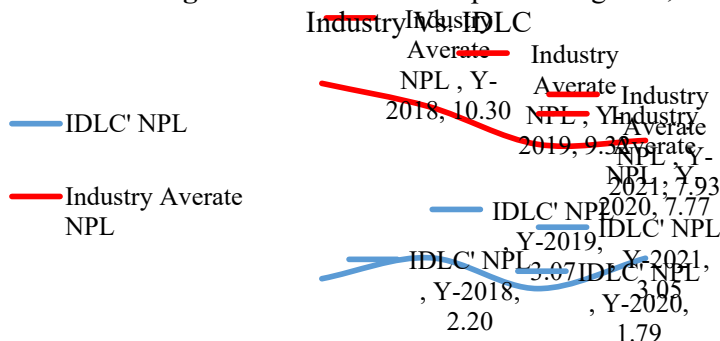
- **Little diversification in the liability basket;** IDLC's liability basket hardly accommodated 3 items namely; borrowings from other banks, financial institutions and agents, term deposits, and other liabilities. Item no.2 (two) of this basket weights around 80%. Which an indication is of tightens of IDLC at this single item.
- **Increased in attrition rate:** Company's attrition rate in the year 2017 was estimated at 19.33%, which decreased to its lowest point at 10.75% by the end of year-2020. However, again it started increasing and climbed at 15.41% within one year of time. Comparative attrition rate of IDLC is shown in the line chart below;

**Figure-15: Employee Attrition Rate of IDLC**



- Sudden Increment of Non-performing loan (NPL):** IDLC's Non Performing Loan (NPL) is way below compare to the industry average. In the year 2021, industry average of NPL was 7.93% while it was only 3.05% for IDLC. Following line graph shows a comparison of NPL between IDLC and Industry average.

**Figure-16: Trend of Non-performing loan;**



- It is evident from the above comparison that non-performing loan trend of the industry in decreasing gradually. However, IDLC suffered with a sudden growth of 70% in the year 2021 compare to the year 2020 in comparison to the growth in the industry average which is 2% only in the year 2021.

- **Reduced Market Value Added (MVA):** In the year 2021, IDLC's MVA decreased to BDT: 7,084 million from BDT: 8,667 million.
- **Increased OPEX Ratio;** In the year 2021, IDLC's percentage of operating expenses against its revenue has increased to 22% which was only 18% in the year 2020.
- **Decreased Term Deposit;** In the year 2021, IDLC's term deposit decreased by 4,238 million. Total term deposit of IDLC in the year 2020, was 78,131 million which decreased by 5% and reached at 73, 893 million at the end of 2021.

**2.7.1.3 Opportunity:** IDLC's major opportunities may include;

- **Countrywide network expansion:** Currently, IDLC has around 39 branches spread throughout the country. However, there is still an opportunity to expand further as Bangladesh has 64 districts. The country's economy is growing in the semi urban area because of infrastructure development. This can be a focal point for the sales and distribution of Supply Chain Finance as well as SME products.
- **Increased SME account:** IDLC may create a business strategy to further increase sustainable SME accounts. The diversification and customization of the products can help further customer cultivation. It is crucial to increase the SME accounts to reduce the over dependencies on some specific group of SME customers (if any).
- **Increased customers reach through mobile app:** Currently, there around 176.94 million mobile subscribers in the country. The post-pandemic Bangladesh has seen a visible surge in the usage of digital platforms. So, potential customers will be easier to reach through the use of a digital platform that can be accessed through the usage of using mobile phone apps
- **Offer more innovative products:** IDLC may carry out further market analysis to identify more segments if possible and innovate their products further to stand out from the competitors.

**2.7.1.4 Threat:** IDLC's major challenges may include

- **Changing geopolitical scenario:** Economic and Trade block such as BRICS, BRI, SCO, ASEAN, EU, NAFTA etc. and the polarization of military alliance like NATO has left the business micro and macro environment more volatile and susceptible to change. With the current state of geopolitics has an immense effect on the country as Bangladesh which is highly dependent on its export and imports and most importantly the remittance sent by the workers abroad.
- **Unhealthy competition:** Due to the impact of both micro and macro environmental scenarios as well as uncertainty, competition may engage into unhealthy competition by price reduction. This may eventually compromise to the innovation and quality offerings or service.
- **Strict regulatory control:** Government may impose import barriers to protect currency reserve and this may reduce financing opportunities.
- **Stagnant GDP growth:** The pandemic had restricted the economic growth of the country as a result of numerous restrictions. The economic activities for example production, sales and distribution, logistics and reverse logistics etc. were at a pause. Hence, it was a struggle for NBI's to carry out regular financing activities and recovery. This led to economy stagnancy thus creating a domino effect which may eventually decrease the buying power of customers.
- **Increased Cost:** Significant increase in the element of imported materials used in infrastructure and unprecedented hike in oil price increase the cost of production as well as cost of living. Consequently, reduction in consumer buying power.

### 2.7.2 Porter's FIVE Forces Analysis:



IDLC uses another major tool “Porter’s FIVE forces analysis” to determine the market forces and competitive rivalry. Porter’s FIVE forces analysis are depicted below;

### 2.7.2.1 Buyer’s bargaining power:



Major factors that are stimulating customer’s buying power (whether lend/buy from IDLC or not) at IDLC is found MODERATE due to;

- i. Involvement of foreign lenders with low cost and some time fixed priced financing solution influences lenders buying decision which allows moderate level of bargaining leverage to IDLC’s potential customers.
- ii. Bangladesh Bank which is the Central Bank of the country also regulatory authority of financial institute’s intervention in locking lending rates also empowered buyers to some extent.

### 2.7.2.2 Supplier’s bargaining Power:



Major factors that are influencing Suppliers Power (whether to lend/sell IDLC or not) at IDLC is found MODERATE due to;

- i. As commercial banks are the major suppliers of money to NBFI’s like IDLC, control over interest rate for refinancing scheme posed by the central bank let commercial bank’s bargaining power at a moderate level.

### 2.7.2.3 Threat of Substitute:



Threat of substitutes for IDLC product like loan is found MODERATE as;

- i. Loan is such a product which has hardly any substitute. However, direct financing like EMI offered by the commercial bank and Loan product, due to be offered by fin-tech may be considered as a moderately threatening substitute for IDLC.

- i. Fixed Income Securities like Sanchaypatra offered by the Directorate of National Savings of Bangladesh may be considered as a threatening substitute for IDLC to improve term-deposit.

#### **2.7.2.4 Threat of New Entrants:**



Threat of New Entrants for IDLC product is found LOW as;

- i. In order to launch a financial institute in Bangladesh an amount of BDT: 1,000 million is required as paid-up capital additionally 10% of the revenue also need to keep as deposit with Central Bank as a regulatory compliance. Other activities like mandatory 5% long term disbursement in green finance, 20% disbursement to sustainable finance, etc. are significant barrier to new entrants thus threat of new entrants found comparatively low.
- ii. The major stimulus of this threat may be derived by government decision if any new license is issued for this business. However, threat of new entrants is considered as low.

#### **2.7.2.5 Competitive Rivalry:**



Magnitude of Competitive Rivalry for IDLC is found HIGH as;

- i. Bangladesh is comparatively a small economy that already accommodated more than 90 banks and non-banking financial institutes.
- ii. Direct financing, lending offers by foreign financial institutions also is a concern for financing business growth and sustainability.
- iii. Even niche markets that are ready to buy differentiated product like SME where IDLC is doing comparatively better, Commercial Banks are penetrating this market with a handful of differentiation. Thus competitive rivalry is found HIGH.

## **2.8 Summary and Conclusions:**

IDLC Finance Limited, No-1 non-banking financial institute of Bangladesh. It is No-1, not because of its successful 36 years of business success in terms of revenue generation or contribution to market capitalization but also establishing the brand IDLC that achieved supreme level of respect from all industry leaders of this country. Doing financing business as a Non-Banking Financial Institute (NBFI) in Bangladesh was never been an easy journey. It is the result of combined effort of top management commitment, leadership, and knowledge, intelligence and adoptability to change and thrust to achieve sustainable growth.

IDLC's business performance, transparency to stakeholders, promoting sustainable business practice like green finance, sustainable finance, reduction in carbon foot print, dejection to modern-day slavery, focus to market reach maximization initiatives, etc. is ready to make the company robust further. However, successive two years of COVID-19 pandemic followed by current geopolitical turmoil become a huge challenge for the economy like Bangladesh. Record breaking hike in oil price stimulates unbearable cost of living. There are hardly any short-cut to resolve this problem. Hence, maintaining sustainable growth in financing business becomes an unprecedented challenge. IDLC management also revisiting the business plan and accommodates required strategies and contingencies.

It is acknowledged by all concerns that overdependence to a particular business segment is always risky as reserve status of foreign currency of Bangladesh is in trouble as main sources of this was export income of garments products that generates almost 80% of export income. No remarkable strategic policy was designed for other sectors like food processing, innovation in food item etc. IDLC may also have taken strategic decision how to deal with current geopolitical consequence. Finally, in order to uphold shareholders motivation and relieve from panic to divest, it is important to maintain profitability and market capitalization.

IDLC's marketing mix, management of human capital, innovation in digital-deposit product, strongest and time-honored infrastructure, and stakeholders' engagement may be considered as vital for success in environment where IDLC already leading. However, challenges that effect business mostly because of macro environmental stimuli can attract most of the attention of all concerns so that a sustainable solution is available.

## **2.9 Recommendations:**

- i. In order to minimize risk in fund management, risk of over dependency on only item term-deposit; compatible diversification in the liability basket may be introduced;
- ii. In order to reduce attrition and to ensure retention of intellectual capital; IDLC may be required to be focusing on supporting the career development plan for all employees and give importance to providing the right training duly customized after conducting a thorough research of individual employees psychological and socio-cultural profile, especially motivational drivers, learning pattern, etc. and accordingly design the offerings that have a match with organizational and individual goal;
- iii. IDLC can offer more in-house training namely; on-the-job, off-the-job, job rotation, coaching, etc. While, offering distance and e-learning, conditional study scholarship may be offered to most loyal and productive employees. In this case universities may be selected from countries that have record numbers of innovative financial products designed and offered by leading financial institution of that country.
- iv. To improve Market Value Added (MVA), IDLC's stakeholder's engagement and motivation program may be revisited as there is no decreases in profitability, most of the other KPIs of the business have shown a positive trend;
- v. In order to reduce future non-performing loan, IDLC may introduce a Balance Scorecard weighing the financial capability, operational capability, successful business history and motivation through business intelligence while selecting customers for loan approval.

## **Chapter 3: Effectiveness of the tools and techniques used for the marketing of Supply Chain Finance**

### **3.1 Introduction**

Nowadays, business is facing tremendous challenges to maintain growth and achieve sustainability because of the rapid changes in the information and communication technology, ease of consumers and competitions reach to business information and complex buying decision making process of customers.

In contrast to consumer's goods, financial products are more complicated to sale or taking a buying decision for a customer. There are numbers of micro and macro environmental stimuli influencing this business process. Organizations can play a comparatively better control over the micro environmental variables like offerings with marketing mix, business policies and procedures etc. that it has significant control over. While organization may have very little or a zero control over the macro environmental variables like geo-political influence, cultural and religious factor socio economic structure of an economy, political believe, commitment that effect economic activities and eventually influence consumers buying decision.

#### **3.1.1 Literature review**

The aim of this research is to help determine and provide an insight into the topic as stated. In order, to comprehend which marketing tools and techniques are most effective in attracting customers. This can help guide NBFI's in which aspects of marketing they should invest their valuable resources in. Financial institutes play a crucial role in the country's economy. According to Domazet et al (2019), "It is crucial for financial institutions to focus on increasing client loyalty, integrating different communication channels, cutting operating expenses, and effective risk management in order to be competitive. Financial institutions including banks, leasing firms, investment and pension funds, and others have a significant impact on how the economy functions." This paper can help NBFI's achieve time and cost efficiency by helping them identify which marketing communication tool has greater impact in the attraction and retention of customers. By focusing on the marketing communication tool that adds value the company can reduce the waste of resources and focus on other aspects of the business that can add value.

According to Kotler (2012); “Marketing is a process through which the consumer’s needs are identified and the needs are fulfilled through the creation of products and services that meets the demand of a target market. This aid’s in the value creation of a product and service while ensuring profitability.” Furthermore, Singh et al. (2005) claimed that high-level advertising boosts visibility among investors and customers who are drawn to well-known brand names. Therefore, it can be understood that the tools and techniques of marketing has an effect of the demand of the products and service in the market. Domazet et al (2019), “The development of technology made it possible for financial institutions to provide the market with a wide choice of high-quality goods and services. Therefore, there is an obvious rise in the use of marketing communication tools such as digital marketing and the use of digital communication channels, particularly social networks.”

Another aspect this paper will look at is the effectiveness of the marketing tool, to be specific relationship marketing on of supply chain finance products of NBFI’s. As stated by (Harwood, 2006). "Making the decisions in building corporate relationships which may, in the long term, result in more precisely targeted interaction planning and, possibly, more successful outcomes." It is believed that the financial services industry depends a lot on the use of interpersonal relationships. Additionally, relationship marketing is said to be one of the most effective tools to ensure customer retention and satisfaction. According to Bergeron et al. (2008) “In the financial services industry, effective relationship marketing may lead to reduced marketing expenses, better client satisfaction and loyalty, and possibly higher levels of customer retention.” Also, according to Domazet et al (2010) it is believed that, “Loyal customers use the company’s products and services frequently and they are less price sensitive”. Therefore, it can be said that there is a positive correlation between relationship marketing and customer retention. This can help financial services in a number of ways, including by increasing sales, profitability, and word-of-mouth referrals.

### **3.1.2 Objective(s)**

This research project will investigate and find out the effectiveness of different types of marketing instruments used by supply chain finance department of IDLC Finance within a scope of employees and customers’ perspective.

This research also will identify different types of marketing tools within two broader categories of Indirect Marketing Instruments and Direct Marketing Instruments used by IDLC in order to influence customers buy and re-buy decisions of supply chain finance.

### **3.1.3 Significance**

Organization those are in the business of financial products may have interest of knowing which kinds of marketing stimuli are more effective from the customer's viewpoint as customers are the ultimate decision maker. Additionally, organization may also have interest of looking into if their designed marketing instruments are commendable and subject to further review. This research will examine the effectiveness of different marketing instruments used by the business under review.

## **3.2 Methodology**

This research is focused on investigating and finding out the effectiveness of tools and techniques used in marketing of Supply Chain Finance products by IDLC. The scope of the investigation is defined from the perspective of both customer and employees. In this research both qualitative and quantitative methodological approaches have been used.

Sampling size and method have been chosen considering the size of the organization, in this case Supply Chain Finance department and level of customer reach due to the confidentiality of the organization. Therefore, a systematic sampling method is exercised to get information from the IDLC employees and customers. A paper-based questioner was used for the employees while the questioner was emailed to the client. Additionally, source of information and data, process of questionnaire design, method of data processing and presentation are discussed below;

**3.2.1 Source of Information and Data;** Information and data are collected from both primary and secondary sources;

**Secondary Sources:** Literature review, organization's newsletters,

**Primary Sources:** Paper-based Questionnaire Survey, Public documents like Organizations Annual Report, Financial Statements.

**3.2.2 Questionnaire design;** Firstly, this research undertakes a focus on literature review of the Indirect and Direct Marketing instruments specifically on customer relationship marketing, digital and social media marketing, print media marketing, event marketing, etc. Secondly, In order to identify the marketing platforms and different types of marketing instrument used by IDLC Finance, separate 2(two) questionnaire is developed followed by a pilot survey. Both of the questionnaires started with an area of identifying respondent profile. First questionnaire is designed for respondent who are engage in marketing and selling of supply chain financial product while, second questionnaire is designed for respondent who are buying and re-buying the products. In order to eliminate ambiguity (if any) itinerary of the questionnaire is briefed to the supervisor of the respondent. Questionnaire that designed for customers circulated on-line while few of the questionnaires that designed for IDLC's customers are interviewed face-to-face.

Each instrument under the direct-marketing platform in this case mostly relationship marketing and indirect marketing platform was weighed 1 to 5. If an instrument weighs maximum, respondent will give 5 and in case of minimum significance they will weigh 1. Total number of respondent in the survey was 31 in which 15 were from employee and 16 were from customers. As an individual respondent can give maximum 5 to a single instrument thus 15 respondents from the employee can assign maximum 75 (15x5) while in case of customer, as total respondent was 16 therefore they collectively can weigh 80 (16x5).

After plotting all the response in a spreadsheet putting different marketing instruments in header row under broader category of direct-marketing and in-direct marketing while respondents were put into the header column. After that, respondent's allocated weigh were put under the respondent ID and by the individual instrument to get total weigh for an instrument against total maximum weigh and processed to sort highest value to the lowest. Data were than segregated in to group considering dispersion of 15 and calculated mean, standard deviation and weighted in percentage to determine the significance of individual instrument against total value. Finally, analysis and findings are shown in the report using figures like bar charts and pie charts.



### 3.3 Findings and Analysis:

IDLC uses both direct and indirect marketing tools for customer cultivation, retention, stakeholder engagement and management, brand value creation and retention, etc. It is observed from the questionnaire survey that IDLC gives more weight to direct marketing like relationship marketing, referral marketing, word of mouth, special interest rate for volume customer, loyal customer, etc. in comparison to in-direct marketing like TVC, print media, event sponsorship, neon-signage etc.

Details of the analysis and finding from employee perspective and customer perspectives followed by identifying the respondents profile are depicted below;

**3.3.1 IDLC's Respondent's Profile:** A total of 15 (fifteen) questionnaire is distributed and 100% respondent participated in the survey and replied the questionnaire. Profiles of the IDLC respondents are shown in the table below;

**Table-21:** Respondent's (IDLC'S -Employees) profile

<b>Employee's Profile</b>
---------------------------

<b>Gender</b>	M	1 1	73%
	F	4	27%
	N	1 5	100%

<b>Experience</b>	1-5y	6	40%
	5-10y	3	20%

	10y & More	6	40%
	N	5	100%

<b>Designation</b>	Manager	2	13%
	Executive or Officer	1 2	80%
	N/A	1	7%
	N	1 5	100%

It is clear from the above table that 73% male respondent participated in the questionnaire survey in contrast to 27% female respondent. Among the respondent, 40% was experienced 10 years or more while 60% of the respondent's experience was more than 5 years. It is also evident 80% of the respondent was either officer or executive.

**3.3.2 IDLC Customer's Respondent's Profile:** A total of 20 (twenty) questionnaire is distributed to IDLC's existing customers and 80% respondent replied. Profiles of the customers who participated and responded in the survey are shown in the table below;

**Table-22:** Respondent's (IDLC'S -Customers) profile;

<b>Customer's Profile</b>
---------------------------

<b>Gender</b>	M	15	94%
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	F	1	6%
	N	16	100%

<b>Total Experience in business</b>	1-5y	1	6%
	5-10y	7	44%
	10y & More	8	50%
	N	16	100%

<b>Business Experience with IDLC</b>	1-5y	7	44%
	5-10y	9	56%
	10y & More	0	0%
	N	16	100%

It is clear from the above table that 94% male respondent participated in the questionnaire survey in contrast to only 6% female respondent. Among the respondent, 50% have business experienced of 10 years or more while 94% of the respondent's experience in business was more that 5 years. It is also evident that 56% of the respondents have 5-10 years of business experience with IDLC while 44% of the respondents have 1-5 years business experience with IDLC

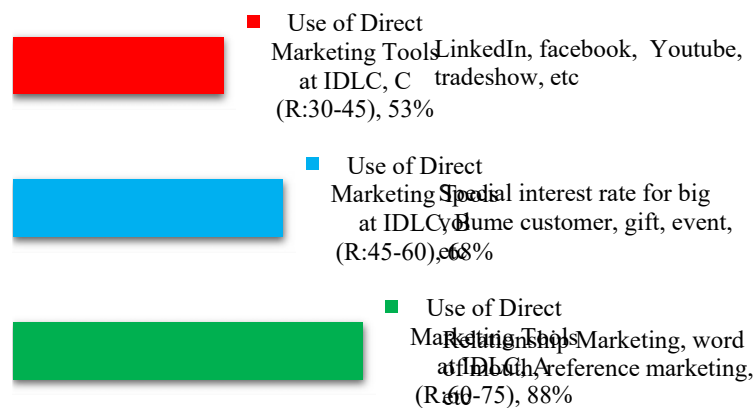
### 3.3.3 Use of direct marketing tools in IDLC: Employee perspective;

Respondents among the employees weigh maximum significance to relationship marketing- word of mouth, reference marketing etc. Respondents mean weigh is estimated 66 out of 75 which is 88% for ranges A (R: 60-75) in this category.

However, for others variables such as, sending gift in special day and special rate for loyal customer, the respondents weigh ranges-B (R: 45-60) out of 75, estimated mean for this range is weigh at 51. Significance of which may also is estimated at 68%. Finally, the lowest significance is given to the usage of LinkedIn, Facebook, YouTube, tradeshow, etc. the respondents weigh ranges- C (R: 30-45) out of 75, estimated mean for this range is weigh at 40.

Following figure shows the level of significance of different direct-marketing tools use in IDLC.

**Figure-17: Use of Direct Marketing Tools at IDLC**



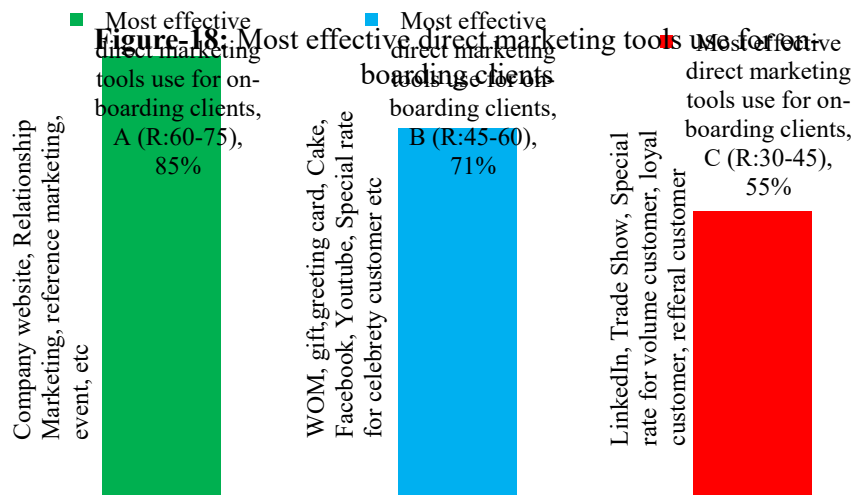
In a nutshell, direct marketing instruments seems very suitable to the employees of IDLC. Therefore, it may be comment that IDLC employees using direct marketing instruments with a believe that it works more compare to any other marketing tools in business cultivation.

**3.3.4. Direct marketing tools use for on-boarding clients; Employee perspective;**

Respondents among the IDLC employees weigh maximum (85% for mean 64 of R: 60-75) significance to company website, relationship marketing, referral marketing and event organizing like periodic dinner party, etc. Following these variables, the second most significant variables were Word of mouth, gift greeting cards, Facebook, YouTube, Special rate for celebrity customers etc. the respondents weigh (71% for mean 53 of R: 45-60 out of 75).

Finally, the employees weighed minimum (55% for mean of 42 of R: 30-45 out of 75) to the variables such as LinkedIn, Trade Show, Special rate for volume customers, loyal customers, referral customers.

Following figure shows the level of significance of different direct-marketing tools use in IDLC for on-boarding a customer.



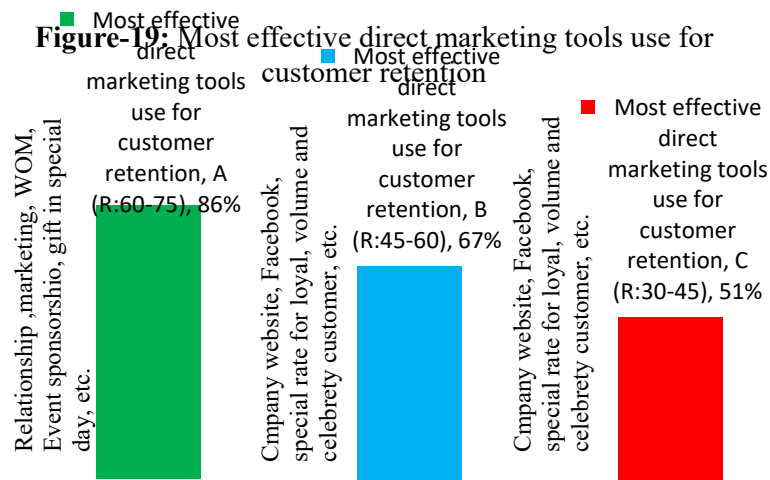
It is clear from the above bar chart that, direct marketing instruments is very vital from the employees viewpoint for on-boarding a client to buy IDLC Financial Service.

### 3.3.5 Direct marketing tools use for retention clients; Employee perspective

IDLC employees weigh maximum (86% for mean 65 of R: 60-75) significance to WOM, event sponsorship, gift on special event, etc. The second most significance is given to the variables consisting of company website, Facebook, special rate for loyal, volume and celebrity customer, etc. (67% for mean 50 of R: 45-60).

Finally, the least significant of (51% for mean 41 of R: 30-45) consisting variables of company website, Facebook, special rate for loyal, volume and celebrity customers etc.

Following figure shows the level of significance of different direct-marketing tools use in IDLC for the customer retention.



It is evident from the above bar-chart that IDLC employees weigh maximum to the relationship marketing instrument like word of mouth (WOM), gift in special day, special rate for loyal and volume customers, etc.

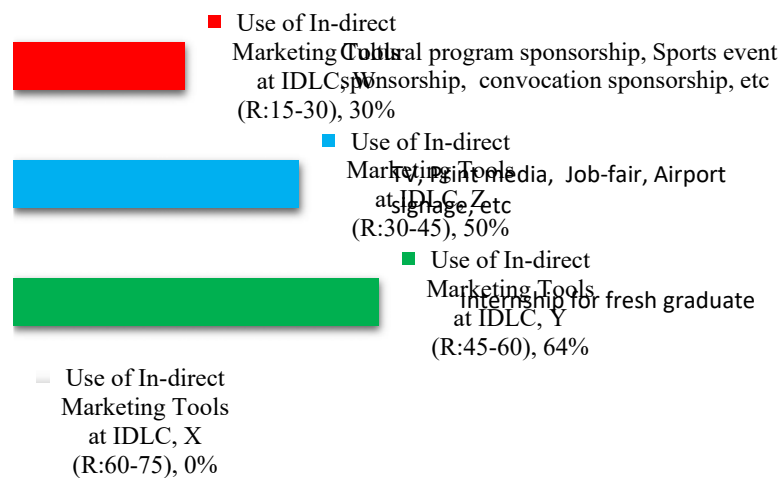
### 3.3.6 Use of In-direct Marketing Tools at IDLC: Employee perspective;

Respondents weigh maximum significance to Internship offering to fresh graduates as mean weigh of this is estimated to be of 48 out of 75 which is 64% for ranges Y (R: 45-60). Following this, others variables which include TV, Print media, Job-fair, Airport etc. was given a weigh of 50% significance and fell in the ranges of Z (R: 30-45). The estimated mean for this range is weigh at 38.

Finally, Cultural program sponsorship, Sports event sponsorship, convocation sponsorship, etc. was given a weigh of 30% of significance that fell in to the range of Z (R: 15-30). The estimated mean for this range is weigh at 22.

The following figure shows the level of significance of different in-direct-marketing tools use in IDLC.

**Figure-20:** Use of In-direct Marketing Tools at IDLC



It is evident in that above figure that no responded weigh within the range of X(R: 60-75), which may be considered as the magnitude of focus on direct marketing namely; relationship marketing include a numbers of tools discussed earlier.

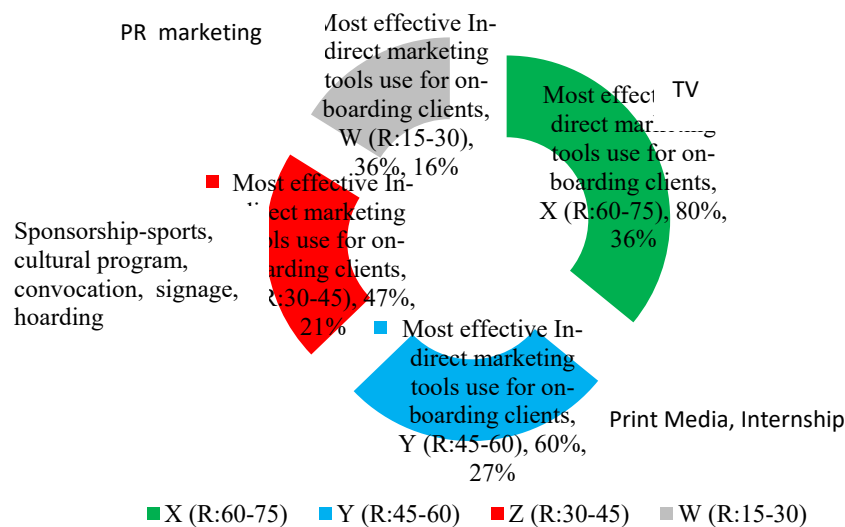
**3.3.7 In-direct marketing tool to on-board a client: Employee perspective;**

Respondents weigh maximum 36% for mean of 60 represents ranges of X (R: 60-75) shows significance to TVC in case of its effectiveness for on boarding a client. Following this, Print media, Internship for fresh graduate is the second most significant. given a weigh of about 27%. Also, sponsorship-sport, cultural program, convocation, signage, hording was given a weigh about 21%.

Finally, PR marketing had the lowest weigh of merely 16% when it came to the on boarding of clients.

Following pie-chart showing the most effective In-direct marketing tools use for on-boarding clients from the employees' viewpoint;

**Figure-21: Most effective In-direct marketing tools use for on-boarding clients**



Above pie chart show that IDLC employees preferred to weigh maximum to the TVC, Print media, Internship etc. in order to on-board a client.

**3.3.8 In-direct marketing tool for customer retention: Employee perspective;**

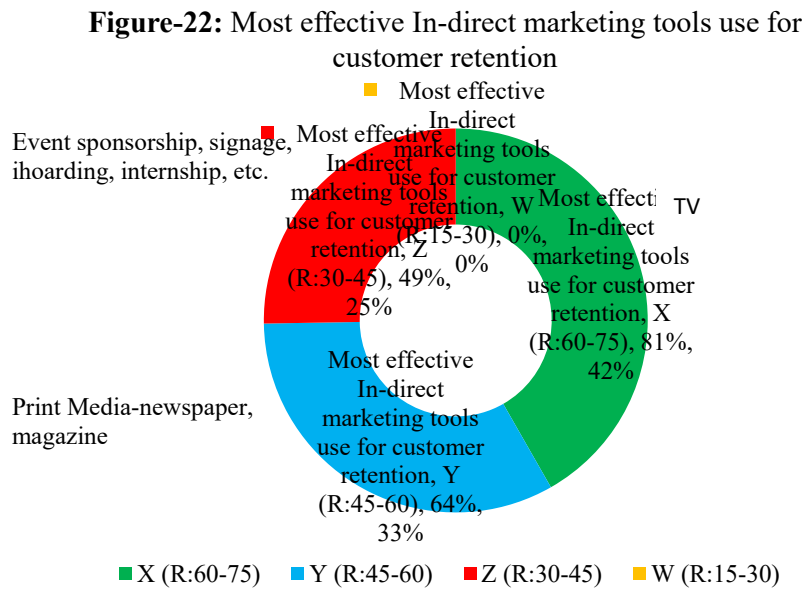
Respondents weigh maximum 42% for mean 61 of ranges X (R: 60-75) shows significance to TVC in case of its effectiveness of customer retention. Following this, Print media, may



considered as second most significant as it was given a weigh of about 33% for mean 48 for ranges Y (R: 45-60).

Finally, event sponsorship, signage, hoarding, internship etc were considered to have 25% significance with a mean of 36 for ranges (R: 30-45).

Following pie-chart showing the most effective In-direct marketing tools use for on-boarding clients from the employees’ viewpoint;



It is evident from the above pie-chart that IDLC employees prefer to use TVC, Print Media, etc, in order to ensure customer retention.

**3.3.9 Use of Direct Marketing Tools at IDLC: Customer perspective**

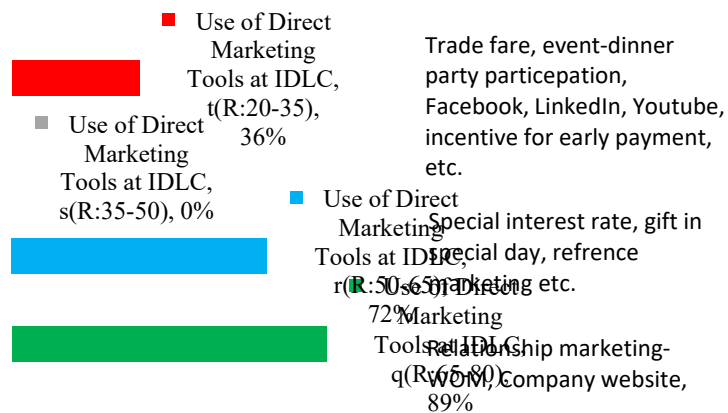
Respondents among the customers also weigh maximum significance to relationship marketing- word of mouth, company website etc. Respondents mean weigh is estimated 71 out

of 80 which is 89% for ranges q (R: 65-80). Then the variables that were given the second most significance were special interest rate, gift in special day, reference marketing etc. The mean weigh is estimated to be 58 out of 80 for which the ranges q (R:50-65).

Finally, the variables that were given the least significance in using of direct marketing instrument included trade fare, event-dinner, party participation, Facebook, LinkedIn, YouTube, incentive for early payment etc. The mean weigh is estimated to be 29 out of 80 which is of 36% for ranges q(R:20-35).

Following figure shows the level of significance of different direct-marketing tools use in IDLC.

**Figure-23: Use of Direct Marketing Tools at IDLC**



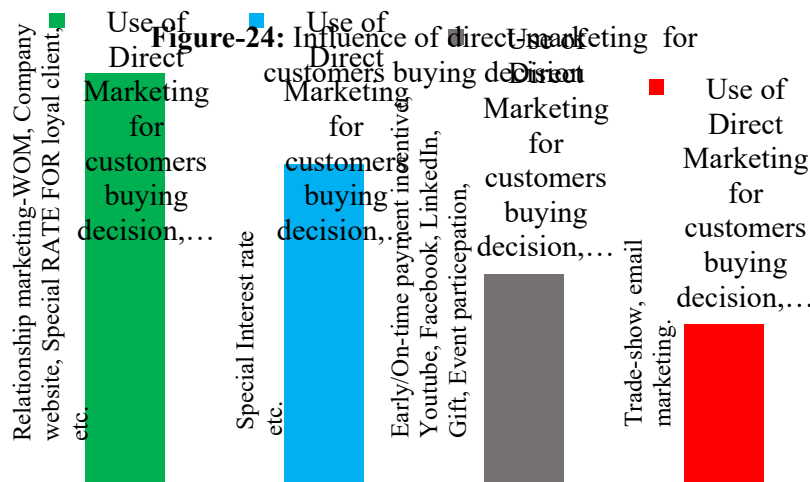
It is apparent from the above bar chart that IDLC customers weigh maximum to the direct marketing tool i.e. relationship marketing, word of mouth, company website, special interest rate and gift in special occasions.

**3.3.10 Direct Marketing Tools in customers buying decision: Customer perspective**

In case of influence in the buying decisions the respondents among the clients weigh maximum of 90% for mean 72 to the elements that lies in the range of: q (R:65-80) to Relationship marketing-WOM, Company website, special rate for loyal client, etc. The second most significance is the variable special interest rate weighing about 70% for a mean of 56 in the range of r(R: 50-65). Then the variables consisting of early/on-time payment incentive, YouTube, Facebook, LinkedIn, Gift, Event participation weighs 46% for a mean of 37 in the range of: s(R:35-50).

Finally, the least significance were the variables trade show and email marketing with a weigh of 35% and a mean of 28 in the range of: t(R:20-35).

The following figure shows the level of influence of direct-marketing tools in customers buying decisions.



It is visible from the above bar-chart that IDLC customers weigh maximum to relationship marketing-WOM, Company website, and Special rate for loyal client that influence them most in taking buying decision of IDLC finance.

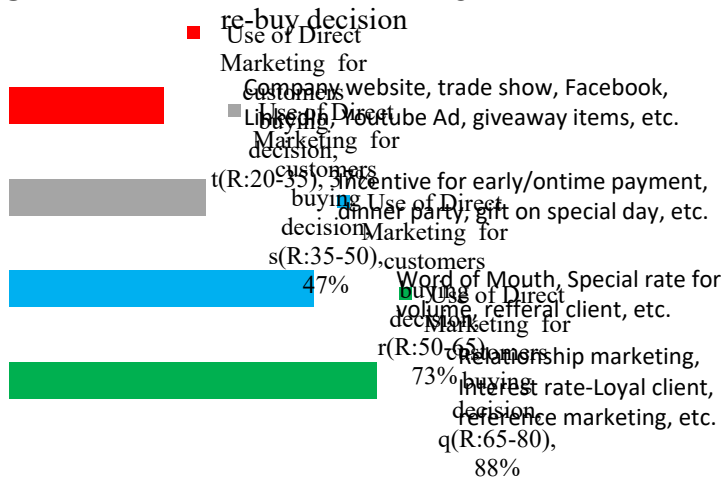
**3.3.11 Direct Marketing Tools in customers re-buying decision: Customer perspective**

In case of influence in the re-buying decisions of customers for direct marketing the respondents among the clients weigh maximum of 88% for mean of 70 to the elements which lies in the range of: q (R:65-80) to relationship marketing, interest rate-loyal customer, reference marketing, etc.

While, the second most significance weighing about 73% for mean of 58 in the range of r (R:50-65) to word of Mouth, Special rate for volume, referral client, etc. Then the third most significant were the variables consisting of incentive for early/on time payment, dinner party, gift on special day, etc. With a weigh of 47% for mean of 38 in the range of s (R: 35-50).

Finally, the least significance was given to the variable consisting of Company website, trade show, Facebook, LinkedIn, YouTube Ad, giveaway items, etc. It weighed of 37% for a mean of 30 in the range of t (R: 20-35).

**Figure-25: Influence of Direct Marketing for customers**



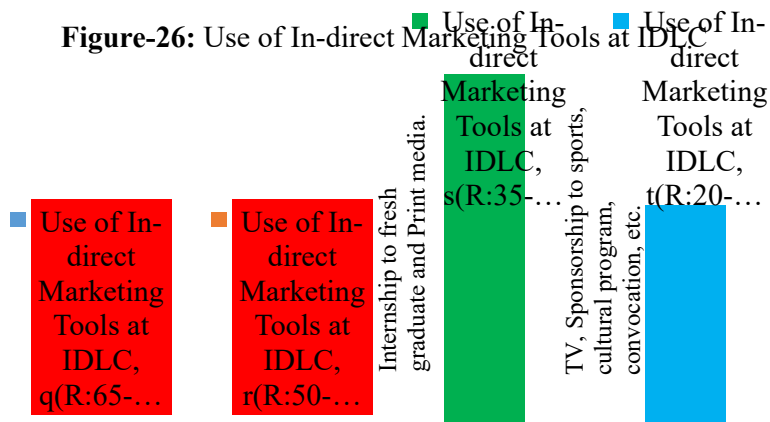
It is evident from the above bar-chart that use of direct-marketing instruments is very vital to influence customers of service product like IDLC finance supply chain finance namely; factoring, work order finance, distributor finance, etc.

**3.3.12 Use of In-direct Marketing Tools at IDLC: Customer perspective**

Respondents among the employees weigh maximum significance to the elements of marketing such as internship to fresh graduate and print media. The respondents mean weigh is estimated 42 out of 75 which is 53% for ranges of s (R: 35-50).

The second most significance was given to TV, Sponsorship to sports, cultural program, convocation, etc. with a weigh of 33% with a mean of 26 for which the range lies in t(R:20-35).

Following figure shows the level of significance of different in-direct marketing tools use in IDLC.



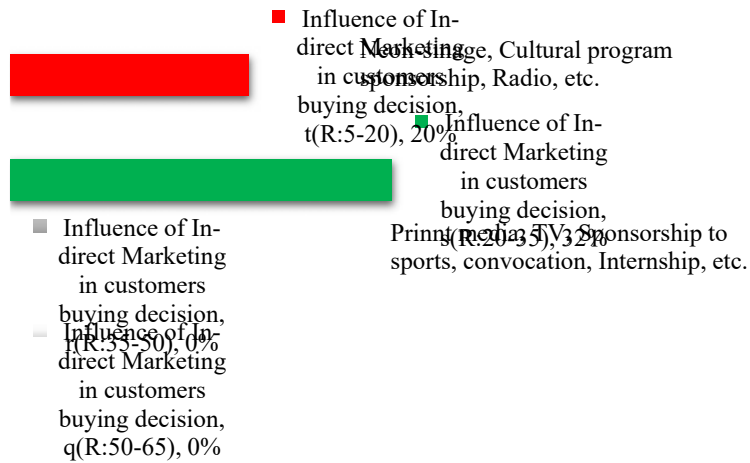
It is obvious from the above bar cart that customers are not willing to weigh at the higher side in the usages of in-direct marketing instrument by IDLC.

### 3.3.13 In-direct Marketing Tools in customers buying decision: Customer perspective

In case of influence of indirect marketing tools in the buying decisions of customers the respondents among the clients weigh maximum of 32% for mean of 25 to the elements which lies in the range of: q (R:20-35) to Print media, TV, Sponsorship to sports, convocation, Internship, etc. While 20% of significance is given to the variables Neon-Signage, Cultural program sponsorship, Radio, etc with a mean of 16 which lies in the range of: t(R: 5-20) .

Following figure shows the level of influence of in-direct-marketing tools in customers buying decisions.

**Figure-27:** Influence of In-direct Marketing in customers buying decision



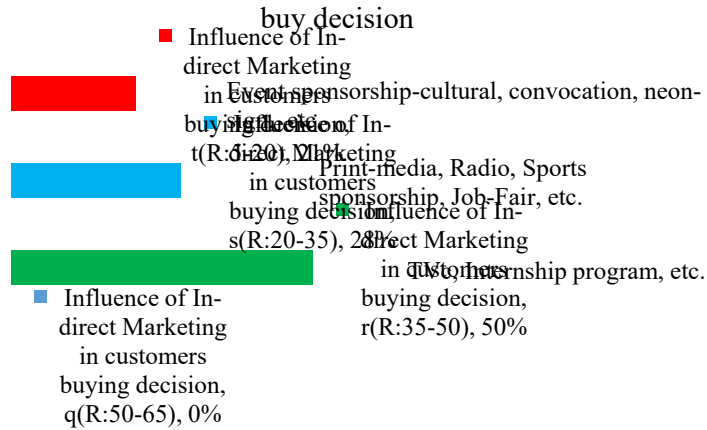
It is evident further that respondent not willing give any weigh to the ranges of r(R35-50) and q(R:50-65) out of total weight of 75. Therefore it may be comment that in-direct marketing instruments like print media, TVC, Sports sponsorship, Radio commercial, hoarding or neon signage have very small influence over the buying decision of service product.

**3.3.14 In-direct Marketing Tools in customers re-buy decision: Customer perspective**

In case of influence in the re-buying decisions of customers, the respondents among the clients weigh maximum of 50% for mean of 40 to the elements which lies in the range of: r (R:35-50) to the elements of TV, Internship program, etc. The second most significance is given to the variables Print-media, Radio, Sports sponsorship, Job-Fair, etc. of about 28% for mean of 23 for the range of s (R: 20-35). Finally, the lowest significance was given to the variables event sponsorship-cultural, convocation, neon-sign, etc. the clients gave it a weigh of 21% for mean of 17 for the range of t (R: 5-20).

Following figure shows the level of influence of indirect-marketing tools in customers re-buying decisions.

**Figure-28:** Influence of In-direct Marketing in customers re-buy decision



It is open from the above graph that respondent not willing give any weigh to the ranges of q(R: 50-65) out of total weight of 75. Therefore it may be comment that in-direct marketing instruments like print media, TVC, Sports sponsorship, Radio commercial, hoarding or neon signage have very little influence over the re-buying decision of service product.

### 3.4 Summary and Conclusions

This research mainly investigates the level of influence of different marketing instrument on customers buying or re-buying decision from IDLC employee perspective and its customer perspective and it may be concluded that instrument of relationship marketing tools plays critical role in customers buying decision in this case. However, this research is unable to comment correctly on the level of significance and influence of indirect marketing/mass marketing tool like print media, digital media over customer buying decision.

### **3.5 Recommendations**

It is obvious that IDLC is the leader in financing business and have business experience for around 37 years in this economy. Therefore, their marketing endeavor is time-honored. As result shows instruments under direct-relationship marketing found have significant influence over on-boarding and retention of a customer thus, few more innovative instruments may be arranged to engage existing and potential customers with IDLC business. Some of the recommendations may include;

Most of the instrument is straight lender focused, thus IDLC may enter a step ahead by engaging lenders family offering;

- a) Periodic vaccination program like Hepatitis-B Vaccine for the lenders as well as for his/her family members;
- b) Providing health insurance, customized on the basis of business past record and potential;
- c) Yearly health check for Lenders and his Spouse;
- d) Scholarship/ partial scholarship for daughter/ 2 children;
- e) Recreation tour including insurance, sponsorship only;

### **3.6 Implication and Future Scope**

It is evident from this research that customers weigh more to the direct marketing instruments in contrast to indirect marketing tools in buying and selling of service products therefore, implication of the findings may be summarized for two interest groups' namely future marketers' of service product and research scholars who have interest in investigating service product marketing.

#### **3.6.1 Future Marketers' of Service Product**



In recent years ‘on-line business activities are getting popular because of easy excess to internet, increased peoples interest in it and continuous improvement of IT infrastructure. Organizations are trying to get into paperless business world. However, this report indicates the level of importance of direct marketing i.e. relationship marketing thus, policy makers of different business organization may arrange separate, specific, short-term, medium-term and long term financial (marketing-budget) and non-financial plan for the targeted buyers and loyal customers align with organizations goals and objectives.

In Bangladesh, agent banking is getting popular. Financial and Non-Banking Financial Institutions are appointing commission based agent in different location which is helping more people to be included in to the mainstream financial activities. Mobile banking like Bkash, Rocket and Nagad is also at customer’s reach. Marketers of these types’ products can revisit their marketing strategy for the sustainability of their business.

### **3.6.2 Future research scope**

Research scholars may investigate and suggest how business organization can take advantage of digital marketing platforms (LinkedIn, YouTube, Facebook, e-mail, SMS, etc.) using instruments of direct marketing tools mainly customers relationship marketing.

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