How effective the collection procedures of IDLC Finance Limited in terms of consumer financing: A study on consumer financing of IDLC

Internship Report on

How effective the collection procedures of IDLC Finance Limited in terms of consumer financing: A study on consumer financing of IDLC

Authorized By:

Dewan Ishtiak Ahmed

Senior Manager

Consumer Collection, Special Asset Management

IDLC Finance Limited

Email: dewan@idlc.com

Submitted By:

JafrinNahar

ID: 12304030

Email: jafrinnahar@gmail.com

Submitted To:

Riyashad Ahmed

Assistant Professor,

BRAC Business School

BRAC University

Email: riyashad@bracu.ac.bd

Date: 21st December, 2016

Letter of Transmittal

15th December, 2016

Riyashad Ahmed

Assistant Professor

BRAC Business School

BRAC University

Subject: Internship report on "How Effective the Collection procedures of IDLC Finance Limited in terms of consumer financing: A study on consumer financing."

Dear Sir,

With great gratification I am submitting my internship report on **"**How Effective the collection procedure of IDLC Finance Limited in terms of consumer financing: A study on consumer financing of IDLC**"** to you as an essential requirement for the completion of BBA program. It is really an enormous opportunity for me to gather vast Information and analyze the subject matter in an appropriate way. I have found the study is quite interesting, beneficial & insightful and tried my level best to prepare an effective &creditable report.

Therefore, I am hoping that my analysis will assist to provide a clear idea about the overall condition of "Collection Procedure of IDLC Finance Limited", and also believe that you will find this report's worth for all the labour I have put in it. It will be highly appreciated if you kindly acknowledge the report, if required, I would be glad to provide you with any clarifications.

Sincerely yours
Jafrin Nahar
ID-12304030
BRAC Business School
BRAC University

Acknowledgment

The successful completion of my Internship Report is the outcome of the contribution and engrossment of a number of people, without their helpful guidance and suggestions the accomplishment of the report was almost impossible. I am extremely grateful to each one of those individuals who have guided me throughout my internship journey and provided me with all the obligatory information about the Consumer Collection Division of IDLC Finance limited which helped me to organize this research project.

First of all, I am very grateful to Mr. Riyashad Ahmed my internship supervisor who really appreciated my research project on collection procedure and gave me the chance to work on " How effective the collection procedure of IDLC Finance Limited in terms of consumer financing." I would like to thank him for his continuous support, advice and proper guidance, without which my paper work would not be possible.

Secondly, I would like to show my gratitude to the HR of IDLC Finance Limited, Mr. Masum Billah to enable me to complete my internship journey in their well-regarded organization. Very special thanks goes to Mr. Ataur Rahman Chowdhury, Deputy General Manager & Head of Operations, Md. Masud Sajjad, Assistant General Manager, Branch in Charge of Paltan, for helping me in all the stages of the internship process. I would like to express my heartiest gratitude to my direct supervisor Mr. Dewan Ishtiak Ahmed, Senior Manager, Special Asset Management & SultanaRazia, Manager, and Special Asset Management. In the course of my preparation of the project work their overwhelming support inspired me to do a better report.

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Executive Summary

The report begins with a brief overview of the designated company IDLC Finance Limited. It includes different types of loan business project of IDLC. The purpose of accumulating information about the company is to show the current market status of IDLC Finance limited. In addition, It includes total loan portfolio, loan portfolio growth rate and non-performing loan of every loan business of IDLC Finance Limited. Moreover, it includes the overall collection procedure of IDLC finance limited. Further, Little information about Lanka Bangla Finance Limited is also included to prove how effective the collection procedure of IDLC Finance Limited in terms of consumer financing. Lastly, there are main findings, recommendation and suggestion.

Chapter: 1

Company Overview

Company Overview

1.1. Historical Background:

IDLC Finance Limited is the first leasing company of Bangladesh which commenced its journey in 1985. Its establishment was the collaboration and lead sponsorship of different local and multinational financial institutions namely Finance Corporation (IFC) of the World Bank, German Investment and Development Company (DEG), the Aga Khan Fund for Economic Development, the City Bank Limited, IPDC of Bangladesh Limited, Kookmin Bank, Korean Development Leasing Corporation of South Korea and Sadharan Bima Corporation. Korean Development Leasing Corporation (KDLC), the largest leasing company of the Republic of South Korea provided technical assistance for the establishment of the company. The constant development of the company was ensured by the exclusive organizational structure involving many financial institutions. IDLC was licensed as a Financial Institution by the country's central bank in 1995. Along with the progression of the company, the initial foreign shareholding of 49% was gradually being withdrawn. Finally, in 2009 the remaining foreign shareholding was bought out by the local sponsors. In the last two decades, the company achieved a significant growth along with the country's growing economy.

1.2. About the company

IDLC Finance Limited started its operation in 1985, as the first leasing company of the country with multinational alliance and funding of the International Finance Corporation (IFC) of the World Bank Group. IDLC group has become the biggest multi-product multi segment Non-banking financial institution in Bangladesh and established itself as one of the topnotch companies on local stock markets. At the start, the foreign shareholders altogether hold 47.3% of the company’s shares. On the other hand, the remaining 52.7% shares were hold by five Bangladeshi financial institutions including The City Bank Ltd, Sadharan Bima Corporation, Mercantile Bank Ltd, Eskayef Bangladesh Ltd, Reliance insurance Ltd and the general public. IDLC spread out its operation by launching 31 branches and booths in 15 cities with over 1,200 employees. Even though IDLC Finance Ltd initially started with Lease Financing as their basic product, gradually it became the largest multi-product Non-Bank Financial Institution of the country while giving equal emphasis in Corporate, Retail and SME sectors. Additionally, IDLC has a significant presence in the Capital Markets and it is the listed member of Dhaka Stock Exchange**.** IDLC offers a variety of financial services and solutions to institutional and individual clients to meet their diverse and exclusive requirements. The product offerings include Lease Finance, Term Finance, Real Estate Finance, Short Term Finance, Corporate Finance, Merchant Banking, Term Deposit Schemes, Debentures and Corporate Advisory Services. IDLC has also established two wholly owned subsidiaries, IDLC Securities Limited which offers full-fledged international standard brokerage services for both retail and institutional clients. IDLC investments, a leading brand for investment banking in the country. The Company is devoted to viable business practices and durable financial performance. The company is committed to maintain the utmost standards of ethics and compliance by its employees. Employees are required to follow the Company's code of conduct. It is also associated with a variety of CSR activities. In order to fulfill the customers requirement IDLC continues to play a leading role in introducing different types of financial instruments. They are constantly expending their operations by providing the best quality of products to the customers. IDLC has been constantly recognized by independent bodies and it has achieved a significant presence in the corporate sector of Bangladesh.

The voyage of IDLC' is given below consecutively:

- **May 23, 1985:** Incorporation of the company.
- **February 22, 1986:** Commencement of leasing Business.
- **May 18, 1986:** Signing of first lease.
- **October 01, 1990:** Establishment of branch in Chittagong.
- **March 20, 1993:** Listing in Dhaka Stock Exchange.
- **September 10, 1994:** Licensed by Bangladesh Bank for Deposit Collection.

- **February 07, 1995:** Licensed as non-banking financial institution. Under Financial Institution Act-1993of Bangladesh Bank.
- **July 02, 1995:** Licensed by Bangladesh Bank as offshore financier in Export processing zones (EPZ)
- **November 25, 1996:** Listing in Chittagong stock exchange.
- **May 27, 1997:** Commencement of House Finance and Short term Finance operations.
- **January 22, 1998:** Licensed as Merchant Banker by Securities and Exchange Commission.
- **January 22, 1998:** Licensed as Merchant Banker By Securities and Exchange Commission.
- **January 15, 1999:** Commencement of Corporate financing and Merchant Banking Operation.
- **December 05, 2000:** Exceeded Taka 1 billion mark of annual lease execution.
- **May 22, 2002:** Arranged the largest ever lease syndication amounting Taka 950 million by the corporate Finance Unit.
- **January 29, 2004:** Opening of the first retail focused branch at Dhanmondi.
- **June 29, 2004:** Opening of Gulshan branch.
- **November 22, 2004:** Launching of Investment Management Services "Cap Invest".
- **February 7, 2005:** Issuance of First Securitized Zero Coupon Bonds by IDLC Securitization Trust 2005.
- **September 18, 2005:** Launching of Local Enterprise Investment Center (LEIC), a center established for the development of SMEs with the contribution of the Canadian International Development Agency (CIDA) of the Government of Canada
- **January 2, 2005:** Opening of SME focused branch at Bogra.

- **April 6, 2006:** Opening of branch at Uttara.
- **May 18, 2006:** Opening of Merchant Banking branch in the port city Chittagong.
- **July 1, 2006:** Reallocation of Company's Registered and Corporate Head Office at 57, Gulshan Avenue
- **September 18, 2006:** Commencement of operation of IDLC Securities Limited, a wholly owned subsidiary of IDLC.
- **March 14, 2007:** Launching the Discretionary Portfolio Management Services "Managed Cap Invest".
- **August 5, 2007:** Company name changed to IDLC Finance Limited from Industrial Development Leasing Company of Bangladesh Limited.
- **December 3, 2007:** IDLC Securities Limited, Chittagong Branch commenced operation.
- **December 18, 2007:** IDLC Securities Limited, DOHS, Dhaka Branch opened.
- **January 6, 2009:** Opening of Sylhet branch.
- **August 26, 2009:** Opening of Gazipur SME Booth.
- **February 3, 2010:** IDLC started its operation at Narayanganj.
- **February 24, 2010:** Inauguration on of Savar Branch.
- **August 8, 2010:** IDLC opened its 2nd branch in Chittagong at Nandan kanon.
- **October 27, 2010:** IDLC stepped in Comilla.
- **December, 2010:** IDLC opened Narshingdi and Keraniganj Branch
- **June 15, 2011:** Opening of Mirpur Branch
- **August 9, 2011:** Opening of Tongi Branch.
- **August 16, 2011:** IDLC Investments Limited, a wholly-owned subsidiary of IDLC, commences operations.

- ➢ **January 18, 2012:** Opening of Jessore Branch

1.3. Vision:

• To become the best financial brand in the country.

1.4. Mission

• Concentrating on quality growth, superior customer experience and sustainable business practices.

1.5. Strategic Objectives:

- Grow and develop their talent pool
- Fully leverage new core banking platform
- Optimize distribution points
- Grow and diversify funding sources
- Grow sales and service capabilities in Consumer Division
- Aggressively grow SME portfolio
- Focus on top-tier clients in Corporate
- Consolidate capital market operations and enhance capabilities

1.6. Core values:

2.4 Core Values of IDLC:

1.7. Business Overview:

IDLC Finance Limited offers a wide range of financial solutions through its four business weapons which include SME, Consumer, Corporate and Capital Market.

1.8. SME Division:

SME Division is considered as the priority business segment of IDLC Finance Limited. The SME segment of IDLC is also the fastest growing segment among other Non-Banking Financial Institutions. This division is dedicated to providing specialist lending facilities to small and medium-sized businesses through a broad range of industries including steel, cement, light engineering, plastics, and textiles, among others, geographically spread across Bangladesh. This division operates their services through term loans, working capital loans and lease financing to satisfy diversified customer requirements. However, this division provides customized financial services if necessary. This division also considers the importance of women entrepreneurship. So, it supports and encourages women entrepreneurship by providing loans with attractive schemes and lower interest rate. SME Division offers the following financial facilities:

- **Small Enterprise Finance:** IDLC considers the importance of small-scale enterprises and offers financial facilities to those enterprises so that they can carry out their trading, manufacturing or business activities. However, the small entrepreneurs can also avail this financial facility for developing commercial real estate.

- **Medium Enterprise finance:** The medium enterprise segment of SME Division offers mid and long term financial solutions to a broad range of clients. It creates a strong support for those entrepreneurs and helps them to establish their own corporate houses.

- **Supplier Finance:** Supplier Finance is another financial facility offered by the SME Division. The financing depends on the supply of goods or delivery of services.

- **Commercial Vehicle Loan:** Commercial Vehicle Loan is a lease facility offered by the SME Division of IDLC. The main purpose is to provide financial support so that the clients can purchase vehicle for commercial use.

1.9. Consumer Division:

Consumer Division deals with the retail financial services and it offers a broad range of financial products which includes Car Loan, Home Loan and a small percentage of Personal Loan and Loans against deposits. Currently, this division has the highest market share and growth rates within the Home Loan industry of Bangladesh. By offering retail savings products with variable interest rates and maturities this division serves as a mobilizing arm of the company.

1.10. Corporate Division:

The basic function of corporate division is to ensure extensive and quality service for the financial institutions. It also provides term loans, lease financing, working capital financing, project financing and other financial facilities for the corporate clients throughout the country. Moreover, this division also offers corporate bond issuance and debt syndication which belongs to the "Structured Finance" solution.23 corporate division provides the following services:

- **Lease Financing**: It is basically asset backed financing or lease provided to the lessee against office equipment's, industrial machinery, commercial equipment's, vehicles, engines etc.

- **Working Capital Financing**: IDLC offers working capital financing in order to help the companies to carry out their day-to-day business activities.

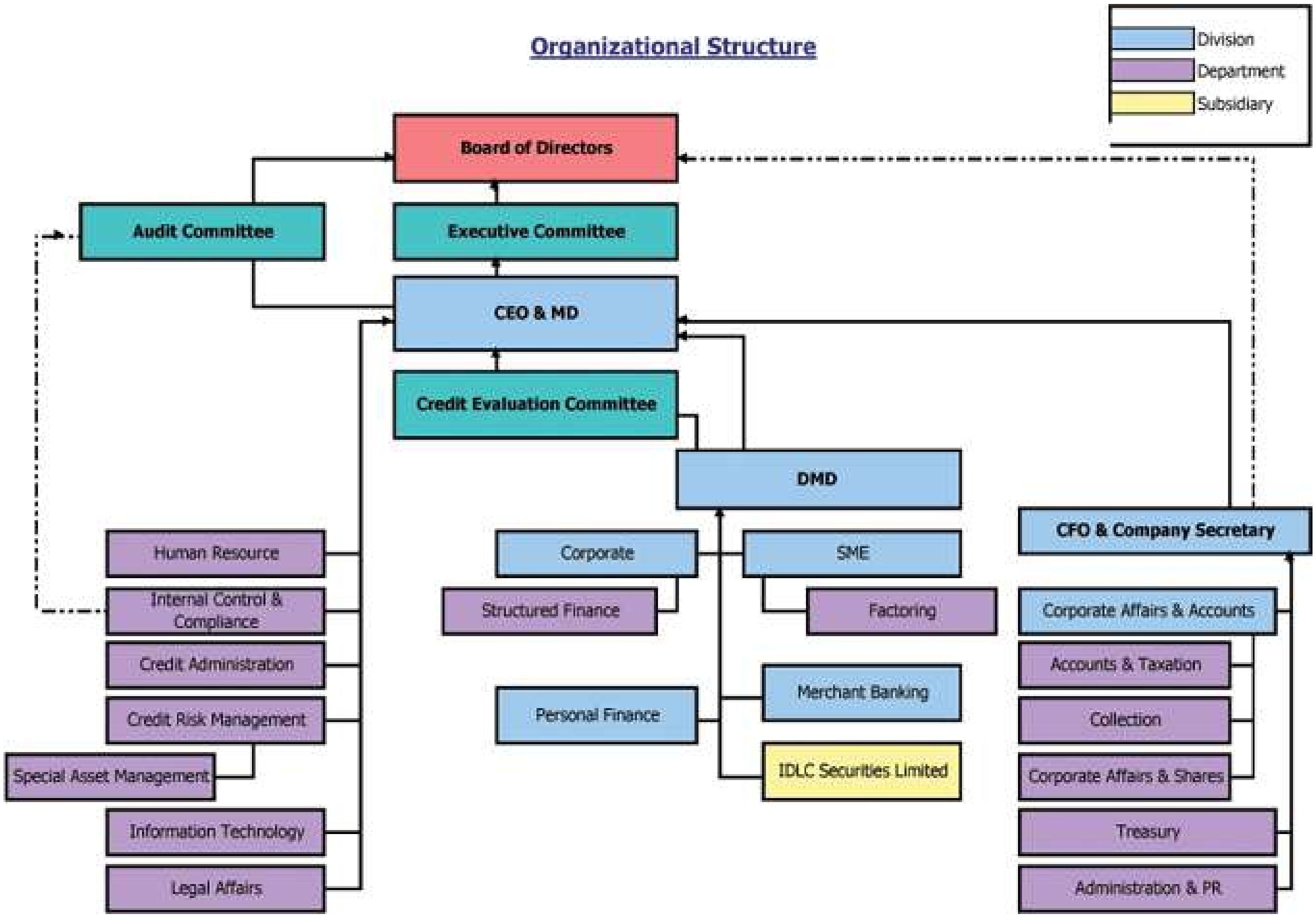
- **Term Loan Financing**: IDLC offers term loans for a set time period with regular payments.

Project Financing: Corporate division offers project financing for the Joint venture of an existing company, new product lines of an existing company, setting up a new strategic business unit etc.

1.11. Capital Markets:

IDLC Finance Ltd. established two of its wholly-owned subsidiaries namely IDLC Securities Ltd. and IDLC Investments Ltd. with which it runs its capital market operations. These two subsidiaries provide all types of trading and financial services to its clients. They provide the best infrastructural and execution experience to their diversified client base through their robust trading facilities. Their services also include underwriting, primary issuance and merchant banking. The division has recently introduced Discretionary Portfolio Management services. They are paying special attention in order to grow this portfolio with their Consumer Division while considering interdivisional synergistic opportunities.

1.12. Organogram of IDLC Finance Limited:



The Board of Directors of IDLC segmented the Board into two sub-panels which are Executive Committee and Audit Committee. The Executive Committee deals with conventional business operations of the Company and the approval of the Board of Directors. However, the Audit Committee is responsible for identifying the money related issues, internal control frameworks and techniques, assessment programs, compliance requirements etc.

1.13. IDLC Securities Limited

IDLC Securities Limited, a fully-owned subsidiary of IDLC, offers full-fledged international standard brokerage services for both our retail and institutional clients. It has seats on both Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. It is also a Depository Participant (DP) of Central Depository Bangladesh Limited (CDBL).

1.14. IDLC Investments Limited

As per requirement of the Securities & Exchange Commission (SEC), IDLC formed a separate subsidiary on May 19, 2010 in the name of 'IDLC Investments Limited', in order to transfer its existing merchant banking activities to the newly formed entity. IDLC applied to SEC to transfer the existing merchant banking license of IDLC Finance Limited to IDLC Investments Limited. Accordingly, IDLC Investments Limited has started its operations from August 16, 2011 to offer merchant banking services to both our individual and institutional clients.

1.15. IDLC Asset Management Limited (AML)

IDLC Asset Management Limited (AML) was incorporated in Bangladesh on 19 November 2015 vide registration no. C-127068/2015 as a private company limited by shares under the Companies Act, 1994. The registered office of the Company is situated at D.R. Tower (4th Floor), 65/2/2, Bir Protik Gazi Dostogir Road, Paltan, Dhaka. It is a subsidiary Company of IDLC Finance Ltd that holds 99.99% ownership of the Company. The principal objective of the company is to carry out the business of asset management, primarily, through launching and managing mutual funds to cater to the diverse needs of investors. Besides, institutional fund management, IDLC AML also aims at creating avenues for alternative investments through private equity and venture capital.

1.16. IDLC Code of Conduct and Ethics:

According to the Code of Conduct of IDLC:

- Employees shall act with integrity, competence, dignity while dealing with customers, prospects, colleagues, agencies and the public.
- Employees should represent themselves in a more professional and ethical manner which will have a positive impact on IDLC employees, their profession and on IDLC at large.
- Try to preserve and improve the competence of the business.
- Practice reasonable care and exercise independent professional judgment.
- They should not confine others from performing their professional obligations.
- They should obey all the applicable laws, rules and regulations.
- Reveal all conflicts of interest.
- Their professional services should comply with IDLC policies and relevant technical and professional standards.
- They should respect the confidential issues and privacy of customers.
- They should not engage themselves in any kind of dishonesty, fraud, deceit or other unethical issues.

- Practice reasonable care and exercise independent professional judgment.
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1.17. Shareholding Structure:

The shareholders of IDLC Finance Ltd. can be separated into two broad categories namely Sponsors/ Directors and General Investors. General Investors can also be subdivided into two different categories which are Institutional Investors and Individual Investors.

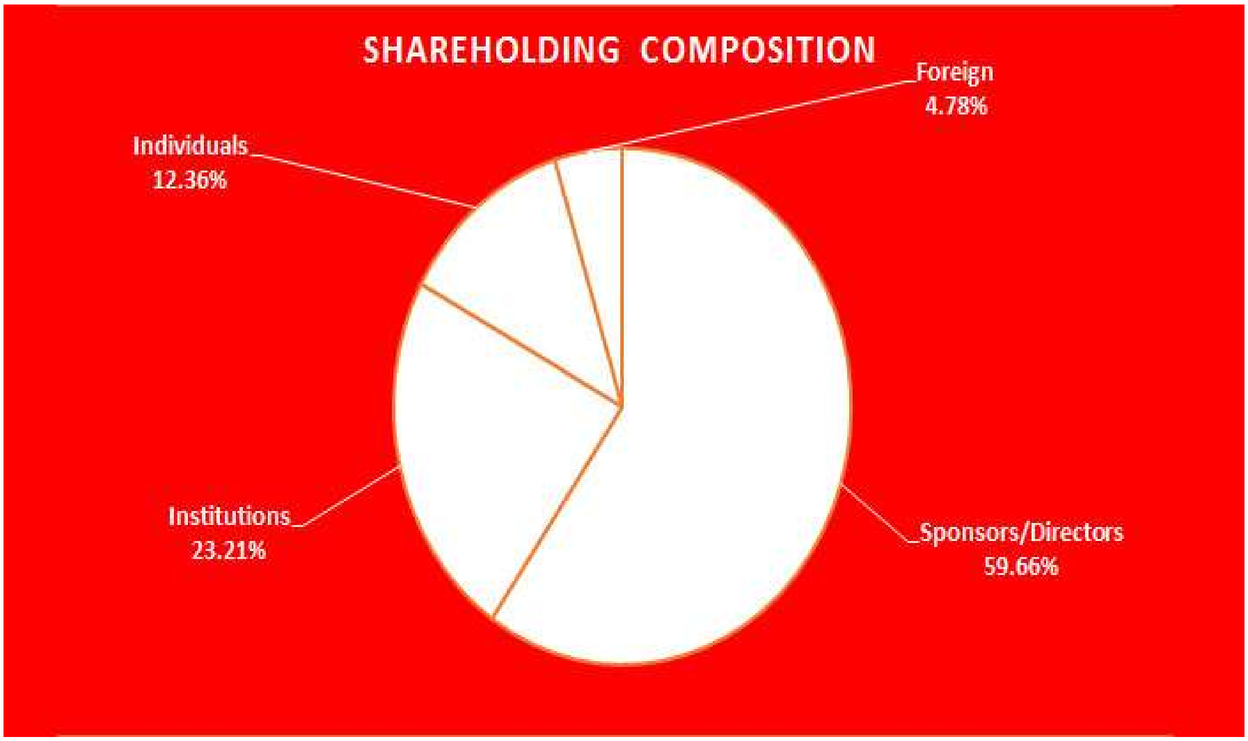

Figure 1-Shareholding Composition

1.18. Location of Corporate Head Office and Branches:

IDLC is the largest Non-Banking Financial Institution which serves the local people with financial facilities. It provides world-class products and exclusive customer service. As a result, they already have 34 branches and 2 booths and thus they established a strong branch network which covers the major points of Bangladesh.

Chapter: 2

Internship Experience

Internship Experience

Internship is considered as a compulsory credit course for the completion of BBA program because it provides an opportunity to get the real life experience while performing work. I am very fortunate because I have completed my internship from IDLC Finance Limited. I started my internship on 28 July 2016, at Paltan branch of IDLC Finance Limited. It was a three-month program. Again, I consider myself very fortunate since I was in Paltan Branch which is the largest branch of IDLC Finance Limited. I worked in the Special Asset Management, Collection Department which is known as SAM-CD. Sultana Razia, Assistant Manager of the consumer was my direct supervisor. She assigned me all the works and she was my direct reporting boss. Along with me, there were four interns. Basically, in this department intern's job was to help employees to carry out their daily activities.

The internship program of IDLC Finance Limited is quite challenging, and it creates a learning platform for the beginners. During my internship program I have learned a lot by doing different types of works. As an intern, my basic job was to cheque collection. Along with it I also performed some important critical task under the supervision of my direct supervisor.

2.1. Specific job Responsibilities:

- Operating PDC Oracle Software.
- Following up customers on a daily basis for cheque collection.
- Handling customer calls and cheque return issues.
- Providing customer service.
- Ensuring cheque collection within the specific time limit.
- Maintaining PDC General Folder.
- Collecting important documents from the employees and managing those in their personal files.

- Cheque Entry.
- Cash Entry.
- Early Reminder Call to the clients.
- Overdue Follow-up.
- Cheque Dishonors Follow-up.

Basically, these are the primary regular activities I have to perform while doing my internship at IDLC Finance Limited. In the beginning, they showed me how to carry out the task and asked me to do the task by myself. While doing my work I faced some difficulties, and in this situation my supervisor, colleagues and co-interns help me a lot to overcome it.

2.2. Critical Observation:

During my internship, I have faced and observed some inconvenience that has been specified below:

- Important information such as contact number has been missing or wrong number given in the system.
- Clients become annoyed for the number of calls they get from IDLC.
- Relationship manager known as RM collected cheque from the client but they did not send it off to branch.
- Cheque has already been collected at branch from client but not updated in system.
- Customer's EMI date has been changed but still cheque was placed in the previous EMI date.
- Cheque has been marked as 'Close' without collecting new cheque.
- Client applied for rate conversion but it took three months for processing, which is very lengthy according to the clients.

Chapter-3

Project Overview

3.1. Introduction:

Internship is considered as mandatory part of BBA program since it gives an opportunity to use the academic knowledge in the practical field. I was lucky enough that I have completed my internship from IDLC Finance Limited. This report is assigned by the institutional advisor and organizational supervisor to put my learning on a particular topic, through this research I have tried to present the actual operation of one division of IDLC named Special Asset Management, Consumer Collection.

3.2. Objective of the report:

There are two objectives of doing this research. The general objective of this report is to discuss the knowledge which I gained while doing my internship. The main objective is to analyze the collection procedure of IDLC Finance Limited and also doing a comparative analysis between IDLC Finance Limited and Lanka Bangla Finance Limited.

3.4. Methodology:

The data and information of this research have been collected from the both Primary and secondary sources in order to make the report more meaningful and presentable.

Primary source:

I have collected primary data with the help of my direct supervisor and I also discussed with the collection team of Paltan Branch. I took data from the relevant file study provided by the officials of the Special Asset Management, Consumer collection of IDLC Finance Limited.

Secondary source

- ✓ Annual Report of IDLC and Lanka Bangla Finance Limited (2011-2015)
- ✓ Official Website of IDLC and LBFL
- ✓ Journals
- ✓ Article's

3.5. Limitations of the Report:

- ✓ Non-availability of former and most recent information.
- ✓ Analyzing financial data is much more confusing and complicated than any other data.
- ✓ It was really difficult for me to accumulate confidential data.
- ✓ Have to depend mostly on the primary data.
- ✓ Organizational restriction to disclose some confidential Information.
- ✓ Appropriate journals and publications are not available.

3.6. Consumer Financing

Consumer financing' means any financing allowed to individuals for meeting their personal, family or household needs. Basically, the consumer division of IDLC Finance Limited deals with consumer financing. Nowadays, IDLC Finance Limited has emerged as a leading player in the home loan and car loan sector and has successfully captured growing share of the market.

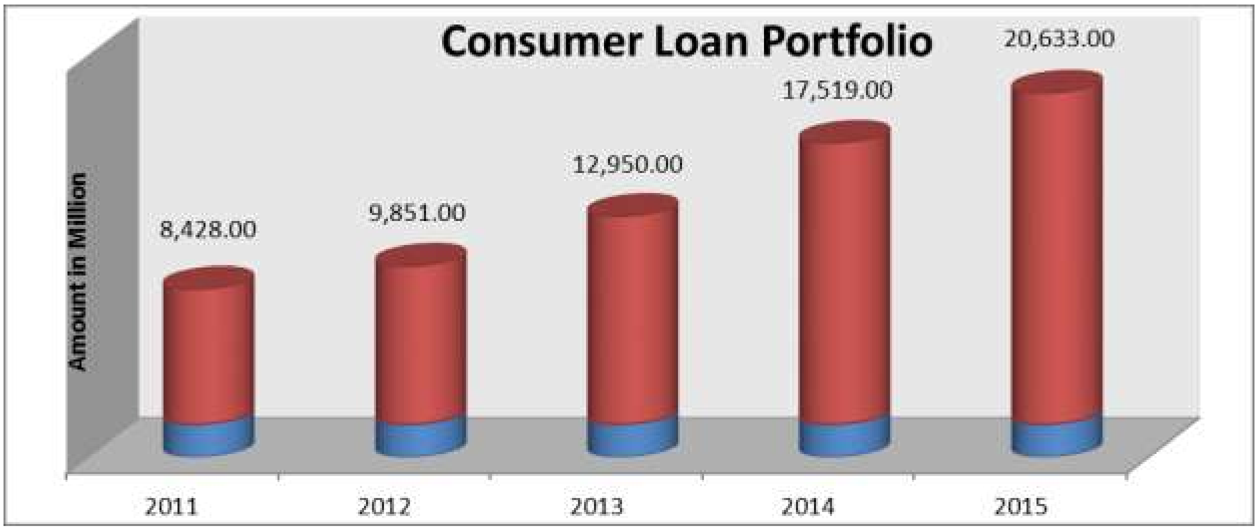

Figure 2-Consumer Loan Portfolio

Year	2011	2012	2013	2014	2015
Taka in Million	8,428.00	9,851.00	12,950.00	17,519.00	20,633.00
Growth in Percentage		16.88%	31.46%	35.28%	17.77%

The above graph explains that IDLC Finance Limited is in a glowing situation in case of consumer loan portfolio. In 2011, the portfolio was of 8,428 BDT million. In next year, it has reached to 9,851 BDT million. The growth percentage was 16.88. From 2013 to 2015 the portfolio amount was chronologically 12,950 million, 17,519 million and 20,633 BDT million. So, there was always a flow of growth in the percentage of consumer loan portfolio.

This portfolio has contributed significantly in making the overall profit for IDLC Finance Limited.

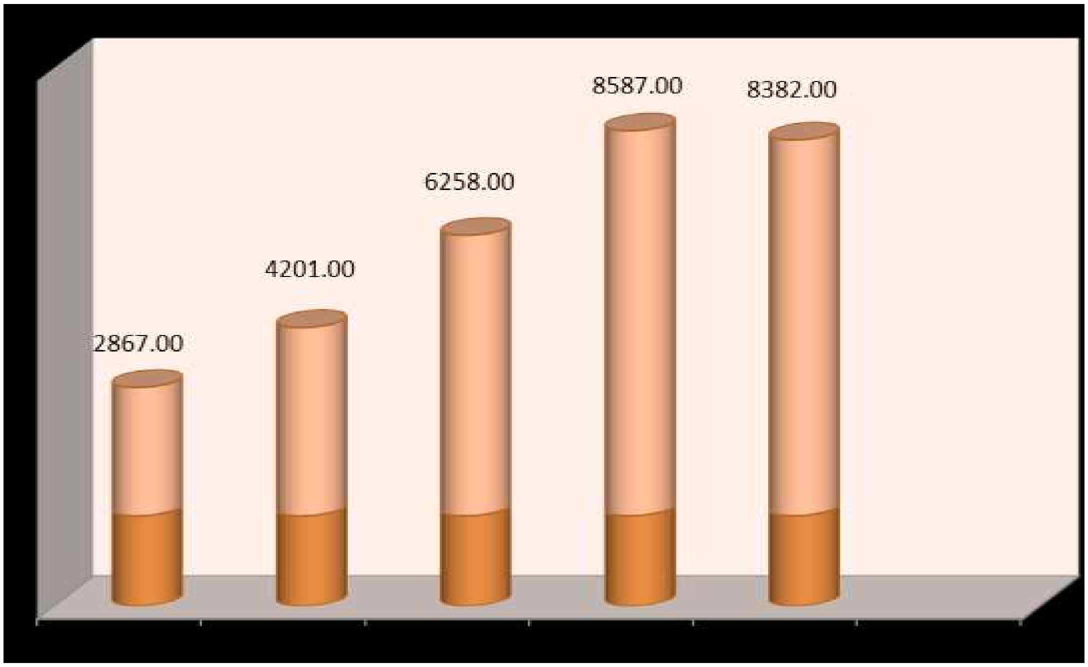

Figure 3-Consumer Loan Disbursement

	2011	2012	2013	2014	2015
Taka in Million	2,867.00	4,201.00	6,258.00	8,587.00	8,382.00
Growth in Percentage		46.53	48.96	37.22	(2.39)

The above graph explains the new loan disbursements of IDLC Finance Limited from 2011 to 2015. In 2011, the new loan disbursement amount was 2,867 million BDT. In next year, the loan disbursement has reached to 4,201 million BDT with 46.53 growth percentage. In 2013, the amount was 6,258 million BDT and the growth rate was 48.96%. On the following year, the new loan disbursement was even higher and the amount was 8,587 million BDT. In the same way in 2015, the new loan disbursement was 8,382 million BDT which was slightly lower than the previous year. In the final year, the growth was reduced by 2.39%. In a nutshell, IDLC Finance Limited is expanding its capacity of consumer loan disbursements and glowing with profits.

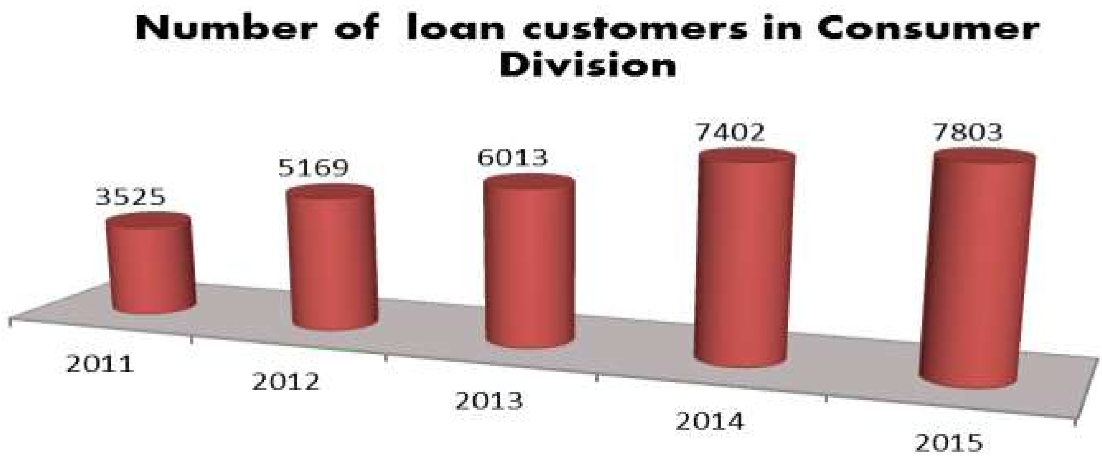

Figure 4-Number of Loan Customers in consumer Division

Year	2011	2012	2013	2014	2015
Customers in number	3,525.00	5,169.00	6,013.00	7,402.00	7,803.00

The above graph explains the number of loan customers of consumer division. As IDLC Finance Limited has a growing consumer loan portfolio, correspondingly, the company has a growing number of loan customers for last five years. In 2011, the loan customers' number was 3,525. In 2012 it reached to 5,169. In the next year, the number was 6,013. In the same way, In 2014 the number has increased to 7,402 and in final year 7,803. Though the year 2012 the growth percentage was 46.64% but in 2015, the percentage was only 5.42%. It shows the company is moving towards its maturity. That's why the growth rate has become slow.

3.7 Home Loan:

IDLC is the leading home loan provider in Bangladesh. It provides the most convenient home loan with attractive benefits.

i.Loan Term:

Category	Maximum Term	Maximum Age
Professional	20 Years	65 Years
Businessmen	15 Years	60 Years
Non Resident Bangladeshi (NRBs)	10 Years	60 Years
Service Holders	20 Years	60 ears

Table 1-Loan Term

ii. Eligibility for Home loan:

- ❖ 25 years and above of age, but not more than 60 years, except professional.
- ❖ Earning on a regular basis from a sustainable source of employment or business

Factors Affecting of Home loan amount:

Basically, Home loan amount depends on the consumer's repayment capability.

List of factors are given below :

- o Disposable income
- o Age, Qualifications
- o Value of the immovable property
- o Number of family members and dependents and monthly expense
- o Other fixed obligations, nature of job/business, savings habits etc.
- o Residential Purpose**:** For residential purpose IDLC Finance limited gives loan of 70% of the purchase price, including registration cost, or 80% of the construction cost of residential house can be offered as Home Loan.
- o Commercial Purpose: For Commercial Purpose IDLC Finance Limited gives loan of 50% of the purchase price, including registration cost, can be offered as Home Loan.

iii. Repayment Mode:

The total amount has to be repaid through Equal Monthly Installments (EMI).

iv. Security:

Mortgage of the property itself or any other equivalent security which is acceptable to IDLC Finance Limited.

i. *Interest rates:*

IDLC Finance Limited offers loan at two types of interest rates: variable and fixed interest rates. They set individual rates by taking into consideration a customer's financial status, amount borrowed and repayment terms.

	Segment A			Segment B		
Amount (M-Million)	Up to 10 Years	10-20 Years	Above 15 Years	Up to 10-Years	10-20 Years	Above 15 Years
Up to 10 M	11.79%	11.89%	12.25%	11.99%	12.49%	12.79%
10-20 M	11.99%	12.49%	12.79%	12.49%	12.99%	13.25%
20-30 M	12.25%	12.79%	12.99%	12.79%	13.25%	13.49%
Above 30 M	12.79%	13.25%	13.49%	13.25%	13.79%	13.99%

	Segment C			Segment D		
Amount(M-Million)	Up to 10 Years	10-15 Years	Above 15 Years	Up to 10 Years	10-15 Years	Above 15 Years
Up to 10 M	12.49%	12.99%	13.25%	12.79%	13.25%	13.49%
10-20 M	12.99%	13.49%	13.79%	13.25%	13.79%	13.99%
20-30 M	13.25%	13.79%	13.99%	13.49%	13.99%	14.25%
Above 30 M	13.79%	14.25%	14.495%	13.99%	14.49%	14.79%

Table 2-Home Loan Interest Matrix

IDLC offers 0.25% lower interest rate if a consumer takes life insurance coverage with home loans. However, processing fee, documentation fee and other relevant fees will be applicable while taking the loan. The highest maturity term for variable interest rate is 20 years.

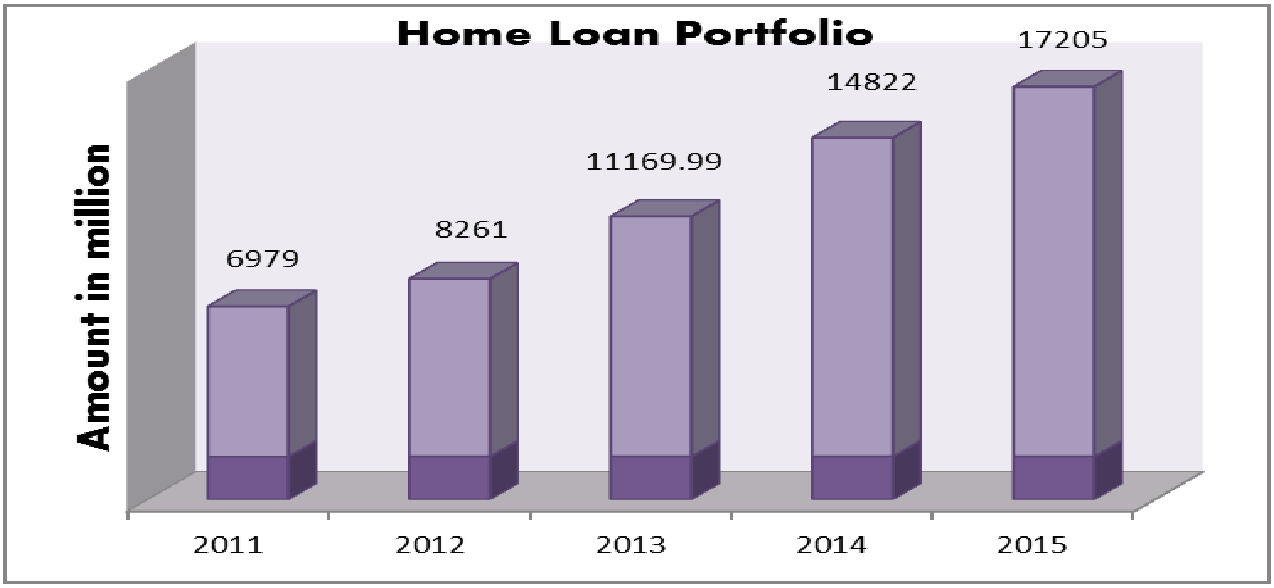

Figure 5-Home Loan Portfolio

Year	2011	2012	2013	2014	2015
Amount in Million	6979	8261	11169.99	14822	17205
Growth in Percentage		18%	35%	33%	16%

The above graph explains the amount of home loan portfolio in consumer division. As IDLC Finance Limited has a glowing home loan portfolio, so similarly the company has a growing amount of home loan in last five years. In 2011, the home loan was BDT 6,979.00 million. In 2012 it reached to BDT 8,261.00 million with the growth percentage of 18% compared to the last year. In the next year, the amount was BDT 11,169.99 million, and it is highest growth percentage compared to the previous year. But In 2014, the amount was increased approximately 33% to BDT 14,822.00 million and in final year portfolio stands BDT 17,205.00 million.

4.1 Car Loan:

In today's life having car is not a luxury rather it is vital for our life. IDLC provides car loan at different interest rates. IDLC classified their consumers into four different segments.

i. Loan tenure:

Loan tenure is maximum 5 years.

ii. Age of the borrowers

Age of the borrowers should be between 22 years to 60 years (Loan must be repaid on or before the age of 60).

iii. Eligibility to avail this Facility:

- Service-Holders
- Professionals
- Self Employed person
- Business Person

iv. Repayment Mode:

The total amount has to be repaid through Equal Monthly Installments (EMI).

v. *Minimum monthly Income required:*

- If the client is Service Holder or Professional than the minimum income should be 40000 BDT including income of co-borrower, in case of joint application.
- If the client is Landlord than the minimum income should be 50000 BDT.
- In case of Business Person the minimum monthly income should be :
  - Small and Medium Segment: BDT 50000
  - Corporate Segment : BDT 75000

vi. *Interest rates:*

IDLC Finance limited classified their consumers into four segments. The segments are A, B, C&D. Segment A&B includes consumer like salaried executives of large local/international/ multinational organization, foreign NGOs agencies, UN organizations, embassies, high commission, banks and financial institution, Multilateral bodies having 3 years of operation, local corporate, prominent NGOs. Other than that Professional who is serving in government and semi government organization, Independent/salaried professionals comprising accounting professional, physicians, dentist, marine engineer, faculty members of renowned universities/School, teacher Professional/executive are also included in segment A&B.

Segment	Interest rates
Segment A	13%
Segment B	13.25%
Segment C	13.75%
Segment D	14%

Table 3-Interest rates matrix of Car Loan

IDLC offers loan for new cars, recondition cars and also for register cars. For brand new car loan the highest term is 6 years and in case of recondition cars the maximum term is 5 years.

IDLC offers up to 70% of the total car loan and the consumers have to pay 1.5% processing fee.

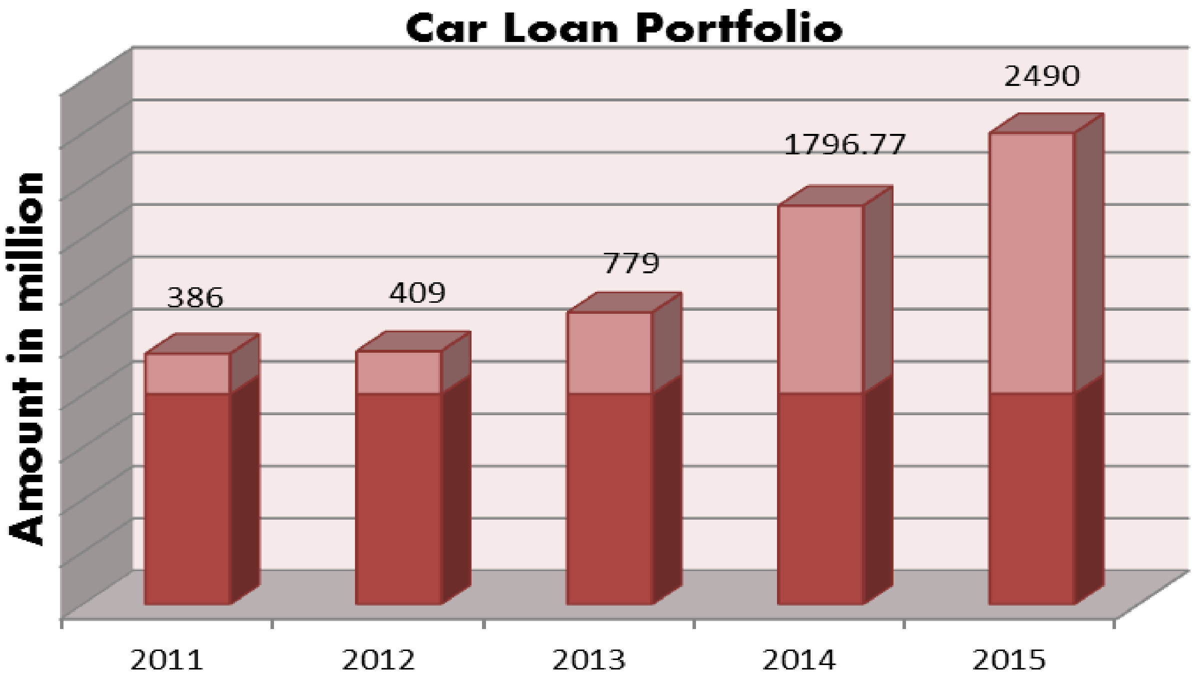

Figure 6-Car Loan Portfolio

Year	2011	2012	2013	2014	2015
Amount in Million	386.00	409.00	779.00	1796.77	2490.00
Growth in percentage		6%	90%	131%	39%

The above graph explains the amount of Car loan portfolio in consumer division. From 2012 to 2015 car loan portfolio of IDLC Finance limited is growing. IDLC Finance Limited has shown 131% growing car loan portfolio in 2014, and it is the highest percentage in five years. In 2011, the portfolio was only BDT 386.00 million, but at the end of 2015, it has reached BDT 2,490.00 million. In last two years, the company gave enough effort in Car loan business that's why the now the car loan portfolio is in growing stage.

4.2 Personal Loan:

IDLC provides personal loan in order to improve quality of life of their client.

Purpose:

IDLC Finance limited offers loan based on the consumers various needs such as:

- ❖ Purchase of consumer durables
- ❖ Meeting financial liabilities
- ❖ Marriage
- ❖ Education
- ❖ Domestic or foreign travel
- ❖ Medical treatment for self/family members
- ❖ Other needs

Types of Loan:

Consumer can enjoy two types of loan under Personal Loan facility:

i. Secured Personal Loan: when it is backed by any of the following:

- ❖ Cash Security (deposit with IDLC or lien on FDR).
- ❖ Assignment of salary
- ❖ Any immovable property in Dhaka, Savar, Gazipur, Chittagong, Bogra, Sylhet and Comilla.

***ii. Unsecured Personal Loan*:** When it is not backed by any security or guarantee under specific conditions of IDLC.

iii. Loan Tenure:

Loan Tenure is minimum1 year to maximum 5 years.

iv. Interest rates:

IDLC provides competitive interest rate against Personal Loan. Individual rates are set based on the customer's financial status and facility amount.

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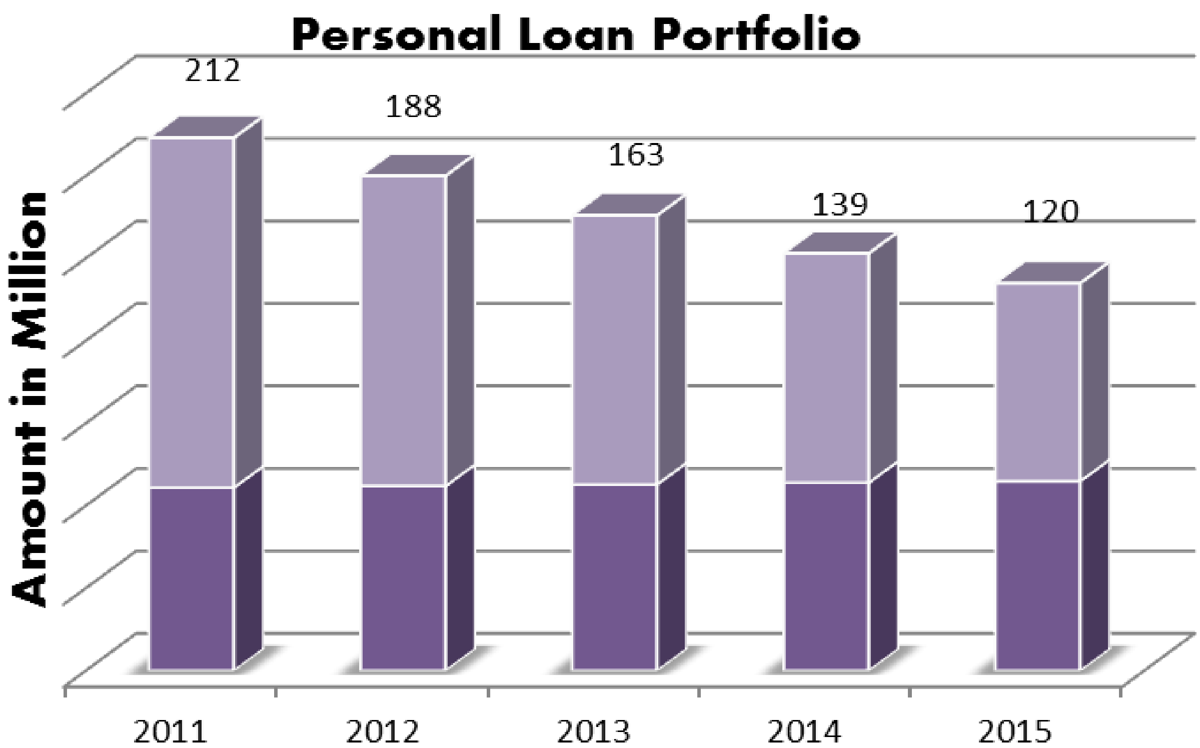


Figure 7-Personal Loan Portfolio

Year	2011	2012	2013	2014	2015
Amount in Million	212.00	188.00	163.00	139.00	120.00
Growth in Percentage		-11%	-13%	-15%	-14%

In this diagram, we can see that amount of Personal Loan Portfolio is decreasing in every year and onwards. The main reason of decreasing personal loan portfolio is that IDLC presently stopped providing the personal loan to the customer because they focused on home loan business. In 2011, the portfolio was BDT 212 million, but in 2015, the portfolio of personal loan is BDT 120 million only.

Deposit Schemes:

Along with offering loan Consumer division of IDLC Finance Limited also offers various types of Deposit Schemes with attractive interest rates and maturities.

Deposit Schemes are:

- ❖ Flexible Term Deposit Package
- ❖ Regular Earner Package

Deposit interest rate Matrix is shown below:

vii. Flexible Term Deposit Package

IDLC Regular Term Deposits		
Term	**Individual (Any Amount)**	**Institutional (Any Amount)**
3-15 months	7.00%	6.50%
2 Years	7.50%	7.00%
3, 4 & 5 Years	7.50%	7.00%

Table 4-IDLC Regular Term Deposit

IDLC 500 Days Term Deposit		
Term	**Individual** (Any Amount)	**Institutional (Any Amount)**
500 Days	7.00%	6.50%

Table 5-IDLC 500 Days Term Deposit

IDLC Double Money Deposit	IDLC Triple Money Deposit
Term	**Term**
9 Years 7 Months	14 years 8 Months

Table 6-IDLC Double and Triple Money Deposit

viii. Regular Earner Package

IDLC Monthly Earner Deposit (Individual)	
Term	**Interest amount per month/lac (Any Amount)**
1 Year	BDT 584
2 Years	BDT 625
3-5 Years	BDT 625

Table 7-IDLC Monthly Earner Deposit

IDLC Quarterly Earner Deposit (Individual)	
Term	**Interest amount per quarter/lac (Any Amount)**
1 Year	BDT 1,752
2 Years	BDT 1,875
3-5 Years	BDT 1,875

Table 8-IDLC Quarterly Earner Deposit

For individual accounts, woman clients will enjoy 0.10% higher interest rate on regular term deposits and regular earner products. If the clients have e-tin certificate, then 10% tax will be deducted from the interest rate. But if the clients don't have any e-tin certificate in that case 15% tax will be deducted from interest rate. If the consumers want to withdraw the money at that point he/she needs to submit a permission paper from Bangladesh bank. However, interest rates can change at any time without any previous notice. Moreover, advance income tax and excise duties are applicable according to the Government Law.

.3. Loan Sanction procedure:

In case of Loan Sanction procedure IDLC Finance Limited maintains several stages like:

1. Credit processing
2. Credit approval
3. Credit documentation
4. Credit administration
5. Disbursement

At first, application form along with others necessary document on credit is collected from the applicant. Once the credit proposal is screened by the branch officials, then it is forwarded to the head office. There are some written guidelines for the financial institution for credit approval process as well as for credit approval authorities. So, Credit approval authorities have to be more careful while screening the credit proposal. Finally, the head office confirms whether the loan proposal should be approved or not. Basically, Credit documentation works as a basis for any legal action in case of default loan. So, for security reason, financial institutions keep some copies of credit documentation (such as facility letters, signed loaned agreements). Once the loan is approved twenty-six cheques are collected from the applicant as a disbursement cheque. Two cheques are kept for security cheque, and the rest twenty-four cheques are kept for Equated Monthly Installment (EMI). Furthermore, to complete the loan process three departments of IDLC Finance Limited work together.

Work Flow

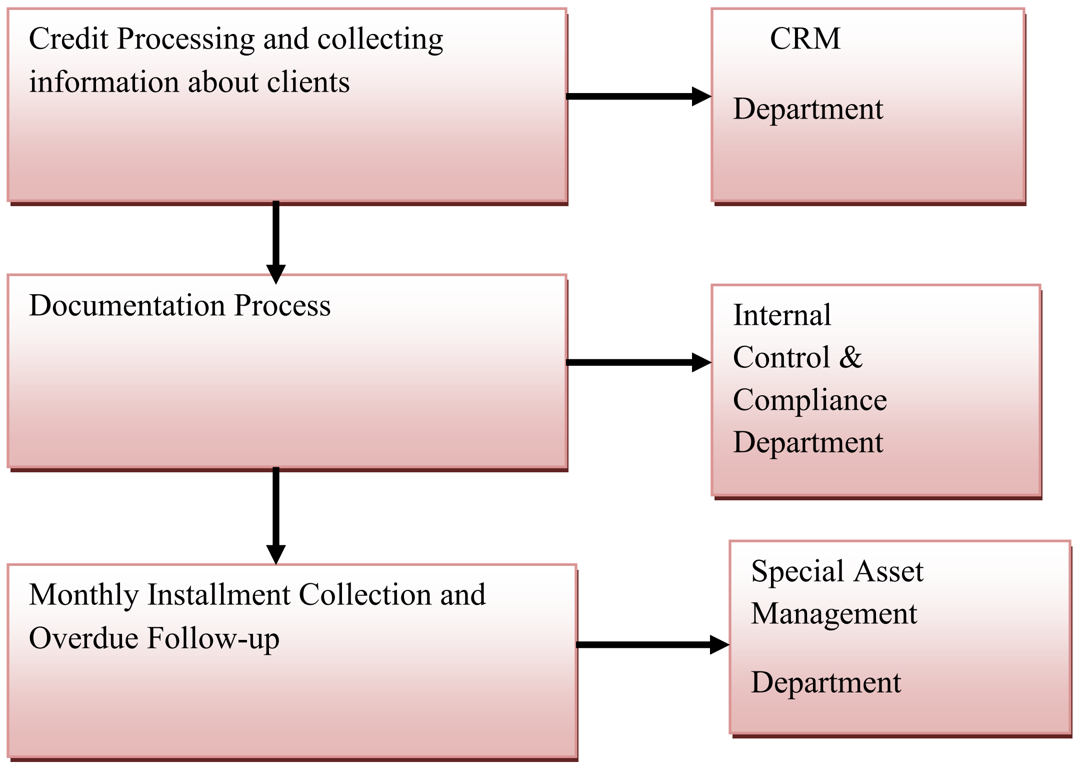


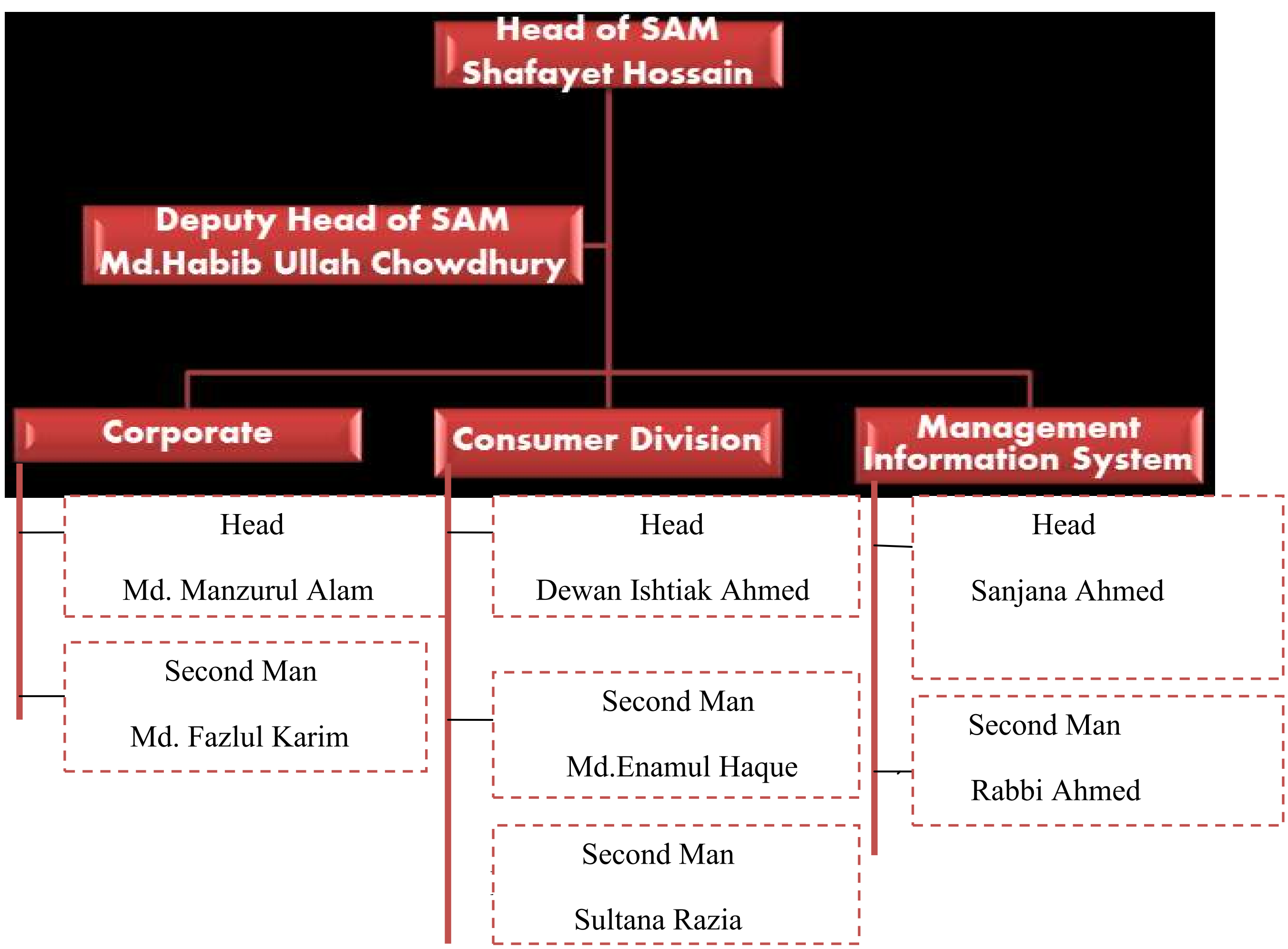
Table 9-Work Flow

4.4. Consumer Collection:

Special asset management (SAM) of IDLC finance limited works as a wing of credit risk management. It works for collecting loan repayment from the clients. There are many segments under Special Asset Management Department namely:

1. Corporate Division
2. Consumer Division
3. Management Information System
4. Small and Medium Enterprise

4.5 Organogram of Special Asset Management



4.6. Collection Activities of SAM (Special Asset Management):

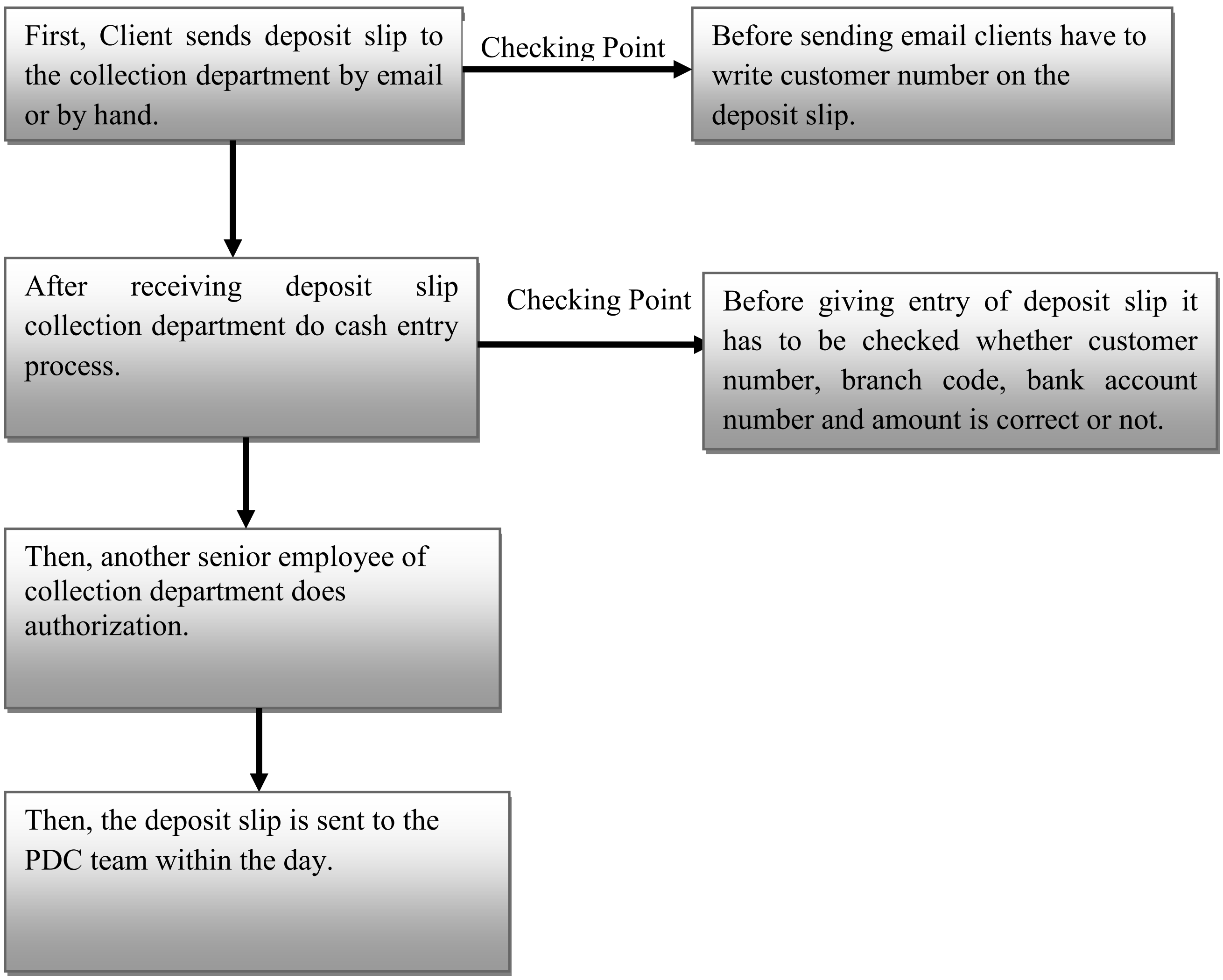
Here, in Special Asset Management department teamwork is encouraged. They divide their work based on team wise and teams are set upon based on branch wise. One team has to follow up four branches or more than that. A team consists of three members. But all the team members have to report to the Head of Special Asset Management Department. The main important activities of collection department are given below:

- Follow Up: Basically, the assigned team members of Special Asset Management call customer to pay their monthly installment before the EMI (Equated Monthly Installment) date.

- Send Letter: Before the EMI (Equated Monthly Installment) date the assigned team members send letter or SMS to the client to pay their monthly installment.

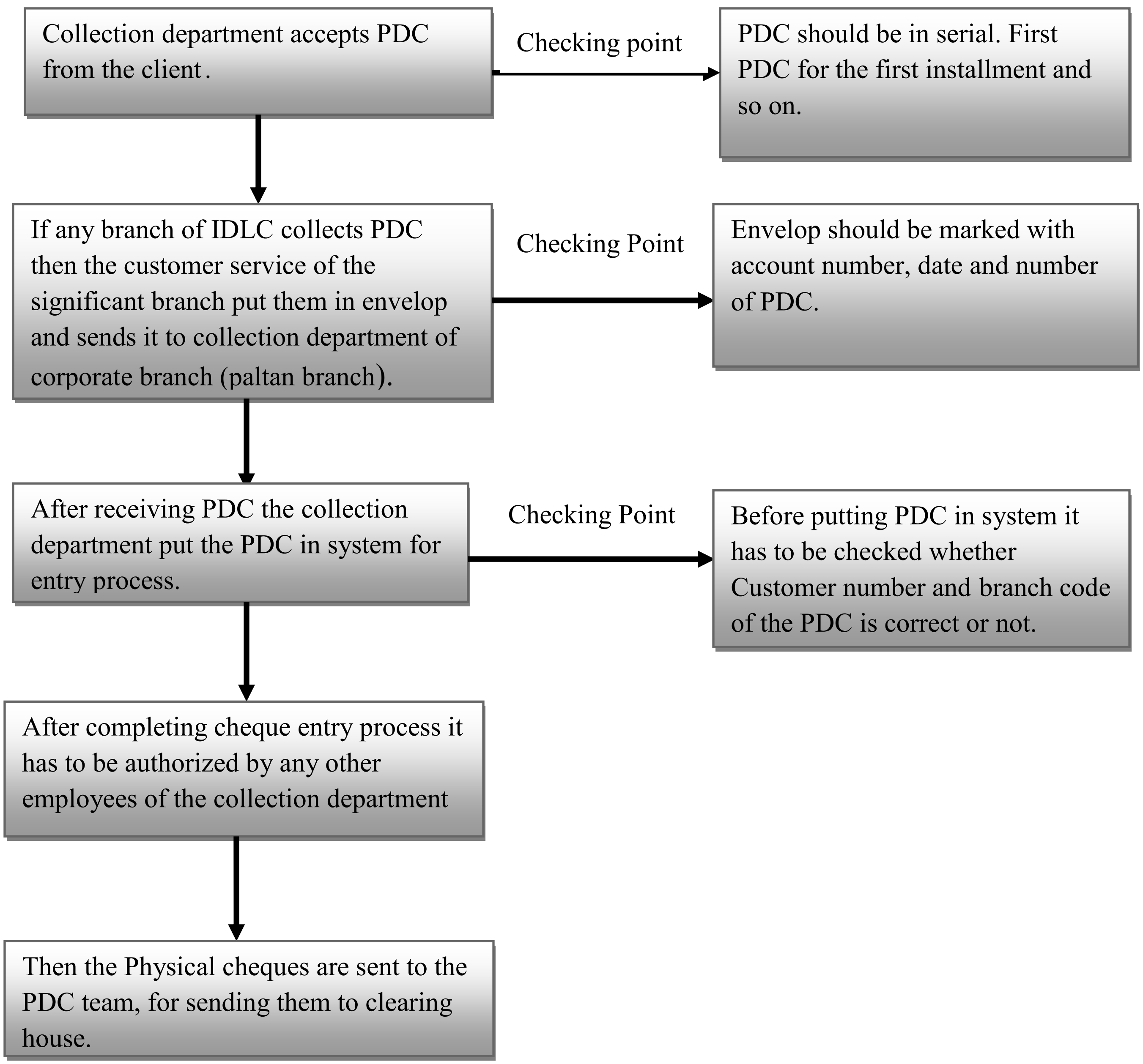
- Cheque or cash collection: There are two options for the client to pay their monthly installment. They can pay through cheque, or they can directly deposit cash to the IDLC account in any bank. After paying cash, clients have to email the receipt copy to IDLC for further cash entry process. There, in IDLC Finance Limited cheque is called PDC (Post Dated Cheque). There are many rules and regulation to manage PDC. And there is one PDC team to manage PDC.

Table 10- Cash Entry Process



- PDC Entry process: After collecting cheque, it has to give an entry in system before 3.30 pm to clear the cheque within next day. Then the cheque has to send to the PDC (postdated cheque management) team.

Table 11-PDC Entry Process



i. Ground rules for Post Dated Cheque (PDC) Management:

- No PDC should be inputted before 10.30 am.
- All the PDC have to be authorized before sending it to the bank or PDC team.
- PDC Entry and authorization have to be within same day.
- It is mandatory to ensure the correct PDC product code before giving any entry. Specially, it has to make sure in which bank you are placing the PDC physically and systematically.
- All the Bulk PDC has to be reached to the concerned collection service within seven days from receiving and also five days prior to first cheque date, whichever is earlier.
- All the bulk PDC has to be sent in an envelope, with Client name, rental date and .Rental date will be activation date in this case.
- All the Post Dated cheques should be sent to the PDC team within the same day of receiving, after completing both entry and authorization. These also should be in the envelope as mentioned above.
- All concerns will have the PDC dishonor list everyday by 11.00 am. The dishonor reason will be specified there.
- If any matter or issue about PDC is unknown then the PDC entry will be kept unauthorized.

- New Inclusion: Basically, PDC gets dishonor mark for various reasons like the signature problem, MICR data mismatch, stamp missing, materials problem etc. After dishonoring the PDC assigned team members contact with the clients and request them to pay their monthly installment in cash or change the PDC within the month.
- Overdue Follow-up: when the clients fail to repay their monthly installment then assigned team members contact with the overdue clients and request them to pay their installment to avoid any kind of legal action.
- Late payment charges: If the clients fail to repay their installment in time, then the assigned team members of Special Asset Management informed them about their late payment charges and told them to pay it as early as possible.
- Visit overdue clients: When one client fails to repay his/her monthly installment for two months or more than it then the assigned team members visits the overdue client and requests them to pay their installment. They do meeting & counseling with defaulter customer.
- Serving legal notice/Final reminder/Termination letter to overdue customers: If there is no positive response after visiting the overdue client then they send them serving legal notice.
- Senior people do regular follow up & co-ordination with lawyer regarding litigated accounts.
- They Invite auction for defaulter customers mortgages.
- They keep Inter branch communication.
- All the employees are bound to do any activities assigned by seniors.

ii. Target of Special Asset Management Department:

- Collection of overdue amount.
- Reduction of Non- Performing Loans (NPL).
- Bad/Loss Provision Management- Incremental Provision Control.
- Reduction of Infection ratio

iii. Overdue Action Activities of Special Asset Management:

Special asset management takes various plan for fulfill their target. This action plans differ for client status and overdue status.

4.8. Mod-One to Three months:

Mod one to three months means overdue for one to three month.

Steps taken for Mod 1-3 months are given below:

- At first, the assigned team members communicate with the overdue clients and try to take the commitment from the overdue clients about repayment. Committed days should not exceed more than seven days.
- If there is no positive response from the overdue clients within seven days, then the assigned team members contact with the personal guarantor and inform them about customers overdue.
- After that, if there is no positive response from the overdue clients then they send them reminder letter and request them to come in the corporate (paltan branch) branch for the overdue payment solution.

4.9. Mod-four to five months:

Overdue of four to five months is considered Mod four to five months.

Steps taken for Mod 4-5 months are given below:

- ❖ At first, the assigned team members try to reach the overdue clients through phone calls and emails.
- ❖ If the clients are not responding then they visit to the client's office.
- ❖ Try to get written commitments from the clients about the overdue payment.
- ❖ After defaulting of fourth installment the assigned team members send reminder letter to the clients.
- ❖ Then they send them CC letter.
- ❖ After doing above steps, if they do not get any positive response from the clients then they send them legal notice.
- ❖ They try to bring the defaulter clients to the IDLC corporate branch (paltan branch) and sit with them about overdue payment.
- ❖ If it is necessary then they arrange meetings with the higher management /owner of the organization about the defaulter clients.

4.10. Mod- above five months:

Overdue above five months is considered Mod-above months.

Steps taken for Mod-above 5 months are given below:

- ⇒ At first, they review security status of the clients and based on the nature of the default they undertake steps.
- ❖ They send final reminder letter to the defaulting clients, allowing them time up to 15 days to pay the overdue. As per the law of the land or regulatory authorities, the letter contains various measures that would be taken if deadlines for payment expire.
- ❖ In case of no response, they send legal notices through lawyers after receipt of senior management's approval.
- ❖ Based on the nature of the default, they appoint recovery/repossession agents with management approval.

⇒ If no improvement takes place after the above actions, initiate the following measures:

- ❖ As per law legal actions are taken for the defaulting clients.
- ❖ File suit under the negotiable Instrument (NI) Act.
- ❖ File suit under Artha RIN Aine (ARA) or Bankruptcy Act.
- ❖ They circulate Name of defaulting clients, relevant persons and organizations among banks and financial institutions of Bangladesh.

⇒ At any point of overdue over 3 months, the following actions may be undertaken under subjective judgment.

- ❖ Reschedule the account- if seemed feasible.
- ❖ Transfer accounts to block account- if seemed necessary.
- ❖ Terminate the account- as initial step to filing ARA suit or to pressurize client.

4.11.Non -Performing Loan (NPL):

A Non-Performing loan is a loan that is in default or close to being in default. Many loans become non-performing after being in default for 90 days, but this can depend on the contract terms.

According to IMF, definition of NPLs is

"A loan is Non-Performing when payments of interest and principal are past due by 90 days or more, or at least 90 days of interest payments have been capitalized, refinanced or delayed by agreement, or payments are less than 90 days overdue, but there are other good reasons to doubt that payments will be made in full."

Figure 8-NPL Trend in Consumer Division

Year	2011	2012	2013	2014	2015
Amount in Million	31.5	55	62	51.7	204.5

The above graph explains the NPL trend of consumer division in IDLC Finance Limited over the last five years. From 2011-2014 the Non-performing loan of IDLC has a slow growth but in 2015 the amount reached in 204.5 million which was four times of the amount of 2014.

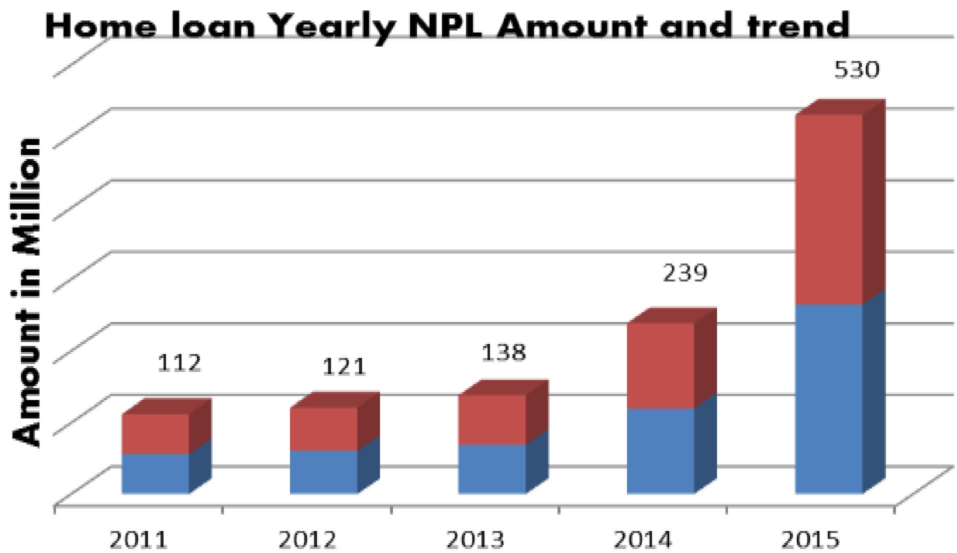


Figure 9-Home loan Yearly NPL amount and trend

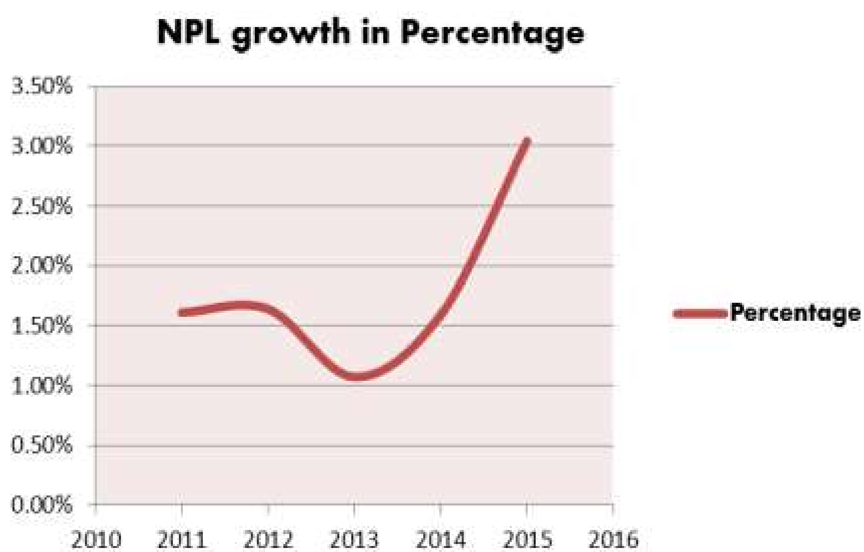


Figure 10-NPL growth in percentage

Year	2011	2012	2013	2014	2015
NPL Amount	112	121	138	239	530
Percentage	1.61%	1.64%	1.07%	1.59%	3.04%

The above graph explains the amount of Non-performing loan of Home loan financed by IDLC finance limited from 2011 to 2015. Though over the year Home loan business is in the increasing trend as well as non-performing loan of Home loan is also in increasing trend. In 2011 NPL was 1.61% but at the end of the 2015 it is 3.04% which is near about double.

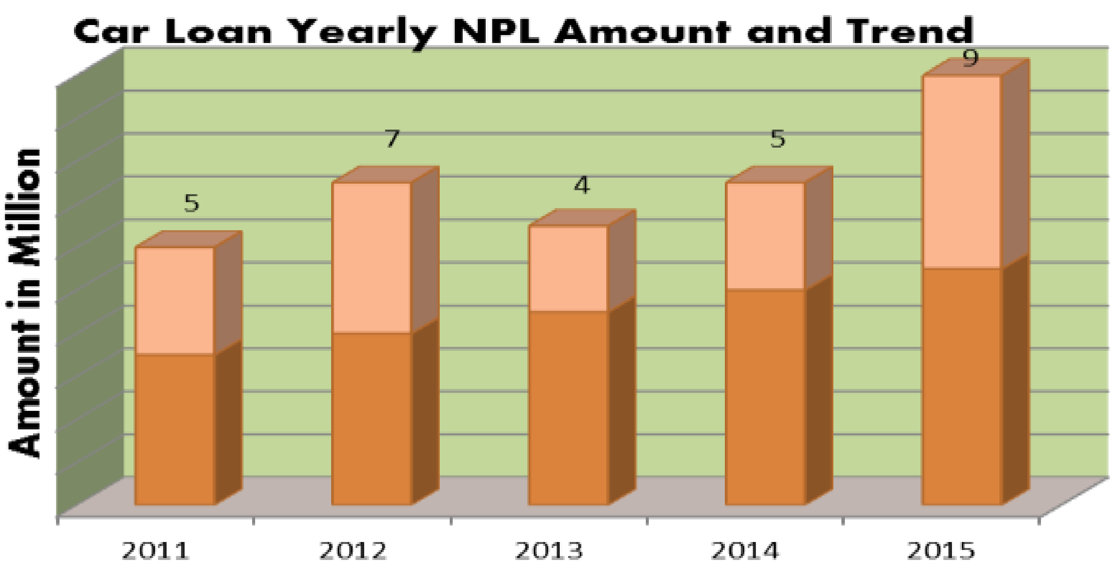


Figure 11-Car Loan Yearly NPL Amount and Trend

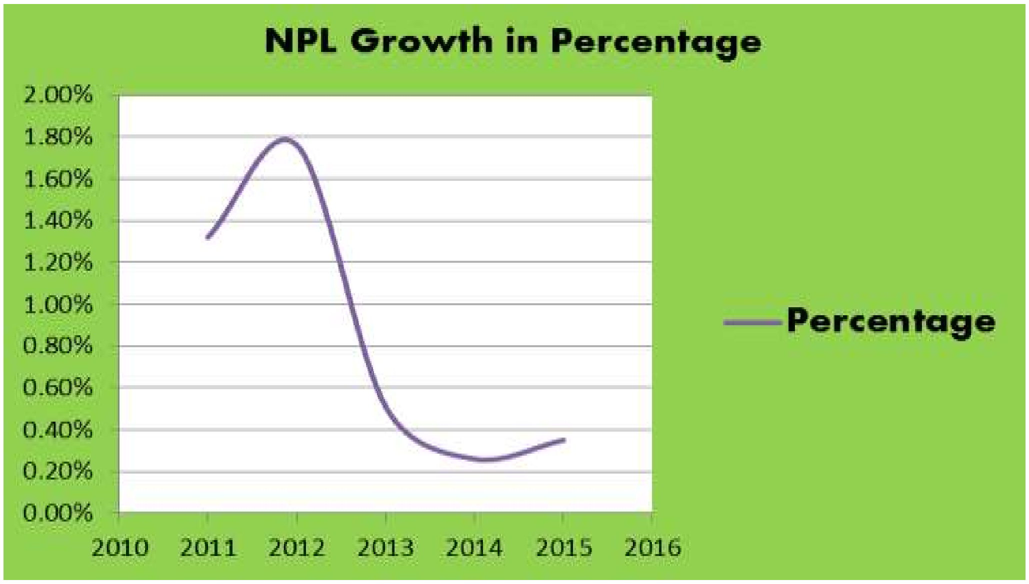


Figure 12-NPL Growth in Percentage

Year	2011	2012	2013	2014	2015
Amount in Million	5	7	4	5	9
Percentage	1.32%	1.76%	0.51%	0.26%	0.35%

The above graph explains the amount of Non -performing loan of car loan financed by IDLC Finance Limited from 2011 to 2015.Over the year car loan business is in the increasing trend so it could have an impact on the NPL. As Car loan business is in increasing trend at the same way non-performing loan of the car loan is also is in increasing trend. But if we compare the growth rate of the non-performing loan in the year 2011 it was 1.32% at the end of the year 2015 it was only 0 .35%.

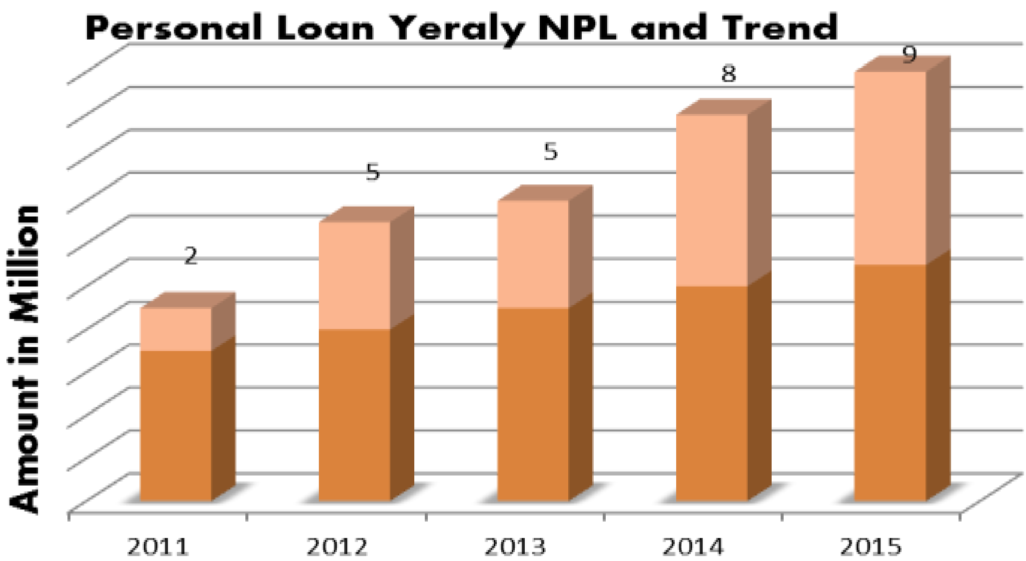


Figure 13-Personal Loan Yearly NPL and Trend

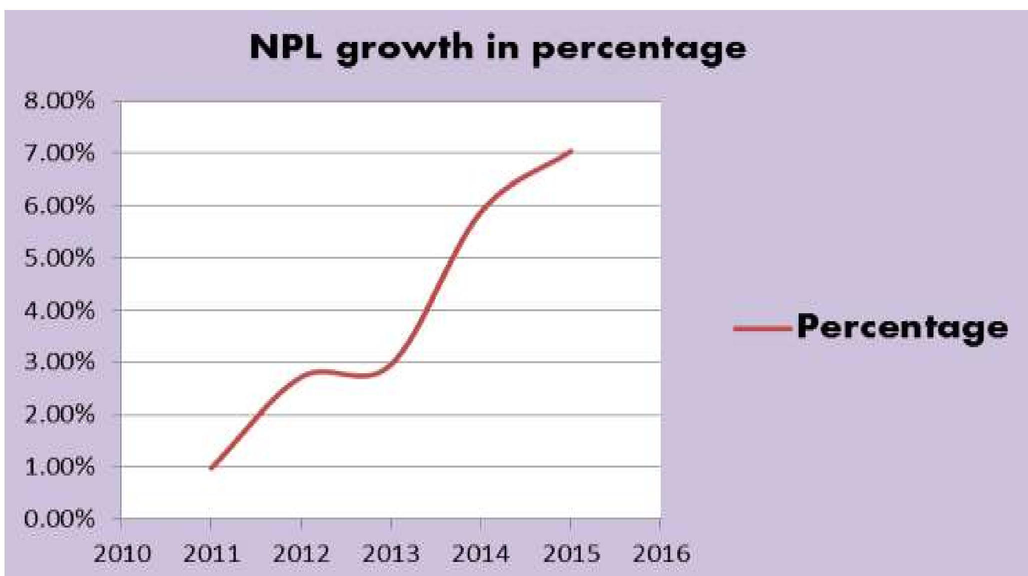


Figure 14-NPL growth in percentage

Year	2011	2012	2013	2014	2015
Amount in Million	2	5	5	8	9
Percentage	0.98%	2.72%	2.96%	5.88%	7.04%

In this diagram, we can see that number of Personal Loan financed by IDLC Finance Limited is decreasing in 2013, and onwards, for this reason, Non-Performing Loan of Personal loan is also increasing over the year. In 2011 NPL was 0 .98% but it increased more than double in the year 2014. In 2015 NPL also increased by 1.16%.

4.12. Consumer Financing of Lanka Bangla Finance Limited:

Lanka Bangla Finance Limited is one of the leading private financial institutions in Bangladesh. It offers different kinds of consumer financial services such as deposit schemes, home loan, Car loan, personal loan, loan against purpose (LAP) and credit cards. The consumer, financial service division offers these services through four units namely Auto Loan Unit, Mortgage Loan Unit, Personal Loan Unit and Card Center. Actually, the division delivers services through two different sectors namely Loan Unit and Card Center. As IDLC Finance Limited and Lanka Bangla Finance Limited both offers same products, so both are the direct competitor in the market. So, here I will analyze the performance of LankaBangla Finance Limited in the case of home loan, car loan and personal loan to compare with IDLC Finance Limited.

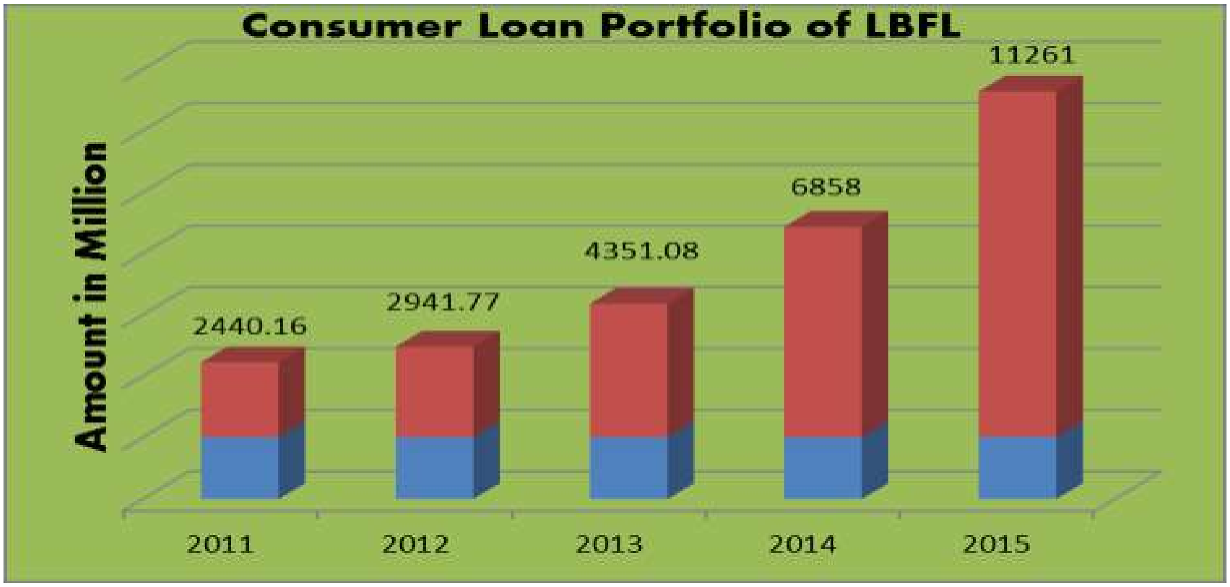


Figure 15-Consumer Loan Portfolio of LBFL

Year	2011	2012	2013	2014	2015
Amount in Million	2440.16	2941.77	4351.08	6858	11261
Growth in percentage		21%	48%	58%	64%

The above graph explains the amount of consumer loan portfolio of Lanka Bangla Finance Limited. Lanka Bangla Finance Limited has a growing consumer loan portfolio over the five years. In 2011, the total consumer loan amount was BDT 2440.16 million. In 2012, it reached to BDT 2941.77 million. In the next year, the number was BDT 4351.08 million. In 2014, the number again increased to BDT 6858 million and in final year the amount was BDT 11261 million which has broken all the previous record. It shows the company is moving towards in a glowing condition.

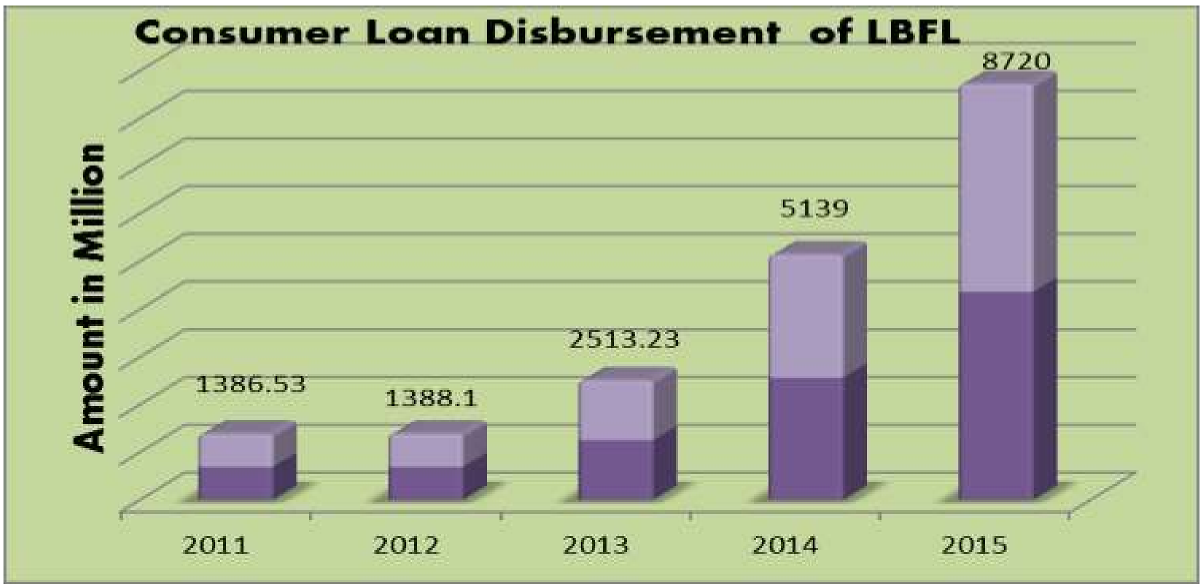


Figure 16-Consumer Loan Disbursements of LBFL

Year	2011	2012	2013	2014	2015
Amount in Million	1386.53	1388.1	2513.23	5139	8720
Percentage		0.11%	81.06%	104.48%	69.68%

The above graph explains the amount of consumer loan disbursements over the five years. As Lanka Bangla Finance Limited has a growing consumer loan portfolio, so similarly the company has a growing amount of loan disbursements for last 5 years. In 2011, the total disbursement loan amount was BDT 1386.53 million. In 2012 it reached to BDT 1388.1 million. In the next year the amount was BDT 2513.23 million. In 2014, the amount increased to BDT 5139 million which is double compared to last year and in the final year the amount was BDT 8720 million.

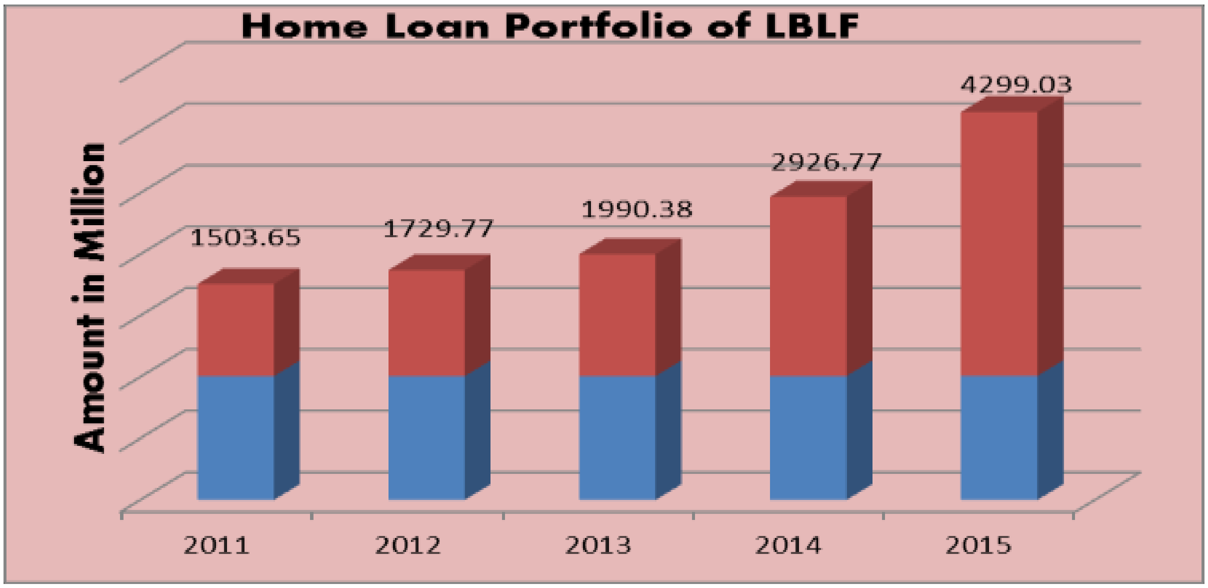


Figure 17-Home Loan Portfolio of LBFL

Year	2011	2012	2013	2014	2015
Amount in Million	1503.65	1729.77	1990.38	2926.77	4299.03
Growth in Percentage		15.04%	15.07%	47.05%	46.89%

This graph explains the amount of home loan portfolio of Lanka Bangla Finance Limited.As Lanka Bangla Finance Limited has a growing consumer loan portfolio, so similarly the company has a growing amount of home loan portfolio in last five years. In 2011, the amount of home loan was BDT 1503.65 million. In 2012, it reached to BDT 1729.77 million. In next year the number was BDT 1990.38 million. But In 2014, the amount was increased approximately 50% and the amount was BDT 2926.77 million and in final year the amount was BDT4299.03 million.

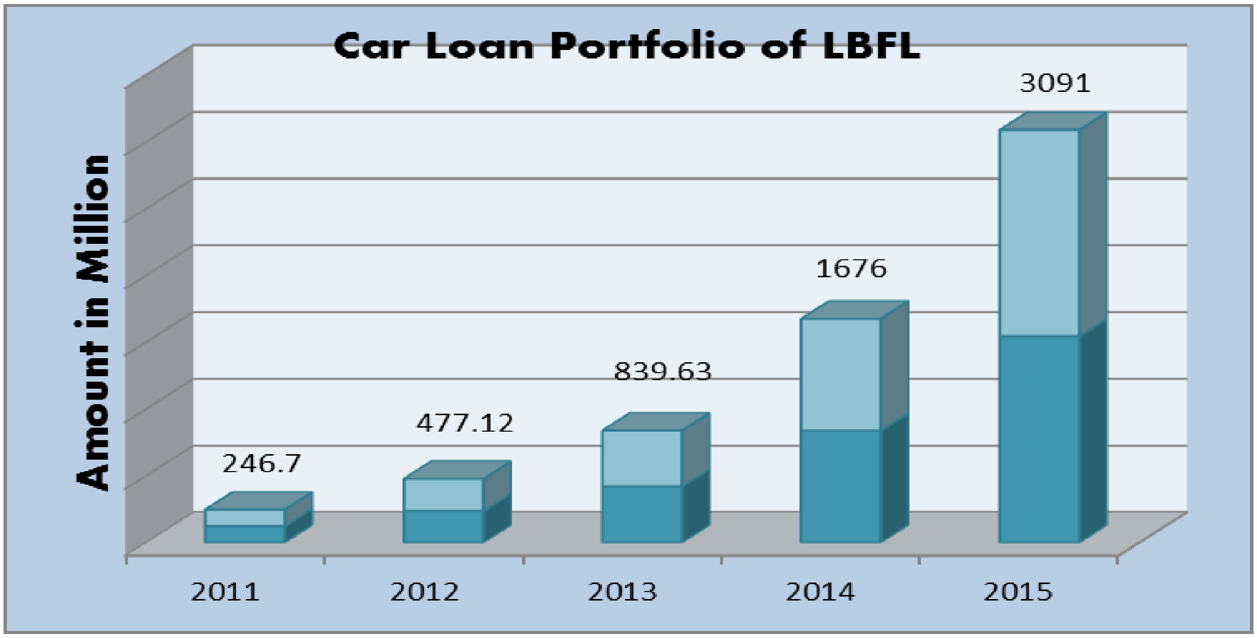


Figure 18-Car Loan Portfolio of LBFL

Year	2011	2012	2013	2014	2015
Amount in Million	246.7	477.12	839.63	1676	3091
Growth in percentage		93.40%	75.98%	99.61%	84.43%

This graph explains the amount of car loan in consumer division of LBFL. Lanka Bangla Finance Limited has a growing auto loan portfolio for last five years. In 2011, the auto loan amount was BDT 246.7 million. In 2012 it reached to BDT 477.12 million. In the next year, the amount was BDT 439.63 million. In 2014, the first time the amount reached to BDT 1676 million and in the final year the amount was BDT 3091 million which was double from the amount of 2014.

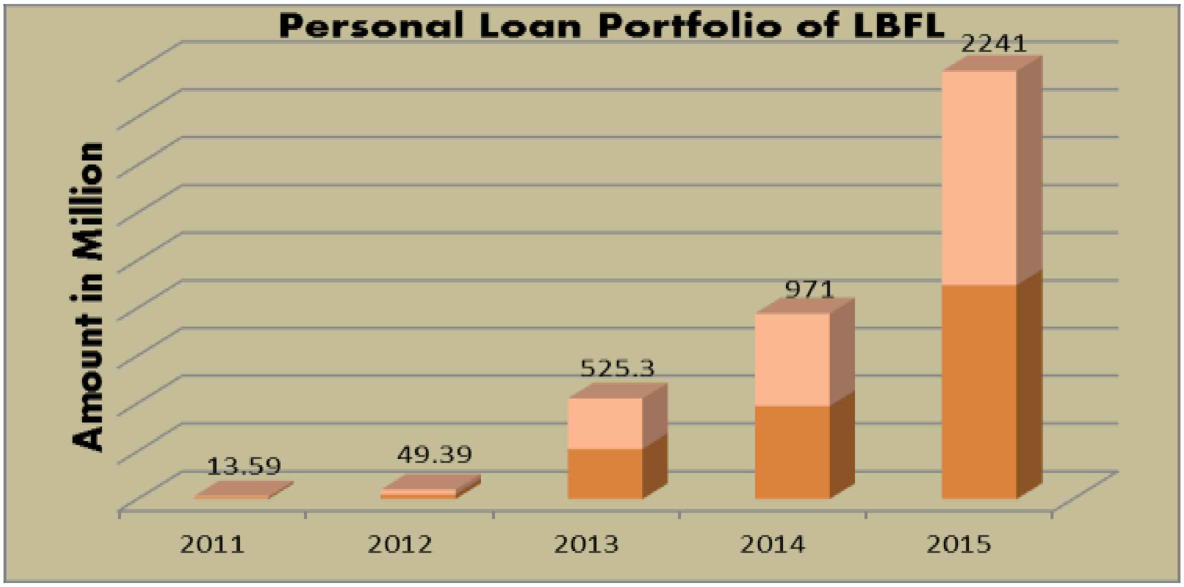


Figure 19-Personal Loan Portfolio of LBFL

Year	2011	2012	2013	2014	2015
Amount in Million	13.59	49.39	525.3	971	2241
Growth in Percentage		263%	964%	85%	131%

In this diagram, we can see that the amount of Personal Loan Portfolio is increasing in every year and onwards. But the main point is that in 2015, the personal loan portfolio of Lanka Bangla Finance Limited reached to the amount of BDT 2,241 million.

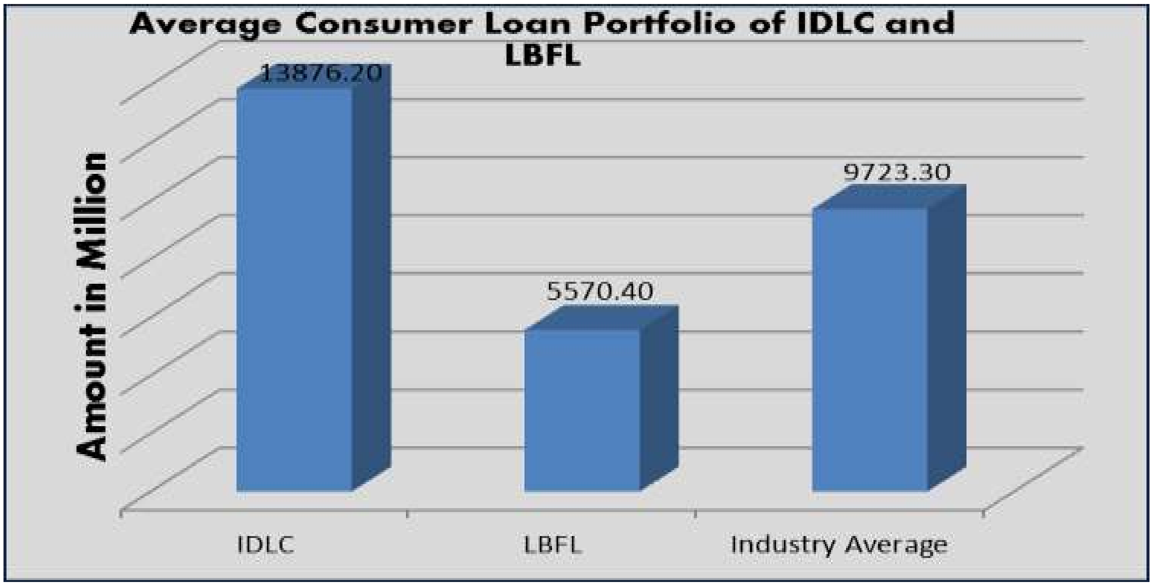


Figure 20-Average Consumer Loan Portfolio of IDLC and LBFL

From the above graph, we can see the last five years average consumer loan portfolio of IDLC &LBFL. The average consumer loan portfolio of IDLC is BDT 13,876.20 million which is higher than the industry average. On the other hand, the average consumer loan portfolio of LBFL is BDT 5,570.40 million which is less than that of the industry average but nearly close to the industry average.

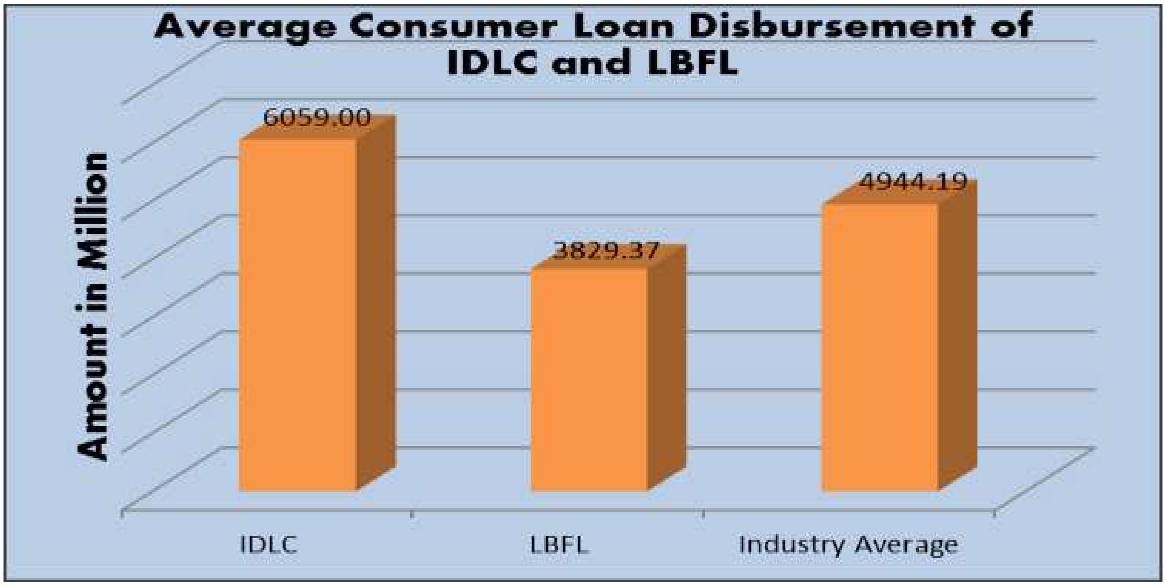


Figure 21-Average Consumer Loan Disbursements of IDLC and LBFL

The above graph explains the average consumer loan disbursements of last five years. Here, IDLC is higher than the industry average and also this figure is near about double compared to the average consumer loan disbursements of LBFL. On the other hand, the consumer loan disbursements of LBFL are very close to the industry average.

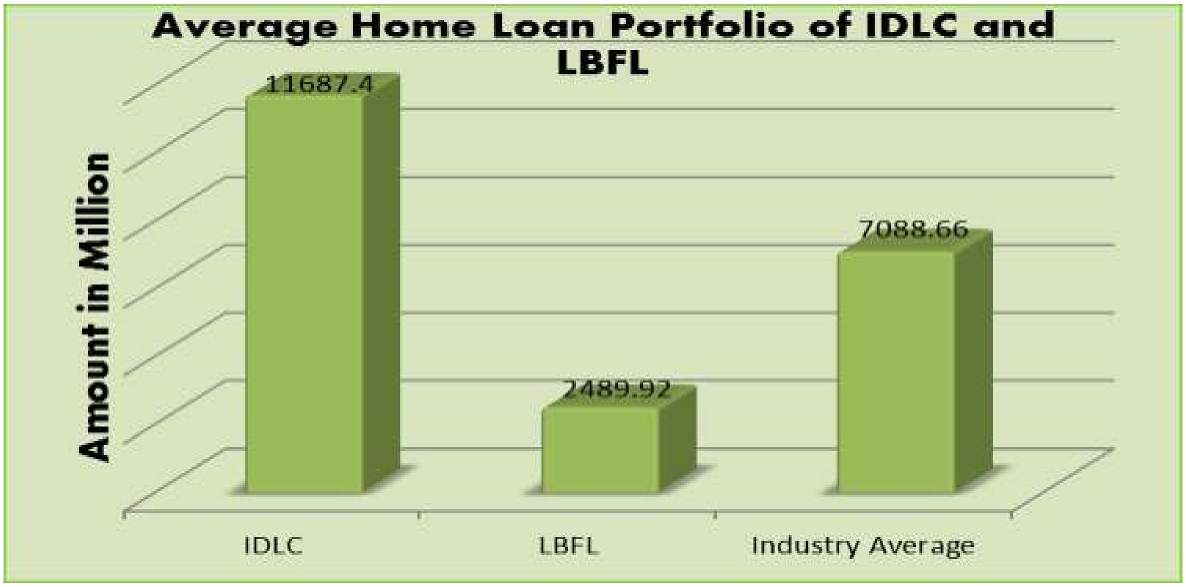


Figure 22-Average Home Loan Portfolio of IDLC and LBFL

The average of last five years Home loan portfolio of IDLC is BDT 11,687.40 million which is much higher than the industry average. On the other hand, the average of last five years Home loan portfolio of LBFL is only BDT 2,489.92 million which is lower than the industry average. So we can say that IDLC is holding a good number of home loan clients than the LBFL.

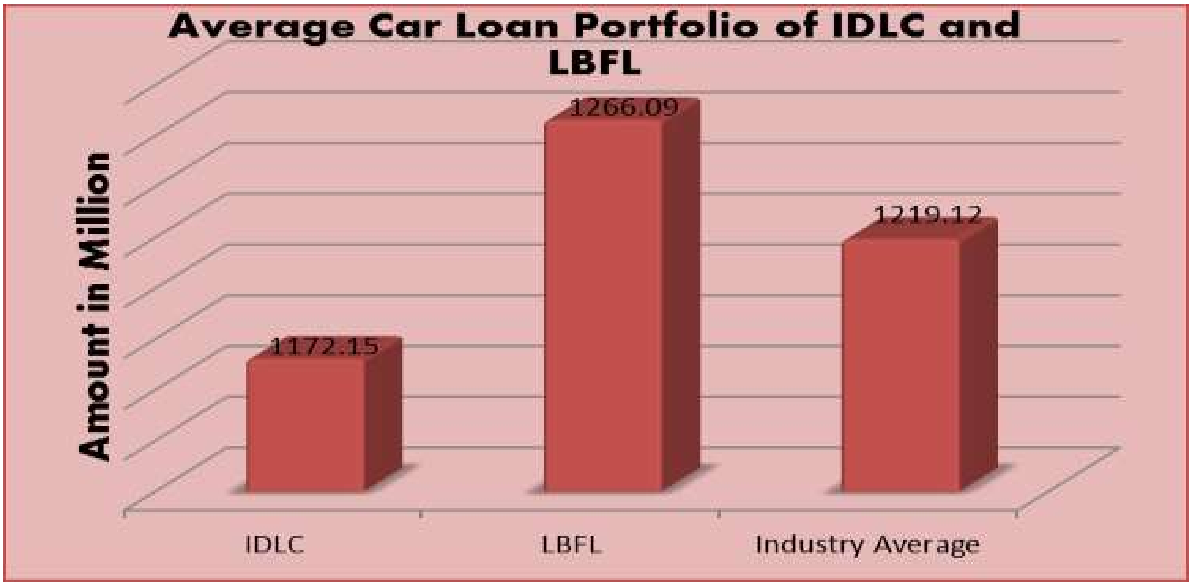


Figure 23-Average Car Loan Portfolio of IDLC and LBFL

The average of last five years Home loan portfolio of IDLC is BDT 11,687.40 million which is much higher than the industry average. On the other hand, the average of last five years Home loan portfolio of LBFL is only BDT 2,489.92 million which is lower than the industry average. So we can say that IDLC is holding a good number of home loan clients than the LBFL.

Figure 24-Average Personal Loan Portfolio of IDLC and LBFL

The average personal loan portfolio of LBFL is BDT 760.06 million, and it is higher than the industry average. The average personal loan portfolio of IDLC is lower than the industry the average and it is much lower than the portfolio of LBFL.

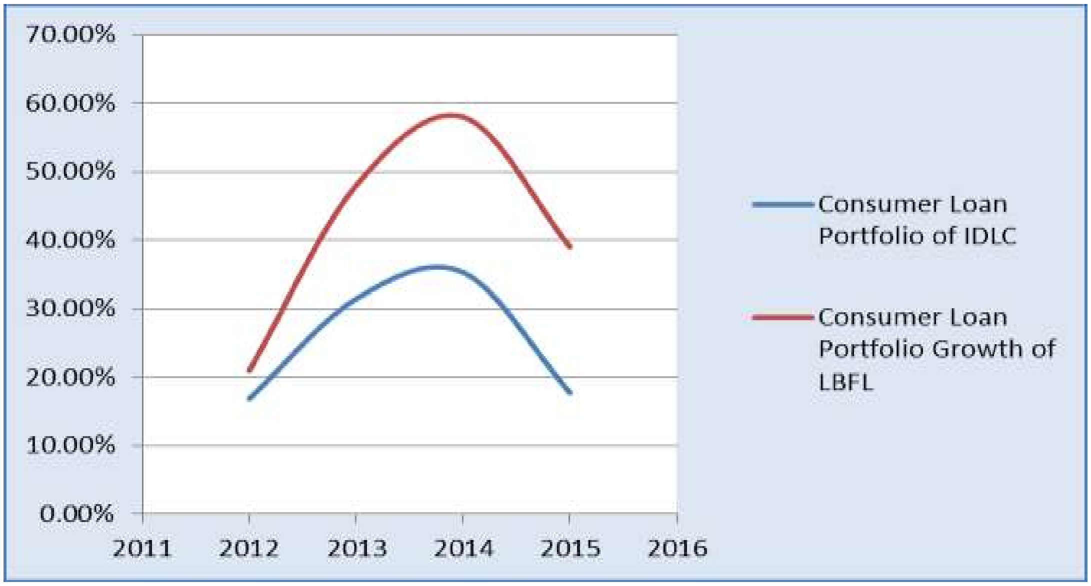


Figure 25- Growth rate of Consumer Loan Portfolio of IDLC and LBFL

year	Consumer Loan Portfolio Growth of IDLC	Consumer Loan Portfolio Growth of LBFL
2012	16.88%	21.00%
2013	31.46%	48.00%
2014	35.28%	58.00%
2015	17.77%	39%

The above graphical representation describes that the consumer loan portfolio of both IDLC and LBFL has a slower growth. From 2012-2014 both of the companies loan portfolio was in growing stage. But in 2015, the growth percentage rate of both of the companies decreased drastically. The analysis proves that both the companies are in the same stage and both are strong competitor to each other.

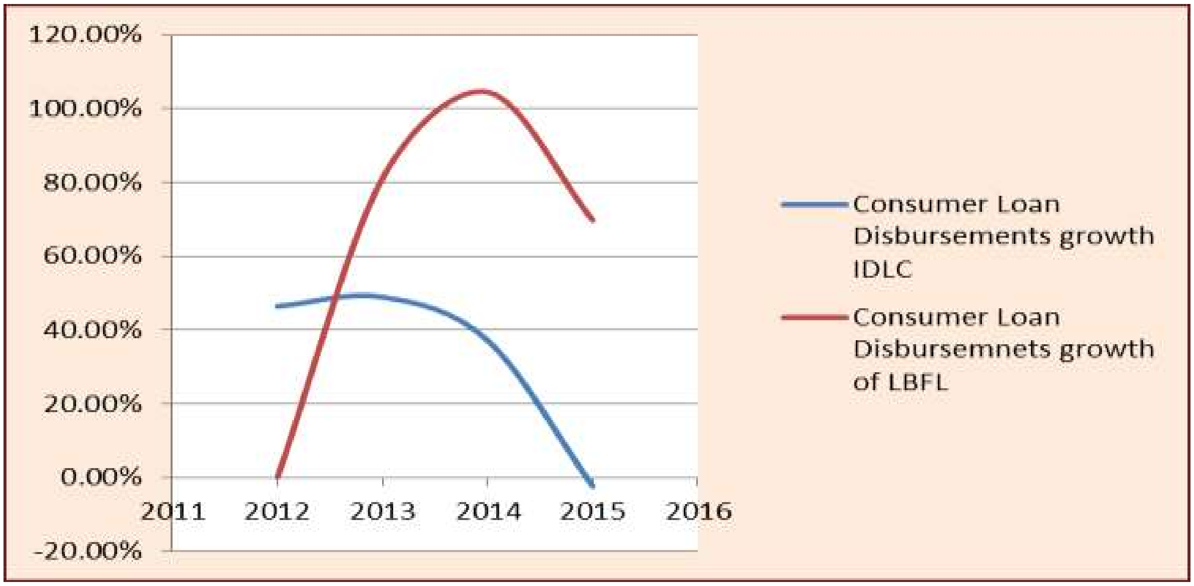


Figure 26-Consumer Loan Disbursements growth of IDLC and LBFL

Year	Consumer Loan Disbursements Growth of IDLC	Consumer Loan Disbursements Growth of LBFL
2012	46.5%	0.11%
2013	49.0%	81.1%
2014	37.2%	104.5%
2015	-2.4%	69.7%

The above graphical representation explains that LBFL had the higher consumer loan disbursements growth than the IDLC because IDLC already stopped to provide the personal loan. That's why the consumer loan disbursement growth of IDLC had a decreasing trend, and on the other hand LBFL had an increasing trend.

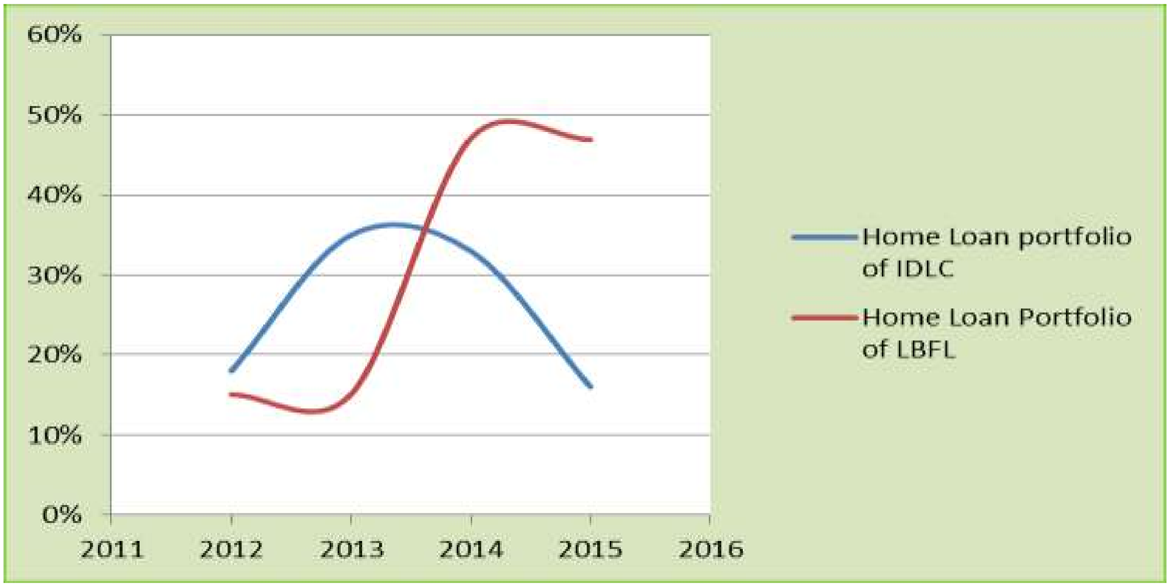


Figure 27-Home Loan Portfolio growth rate of IDLC and LBFL

Year	Home loan portfolio growth of IDLC	Home loan portfolio growth of LBFL
2012	18%	15.04%
2013	35%	15.07%
2014	33%	47.05%
2015	16%	46.89%

The above graph explaines that from 2012 to 2013 home loan portfolio of IDLC had a higher growth rate rather than LBFL.But from 2014 to 2015 IDLC had a decreasing trend on the contrary LBFL had an increasing trend.

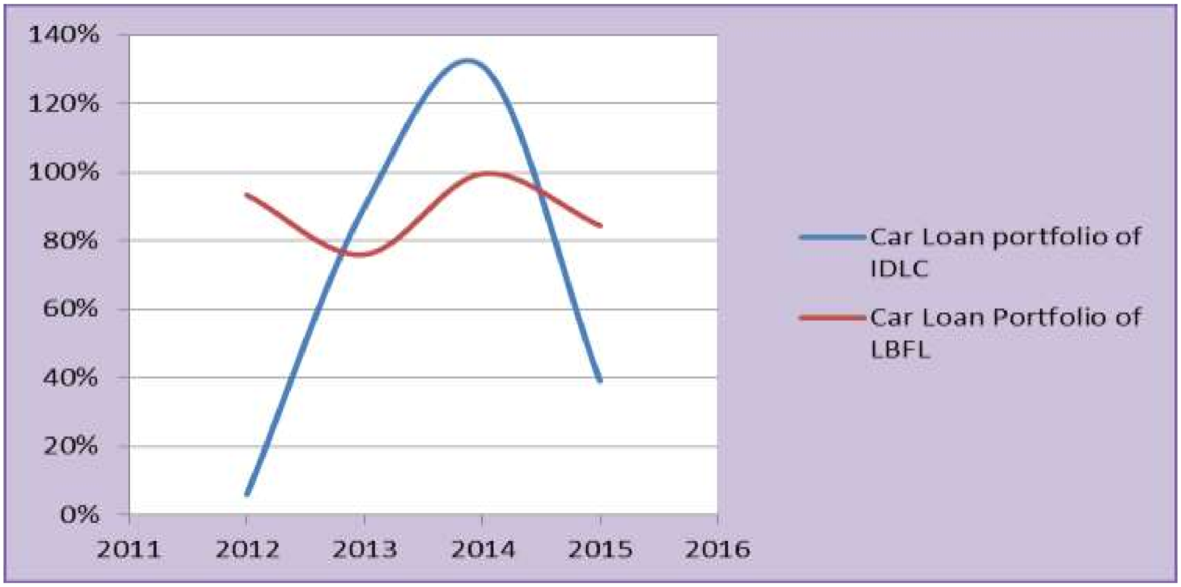


Figure 28-Car Loan Portfolio growth rate of IDLC and LBFL

Year	Car loan portfolio growth of IDLC	Car loan portfolio growth of LBFL
2012	6%	93.40%
2013	90%	75.98%
2014	131%	99.61%
2015	39%	84.43%

The above graphical representation describes that car loan portfolio of both IDLC and LBFL has an increasing growth trend. Both are growing company. But from 2012-2013 LBFL had higher growth percentage than the IDLC. In 2014, IDLC had the higher growth percentage than the LBFL and in 2015 both were in decreasing trend.

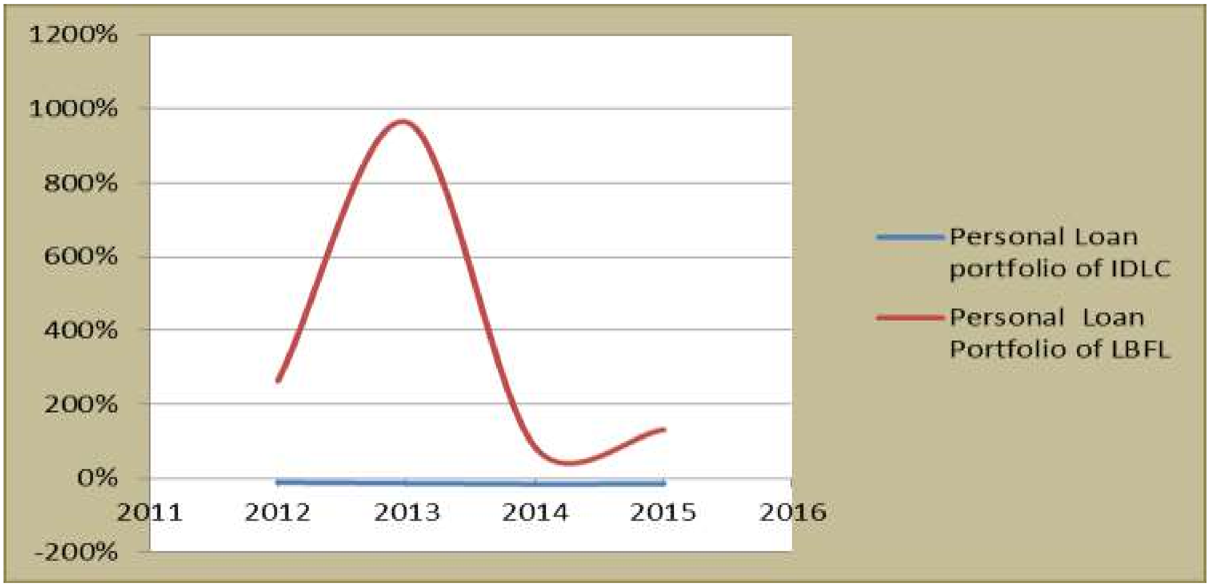


Figure 29-Personal Loan growth rate of IDLC and LBFL

Year	Personal loan portfolio growth of IDLC	Personal loan portfolio growth of LBFL
2012	-11%	263%
2013	-13%	964%
2014	-15%	85%
2015	-14%	131%

From the above graph, we can illustrate that LBFL had a glowing positive growth rate from 2012-2015 in terms of Personal Loan. On the other hand, IDLC had a negative growth because it already stopped providing the personal loan.

4.13. Findings from the analysis of IDLC& LBFL:

Non-Banking Financial Institutions (NBFI) of our country has contributed a lot to the development of our economy. Both IDLC and LBFL are the leading financial institutions in the market and providing quality and quantity financial services. Regarding of Consumer financing, both IDLC and LBFL seem comparatively good apart from some exceptions. But from my point of view IDLC is in the better position because of their year of business experience and business expansion in the country. However by analyzing the consumer business growth of IDLC and LBFL I can make the following findings:

- From 2011-2015 personal loan of LBFL had an increasing trend because in these years LBFL gave more focus on personal loan business. On the other hand from the 2011-2015 personal loan of IDLC had a decreasing trend since IDLC gave more focus on home loan business instead of personal business. Further, presently IDLC stopped providing the personal loan. On the contrary, LBFL is giving more focus on personal loan business. As a result, the growth rate of consumer loan portfolio of LBFL is higher than the IDLC as consumer loan portfolio is comprised of home loan, car loan and personal loan.
- Both IDLC and LBFL have a growing home loan and car loan portfolio so that both are strong competitor to each other.

4.14. Effectiveness of the collection procedures of IDLC:

When many companies provide same products and services so to survive in the market, every company tries to offer quality products and services. IDLC Finance Limited is the leading financial institution since it provides quality services to the consumers. Among other quality services collection procedure is one of them. First of all, Special Asset Management, Consumer Collection Department of IDLC finance limited tries to offer best services to their clients. They maintain the good relationship with their clients. As we all know, everybody wants to avoid any kinds of complexity in any work that’s why SAM-CD follows easy steps for collecting installments from their clients. They regularly do follow-up their clients. Because of the quality services of special asset management department the total consumer loan portfolio, Home loan portfolio, car loan portfolio and the number of loan customers is in increasing trend which is discussed above. Even though their non-performing loan is in increasing trend in every sector of loan business, I would say the collection procedures of IDLC Finance Limited is mostly effective regarding of consumer's financing. Because collection procedures are not the only factor which has effect on non-performing loan. Further, Collection procedure helps to reduce non-performing loan but there are other strong factors which affects to increase non-performing loan like client's financial condition, the unwillingness of repaying the loan, death of client.

4.15. Recommendation:

- ✓ To follow-up clients their contact number, email ID, and address are very important .While working in special asset management, consumer collection department, I have noted one important point that sometimes clients have changed their contact number, email ID but IDLC do not have the updated one. That's why every employee of special asset management faces difficulty for collecting client's updated number. So in this case, I think IDLC Finance Limited should install software where clients can easily update their new number, email ID and address.
- ✓ Due to the increasing number of Clients' information, the system seems to be responding very slowly which leads to lower efficiency level and constraint in time management. Therefore, Effective measures should be taken to speeding up the system.
- ✓ Sometimes when clients send their cash deposit receipt they do not write their customer number on the deposit slip then it is very difficult to find out their correct customer number. So IDLC should make a mandatory rule for the clients that when they send their cash deposit slip, they should write down their customer number above on the deposit slip.

4.16. Conclusion

In service oriented organizations, office Operations are the crucial part for smooth functioning of Business Operations and attracting more customers. Special asset management, Consumer collection of IDLC Finance Limited is such an area where management is concerned with overseeing, designing and controlling the processes of Business operations in the collection of services. From the point of view of the management team of IDLC Finance limited it can be said that the business operations of SAM-CD are efficient as little amount of resources are needed and effective in terms of meeting customer requirements. They provide a quality service that's why day by day number of loan customers is increasing.

However, the collection procedures of IDLC are well structured and are not time consuming. As a result clients are satisfied with the quality services of Special Asset Management department and they are become loyal clients to the organization. Lastly, by doing the above analysis I came to the point that collection procedures of IDLC Finance Limited are much effective in terms of consumer financing.

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