

ANALYSIS OF THE NON- BANKING FINANCIAL INSTITUTIONS IN BANGLADESH: A COMPARATIVE ANALYSIS WITH IDLC FINANCE PLC

UNITED INTERNATIONAL UNIVERSITY



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An Internship Report

***Analyzing the Non-Banking Financial Institutions in Bangladesh: A Comparative Analysis
with IDLC Finance PLC***

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This internship report is hereby submitted to the United International University to fulfill the Bachelor of Business Administration Program requirements.



Acknowledgment

I extend my sincere gratitude to Almighty Allah for granting me strength, guidance, and perseverance throughout my journey.

I extend my sincere appreciation to United International University for providing me with a comprehensive education in Accounting & Information Systems. The knowledge and skills acquired during my studies have been invaluable in preparing me for the challenges of the professional world.

I am profoundly thankful to Ms. Ishrat Jahan for the unwavering support, invaluable guidance, warmth, and care she has shown towards me both inside and outside the classroom. I am truly privileged to be able to complete my internship under her supervision.

Finally, I would like to express my heartfelt gratitude to the management and staff of IDLC Finance PLC for offering me the opportunity to undertake my internship at their esteemed institution. The entire team at IDLC Finance PLC was very welcoming and encouraging, and willing to share their expertise with me. Their cooperation and assistance greatly enriched my learning experience during this internship.

Thank you to everyone who has played a part in shaping my academic and professional endeavors.

Sanjana Soheli Ahmed

114 213 004



Letter of Transmittal

March 31, 2024

Ms. Ishrat Jahan
Assistant Professor
School of Business and Economic
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Subject: Submission of Internship Report on “Analyzing the Non-Banking Financial Institutions in Bangladesh: A Comparative Analysis with IDLC Finance PLC”

Dear Ma’am,

I hope this letter finds you well. I, Sanjana Soheli Ahmed, bearing the ID number 114 213 004, am an intern at IDLC Finance PLC serving in the Credit Risk Management (CRM) department. I am pleased to submit my internship report titled “Analyzing the Non-Banking Financial Institutions in Bangladesh: A Comparative Analysis with IDLC Finance PLC” for your review and consideration.

This report encapsulates the culmination of my efforts and experiences during the tenure of my internship at IDLC Finance PLC. Over the past 3 months, I have had the privilege of delving into the intricacies of the non-banking financial sector in Bangladesh, with a particular focus on IDLC Finance PLC.

The insights and observations presented in this report aim to contribute to understanding Bangladesh's financial landscape. I have endeavored to provide a comprehensive overview and comparative analysis of IDLC Finance PLC against its industry counterparts.

I trust that this report will be of interest to you and prove beneficial in gaining insights into Bangladesh's non-banking financial sector.

Thank you for your time and consideration, I look forward to any feedback or insights you may have

Warm Regards,
Sanjana Soheli Ahmed
114 213 004



Abstract

The report provides a comprehensive analysis of IDLC Finance PLC, one of the prominent non-bank financial institutions in Bangladesh, within the context of the country's financial sector. It starts by outlining the significance of NBFIs in Bangladesh's financial system and delves into the regulations governing these institutions.

Then, transitions into a detailed examination of IDLC Finance PLC, covering its history, philosophy, subsidiaries, product offerings, and achievements. Following this, the report conducts a thorough financial analysis using key performance indicators such as profitability ratios, current ratios, and debt-to-equity ratios over five years.

Furthermore, it presents a SWOT analysis highlighting the company's strengths, weaknesses, opportunities, and threats. Additionally, the report employs Porter's Five Forces model to assess the competitive landscape surrounding IDLC, analyzing factors such as the threat of new entrants, bargaining power of suppliers and buyers, threat of substitutes, and intensity of rivalry among competitors. Throughout, the report provides valuable insights into IDLC's operations, performance, and strategic positioning within the financial industry of Bangladesh. Finally, it contains a few limitations which are the problems that I have faced during the report.

Table of Contents

1. Introduction.....	1
1.1. A glance at the non-banking financial industry of Bangladesh	1
1.2. Regulations of Non-Bank Financial Institutions of Bangladesh	2
<i>(i) Formal Sector.....</i>	<i>2</i>
<i>(ii) Semi-Formal Sector</i>	<i>2</i>
<i>(iii) Informal Sector</i>	<i>2</i>
<i>(i) Department of Financial Institutions and Markets.....</i>	<i>2</i>
<i>(ii) Financial Institutions Inspection Department.....</i>	<i>2</i>
2. IDLC Finance PLC.....	4
2.2 History of IDLC Finance PLC.....	4
<i>Philosophy.....</i>	<i>4</i>
<i>Subsidiaries of IDLC.....</i>	<i>4</i>
2.2. Product Overview of IDLC Group	6
3. Comprehensive Analysis of NBFIs in Bangladesh.....	8
3.1. Performance Measuring Indicators.....	8
3.1.1. Profitability ratios:	8
Earnings per share (EPS)	8
Return On Equity (ROE)	10
Return on Assets (ROA)	11
Return on Capital (ROC)	13
Current Ratio.....	14
Debt Equity Ratio.....	16
4. SWOT Analysis for IDLC Finance PLC	18
4.1. Strengths	18
4.2. Weaknesses	18
4.3. Opportunities	19
4.4. Threats.....	19
5. Analysis of IDLC Finance PLC using the Porter 5 Forces Model.....	20
5.1. Threat of New Entrants.....	20
5.2. Bargaining Power of Suppliers	21
5.3. Bargaining Power of Buyers.....	21
6. Limitations of the report.....	22
7. Internship Experience.....	22
8. Conclusion	23
Reference.....	- 1 -

1. Introduction

1.1. A glance at the non-banking financial industry of Bangladesh

Non-bank Financial Institutions (NBFIs) play an integral part in the country's financial system. The NBFIs address the increasing demand for long-term financing and equity-based services, moreover, they also offer a diverse array of investment options and risk management services enhancing the traditional banking sector and fortifying the overall financial system.



Names of Financial Institutions currently operating in Bangladesh listed in DSE are (Dhaka Stock Exchange. (n.d.). [Company List by Industry](#)):

1. Bay Leasing & Investment Limited
2. Bangladesh Finance Limited
3. Bangladesh Industrial Fin. Co. Ltd.
4. DBH Finance PLC
5. Fareast Finance & Investment Limited
6. FAS Finance & Investment Limited
7. First Finance Limited
8. GSP Finance Company (Bangladesh) Limited
9. Investment Corporation of Bangladesh
10. IDLC Finance PLC.
11. International Leasing & Financial Services Ltd.
12. IPDC Finance Limited
13. Islamic Finance & Investment Ltd.
14. LankaBangla Finance PLC
15. MIDAS Financing Ltd.



16. National Housing Finance PLC
17. Phoenix Finance and Investments Ltd.
18. Peoples Leasing and Fin. Services Ltd.
19. Premier Leasing & Finance Limited
20. Prime Finance & Investment Ltd.
21. Union Capital Limited
22. United Finance Limited
23. Uttara Finance and Investments Limited



1.2. Regulations of Non-Bank Financial Institutions of Bangladesh

Bangladesh's Financial sector is categorized into 3 segments following the degree of regulation:

(i) Formal Sector: this sector includes all the regulated institutions such as Banks, Non-Bank Financial Institutions, Capital Market intermediaries like Brokerage houses, etc.

(ii) Semi-Formal Sector: this sector includes all those regulated institutions that do not fall under the jurisdiction of the central bank, insurance authority, securities, exchange commission, or any other enacted financial regulator. Some institutions in this sector include Grameen Bank, House Building Finance Corporation (HBFC), Non-Government NGOs, etc.

(iii) Informal Sector: this includes all the unregulated private intermediaries. (Bangladesh Bank. (n.d.). Financial Activity)



The NBFIs are regulated and supervised by Bangladesh Bank under two core departments:

- (i) Department of Financial Institutions and Markets (DFIM), and**
- (ii) Financial Institutions Inspection**

Department (FIID)

DFIM and FIID together are responsible for overseeing the NBFIs. Department of Financial Inspection Departments establish the regulations, policies, and guidelines for NBFIs and conduct off-site supervision. While, on the other hand, Financial Institutions Inspection Department focuses on on-site supervision and addresses customer complaints concerning the NBFIs in Bangladesh.

Thus, NBFIs are those types of financial institutions that are regulated under the Financial Institution Act 1993 and controlled by Bangladesh Bank. The major sources of funds for NBFIs are Term money (at least three months tenure), call money, credit facilities from banks and other financial institutions, commercial papers, bonds, debentures, etc. (Bangladesh Bank. (n.d.). Bank Financial Activity)

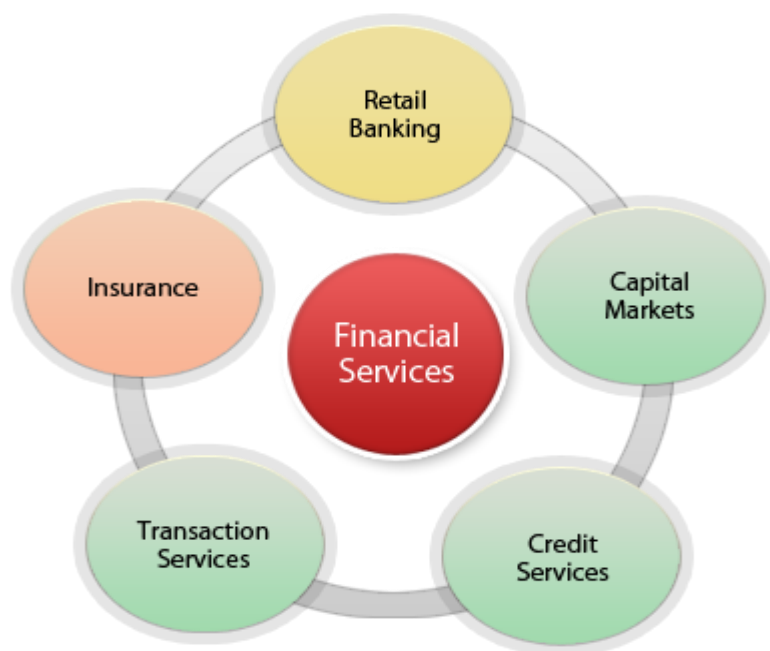
A few major differences between banks and financial institutions are (Bangladesh Bank. (n.d.). Bank Financial Activity):

- a) Banks can issue cheques, pay orders, and/or demand drafts while financial institutions cannot.
- b) Financial Institutions cannot receive demand deposits.
- c) Banks are involved in foreign exchange (forex) financing. On the other hand, financial institutions cannot be involved in forex financing; however, they may obtain foreign currency loans from abroad subject to prior approval of Bangladesh Bank. (Bangladesh Bank. (2021). Annual Report 2021: Chapter 7)
- d) Financial institutions have the flexibility to conduct their business using various financing methods such as syndicated financing, bridge financing, lease financing, securitization instruments, and private placement of equity.

2. IDLC Finance PLC

2.2 History of IDLC Finance PLC

IDLC Finance PLC previously known as Industrial Development Leasing Company of Bangladesh Limited (IDLC), is a non-banking financial institution headquartered in Dhaka, Bangladesh. It started as a single-product lease finance company in 1985 with 5 employees, now 40 years later it is the largest multi-product, multi-segment Non-Banking Financial Institution in the country. IDLC marked its presence in over 20 districts with 42 branches and over 1700 employees serving more than 400,000 clients.



Philosophy

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

Vision: “We will be the best Financial brand in the country”

Our Values: “integrity, customer focus, equal opportunity, trust and respect, passion, simplicity, eco-friendly”

Subsidiaries of IDLC

- IDLC Securities Limited

A fully owned subsidiary of IDLC that offers international standard brokerage services for retail and institutional clients. ([Internet Archive. \(2017, January 11\).](#))

- IDLC Investment Limited

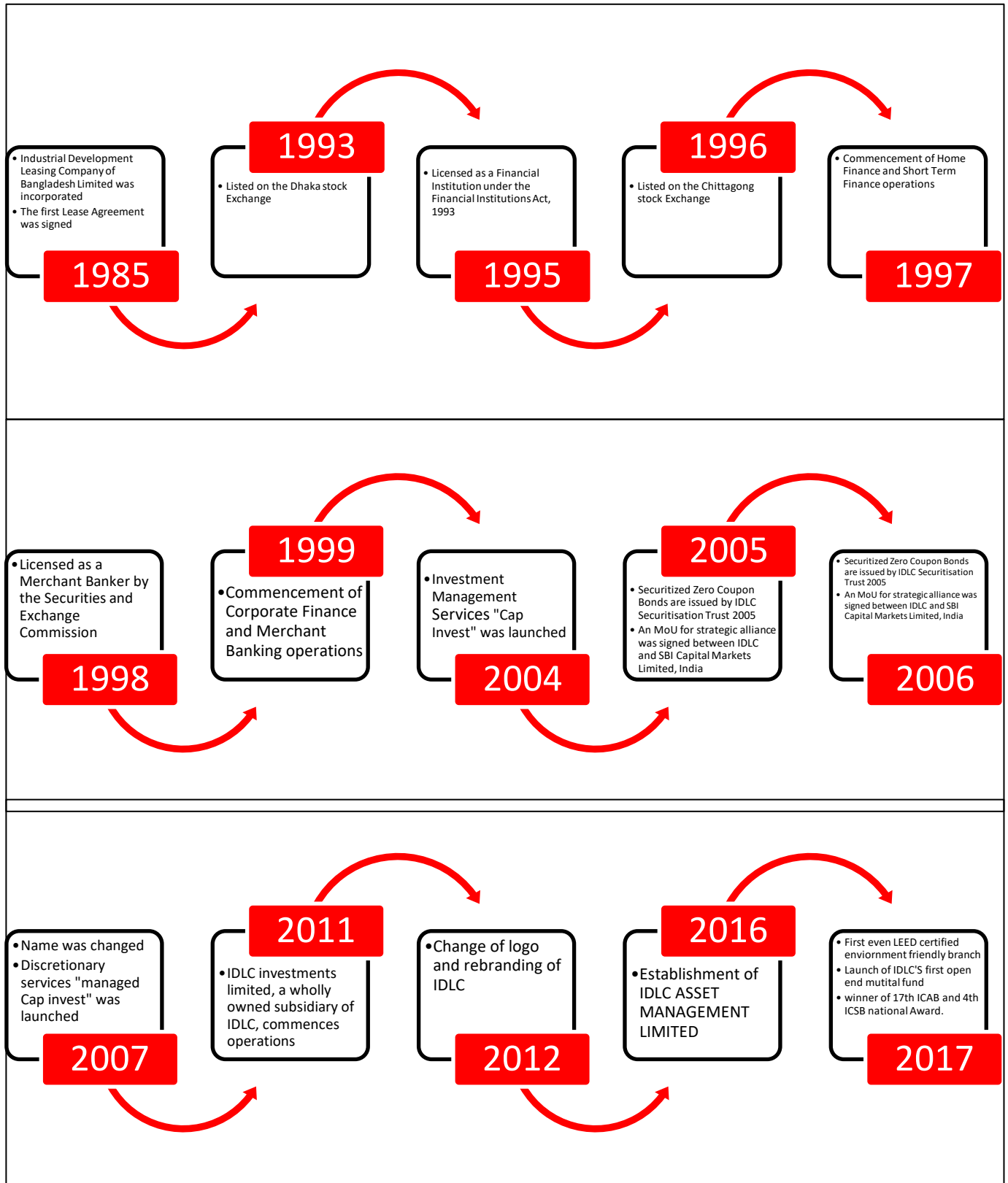
IDLC provides merchant banking through its separate subsidiary “IDLC Investment Limited” which was formed in May 2010 as per the requirements of the Securities & Exchange Commission (SEC) the subsidiary started its operations in August 2011 to offer merchant banking services to both institutional and individual clients. ([Internet Archive. \(2017, January 11\).](#))

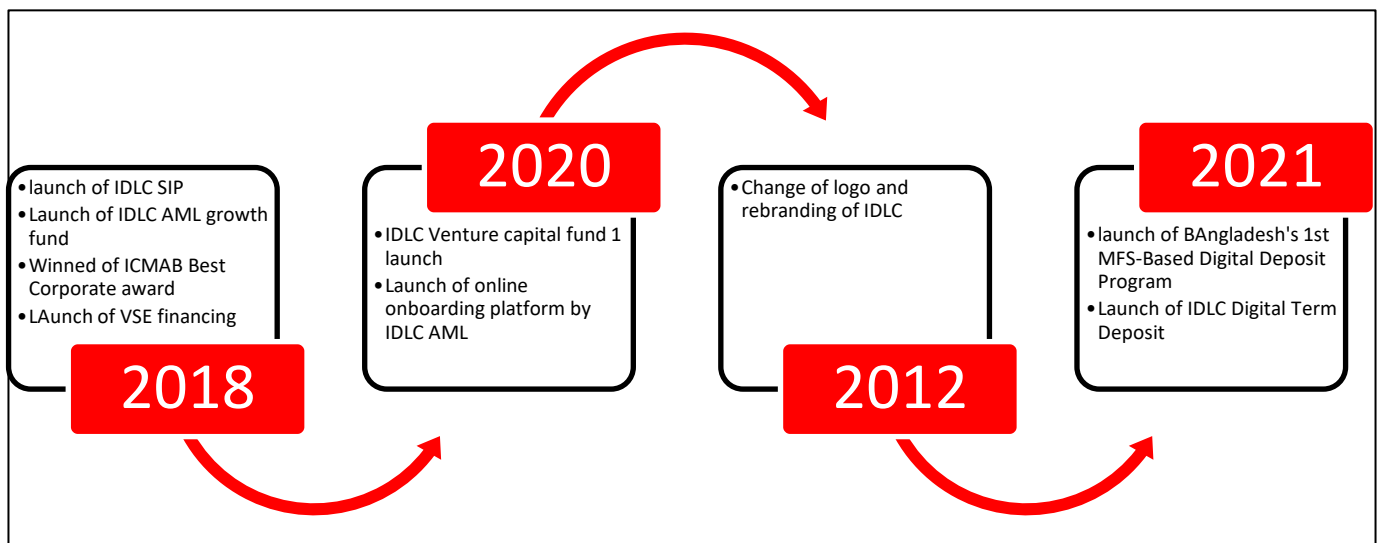
- IDLC Asset Management Limited (AML)

It was incorporated in November 2015 as a private company limited by share under the Companies Act, 1994. It is a subsidiary company of IDLC Finance PLC which holds 99.99%

ownership of the company. Its principal object is to carry out the business of asset management through launching and managing funds to fulfill the diverse needs of investors. IDLC AML also aimed to create avenues for alternative investments through private equity and venture capital. (Internet Archive. (2017, January 11).)

Summary of Achievements and Journey of IDLC





Overview

2.2. Product Overview of IDLC Group

IDLC Finance PLC together with its subsidiaries operates as a financial institution in Bangladesh since 1985. It primarily operates through four segments: SME financing, Corporate Financing, Consumer Financing (this includes home loans, personal loans, etc.), and Wealth Management. Consumer Financing products include as mentioned above home loans, car loans, personal loans along with deposit products.

Corporate Financing Products include all sorts of small business loans which include SME Term loans, loans for women entrepreneurs, Abashan loans, commercial space loans, lease financing, working capital loans, term loans, etc.

Moreover, it also provides a range of structured finance solutions, encompassing activities such as working capital syndication, agency and trusteeship, issuance of zero coupon and coupon-bearing bonds, commercial papers, and private equity.

The company also offers portfolio management, issue management, mutual funds, venture capital, and underwriting services.

(About Idlc Finance Ltd (IDLC) - Investing.com, n.d.)

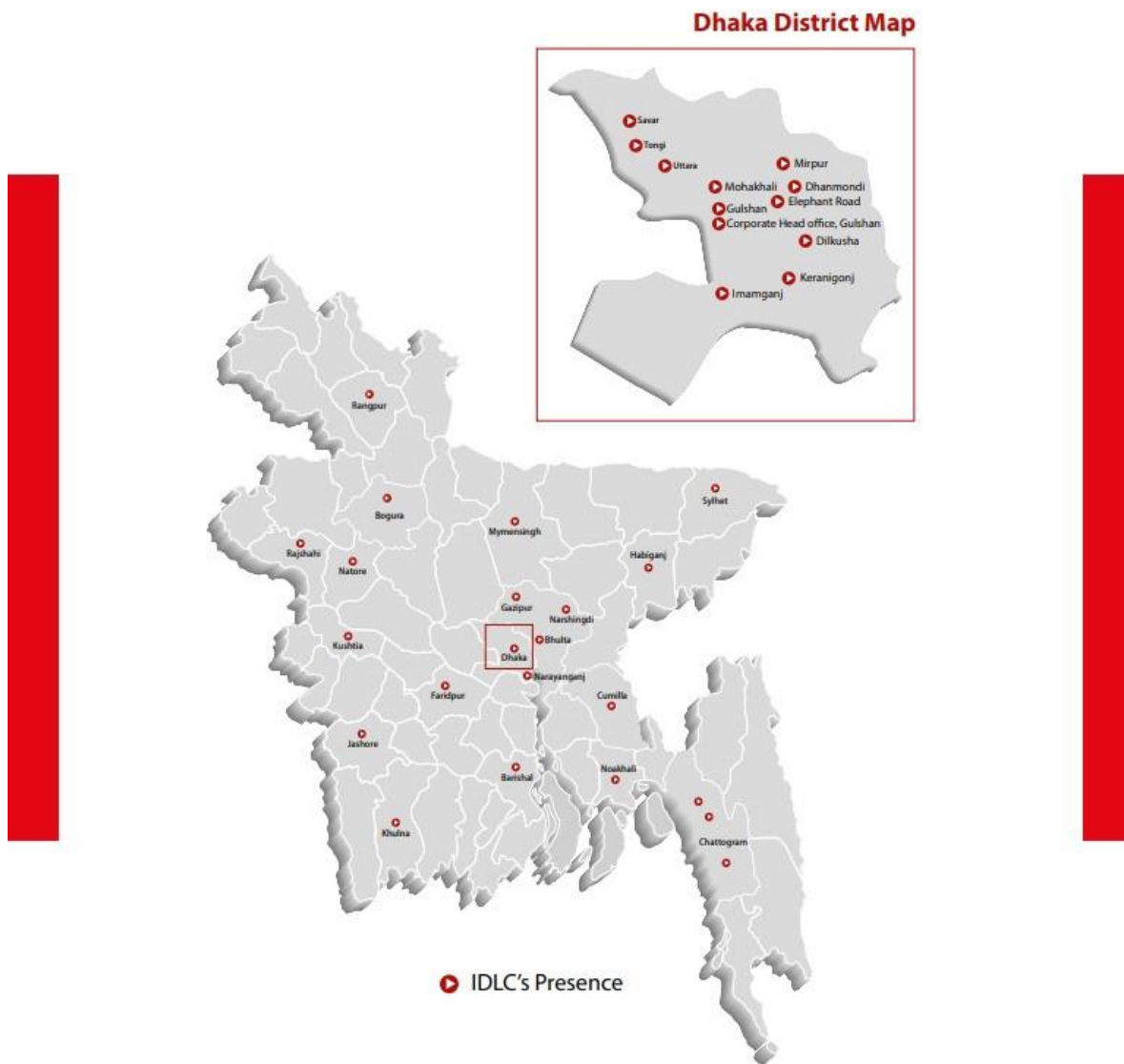


Retail Loans	Business Loans	Deposits	Capital Market
Home Loan	SME Loan	Term Deposit	Mutual Funds (IDLC Asset Management Limited)
Car Loan	Purnota (Women Entrepreneur Loan)	Priority	Stock Brokerage (IDLC Securities Limited)
Personal Loan	Supply Chain Finance	Online Deposit	Investment Bank (IDLC Investments Limited)
	Corporate Loan	Online DPS	
	Structured Finance		

Figure 2: Products of IDLC Group

Our National Footprint

Location of the Corporate Head Office and branches of the IDLC Group



3. Comprehensive Analysis of NBFIs in Bangladesh

From a list of 23 DSE-listed financial institutions, 10 companies are chosen as samples based on their operation and market share. The time frame being chosen is from the year 2018 till year 2022.

The 5 companies analyzed in comparison to IDLC Finance PLC are given below:

SL.	Name of the Company
1.	IPDC Finance Limited (IPDC)
2.	DBH Finance PLC (DBH)
3.	Bay Leasing & Investment Limited (BAYLEASING)
4.	MIDAS Financing Ltd. (MIDAS)
5.	Lanka Bangla (LANKABAFIN)

3.1. Performance Measuring Indicators:

The following ratios are used to measure and analyze the financial performance of the 6 chosen samples:

1. Profitability ratios:
 - 1.1. Earnings per share
 - 1.2. Return on Equity
 - 1.3. Return on Assets
 - 1.4. Return on Capital
2. Current Ratio
3. Debt Equity Ratio

3.1.1. Profitability ratios:

The simplest definition of profitability ratio states it as the measurement of a company's ability to generate profit from its resources.

A breakdown of 4 most commonly used profitability is discussed below along with an analysis of the 6 NBFIs.

Earnings per share (EPS)

EPS is the net income made per outstanding share of stock within a given period, it is typically calculated quarterly and annually. Thus it defines how well a stock is performing in the current market

The below table summarizes the annual trend of 6 different financial institutions over 5 years.

Company Name	2018	2019	2020	2021	2022
<i>IDLC Finance PLC</i>	5.85	4.09	6.11	5.09	4.61
<i>IPDC Finance Limited (IPDC)</i>	1.59	1.07	1.9	2.37	2.43
<i>DBH Finance PLC (DBH)</i>	0.21	0.19	0.14	0.14	0.13
<i>Bay Leasing & Investment Limited (BAYLEASING)</i>	1.6	1.09	1.14	-0.99	-5.88
<i>MIDAS Financing Ltd. (MIDAS)</i>	0.08	0.7	0.81	0.87	0.08
<i>LankaBangla Finance PLC (LANKABAFIN)</i>	1.33	1.37	1.53	1.13	0.33

Figure 3: Trend of Earnings per share over the years of 6 different NBFIs

EPS is one of the most important financial metrics that is used to indicate a company’s profitability. Often when investors plan to invest in a company’s stock they research which company’s stock is better for investment. In such cases, EPS plays a vital role in evaluating a company’s profitability. Generally, a higher EPS means that the company is performing well and thus investors are more likely to pay a higher amount for such shares.

There are two types of EPS: Basic (shown in the above “figure:3”) and Diluted EPS.

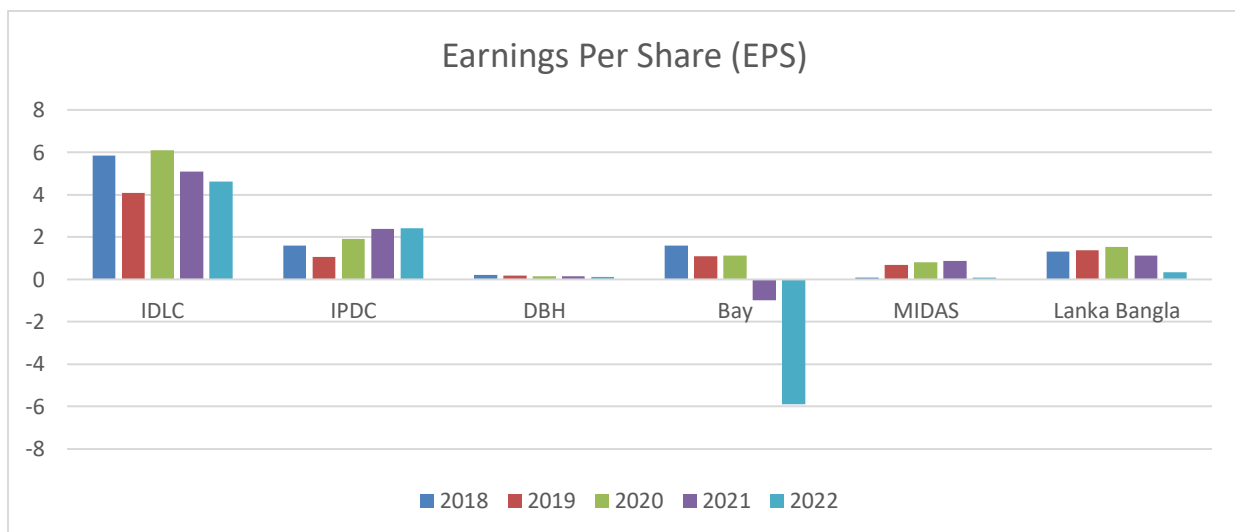


Figure 4: Trend analysis of EPS

The above graph shows a trend analysis of the 6 companies over five years.

From this, it can be easily read that IDLC has maintained an almost steady EPS over the 5 years with the highest EPS on year 2018 of 5.85 and the lowest in 2019 at 4.09 price per share. The average of IDLC is the highest among the 6 companies by which we can conclude that IDLC within these 5 years attracted the highest number of potential investors.

Return On Equity (ROE)

ROE measures a company's net income as a percentage of its total shareholders' equity.

The below table summarizes the annual trend of 6 different financial institutions over 5 years.

<i>Company Name</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
<i>IDLC Finance PLC</i>	14.73%	13.68%	18.89%	12.49%	11.87%
<i>IPDC Finance Limited (IPDC)</i>	13.10%	11.50%	12.10%	14.20%	13.70%
<i>DBH Finance PLC (DBH)</i>	20.79%	18.53%	13.85%	12.41%	12.72%
<i>Bay Leasing & Investment Limited (BAYLEASING)</i>	8.21%	5.52%	5.73%	-5.54%	-46.89%
<i>MIDAS Financing Ltd. (MIDAS)</i>	0.77%	6.29%	6.95%	4.92%	0.71%
<i>LankaBangla Finance PLC (LANKABAFIN)</i>	7.44%	7.23%	8.07%	5.66%	1.60%

Figure 5: Trend of Return on Equity over the years of 6 different NBFIs

ROE is a very important measure of profitability as it looks at a company's bottom line to evaluate the overall profitability for the company's owners and investors. Thus, ROE helps investors evaluate whether they are getting a good return on their investments and how efficiently the firm is utilizing their equity. ROE is usually compared with either the historical ROE of the company or with the industry's average ROE.

A high ROE reflects that the company is more successful in efficiently generating profit internally. However, there are risks associated with a high ROE ratio as a company might rely heavily on debt to generate a higher net income, thereby increasing the ROE.

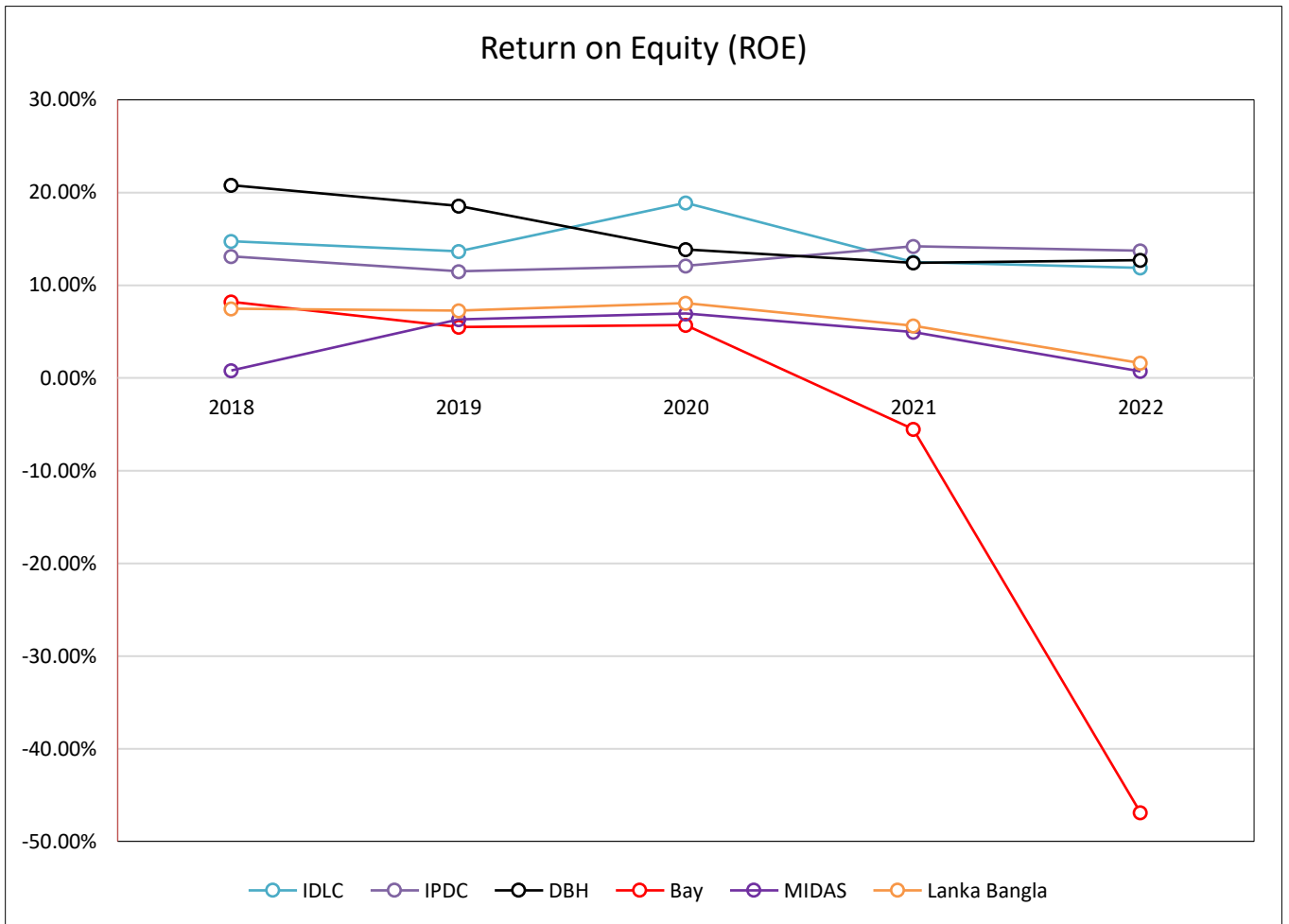


Figure 6: Trend analysis of ROE

The average ROE calculated from the 6 companies over the five years (2018-2022), is stated below:

Year 2018: 10.84%

Year 2019: 10.46%

Year 2020: 10.93%

Year 2021: 7.36%

Year 2022: -1.05%

Hence, it can be deduced that IDLC, IPDC, and DBH have been constantly above the average. ROE of IDLC was 12.49%, IPDC's 11.87% and DBH's was 12.41%. This gives an overview that IDLC has been better at generating net profit internally than the others.

Return on Assets (ROA)

ROA measures how profitable a company is concerning its total assets. This measures how efficiently a company uses its assets to generate profit.

The below table summarizes the annual trend of 6 different financial institutions over 5 years.

Company Name	2018	2019	2020	2021	2022
<i>IDLC Finance PLC</i>	1.61%	1.40%	1.85%	1.21%	1.15%
<i>IPDC Finance Limited (IPDC)</i>	1.00%	1.00%	1.00%	1.10%	1.05%
<i>DBH Finance PLC (DBH)</i>	1.82%	1.82%	1.52%	1.73%	1.65%
<i>Bay Leasing & Investment Limited (BAYLEASING)</i>	1.66%	1.04%	1.29%	-0.48%	-5.73%
<i>MIDAS Financing Ltd. (MIDAS)</i>	0.09%	0.84%	1.01%	0.72%	0.10%
<i>LankaBangla Finance PLC (LANKABAFIN)</i>	0.89%	0.91%	1.06%	0.76%	0.21%

Figure 7: Trend of Return on Assets over the years of 6 different NBFIs

A higher ROA indicates a company is efficient and productive at managing its assets to generate profits. It indicates what earnings are generated from the assets or invested capital. The benchmark for ROA usually varies based on the industry, thus the best comparison is done when it is compared against the company's previous ROA.

The below graph shows a ROA trend analysis of IDLC Finance PLC:

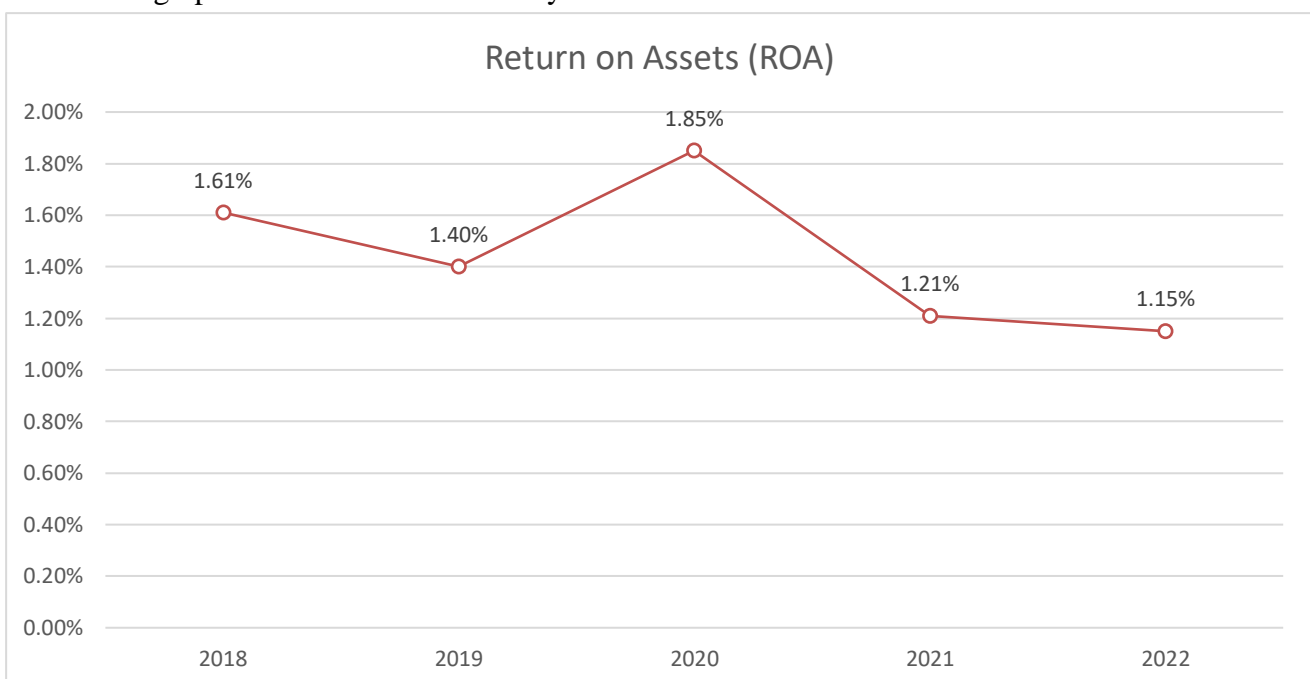


Figure 8: Trend analysis of ROA of IDLC Finance PLC

The ROA is almost similar to the other five companies as shown above in the table named “*Figure 7: Trend of Return on Assets over the years of 6 different NBFIs*”. The average ROA of IDLC is better than its competitors, however, the above graph shows a declining trend from 2021 and onwards. Although it was at its peak in 2020, it shows that efficiency in generating profit from its assets has declined over the years.

Return on Capital (ROC)

ROC measures a company’s net income relative to the sum of its debt and equity value.

The below table summarizes the annual trend of 6 different financial institutions over 5 years.

<i>Company Name</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
<i>IDLC Finance PLC</i>	1.61%	1.40%	1.85%	1.21%	1.15%
<i>IPDC Finance Limited (IPDC)</i>	1.00%	1.00%	1.00%	1.10%	1.05%
<i>DBH Finance PLC (DBH)</i>	1.82%	1.82%	1.52%	1.73%	1.65%
<i>Bay Leasing & Investment Limited (BAYLEASING)</i>	1.66%	1.04%	1.29%	-0.48%	-5.73%
<i>MIDAS Financing Ltd. (MIDAS)</i>	0.09%	0.84%	1.01%	0.72%	0.10%
<i>LankaBangla Finance PLC (LANKABAFIN)</i>	0.89%	0.91%	1.06%	0.76%	0.21%

Figure 9: Trend of Return on Capital over the years of 6 different NBFIs

ROC typically measures the percentage of profit generated relative to the amount of capital invested in a business. It indicates how effectively and efficiently a company is generating more profit per unit of capital invested. A higher ROC indicates better capital utilization and potentially superior management. A consistently higher ROC indicates a sustainable business model as it shows that the business is more likely to maintain its profitability and growth over the long term period. Moreover, a higher ROC is taken as a more attractive investment opportunity.

A visual analysis of ROC shown below indicates that DBH and IDLC have a higher average ROC relative to their competitors.

Whereas, IPDC maintained a steady average ROC which indicates an efficient utilization of capital to generate profit.

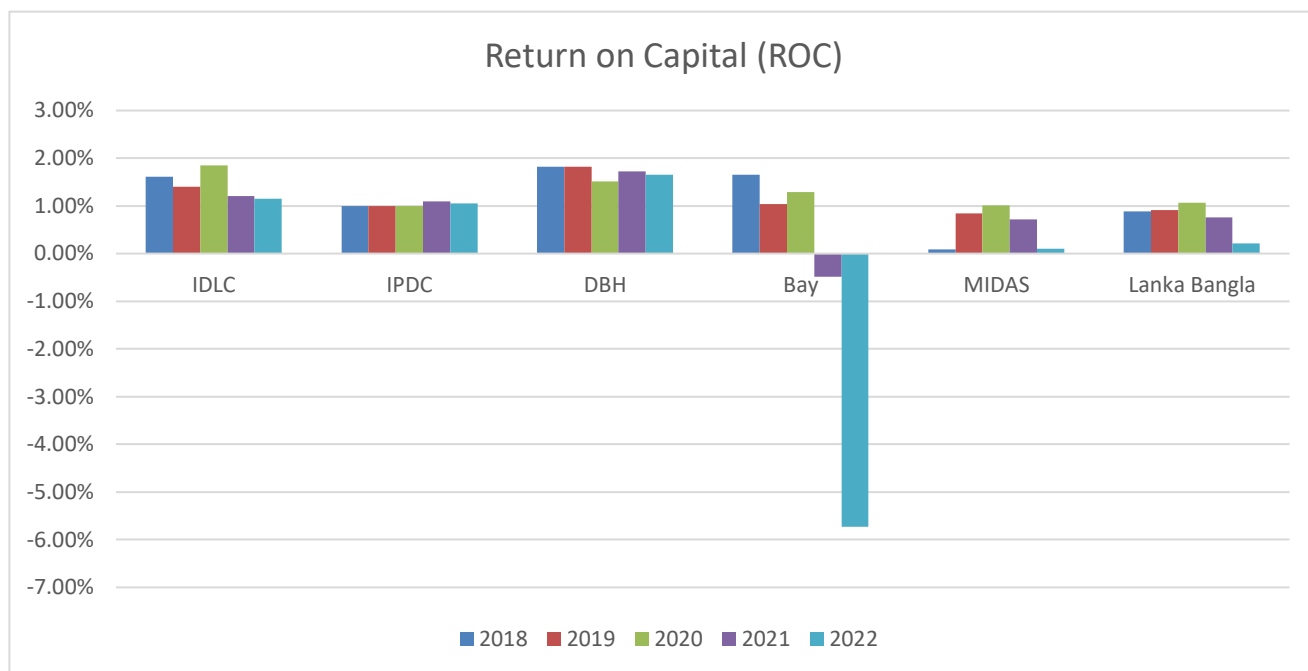


Figure 10: Trend analysis of ROC over five years.

Current Ratio

The current ratio is a liquidity ratio and it measures a company's ability to short term debts and obligations using their current assets only. A ratio of 1 represents that a company has an equal amount of current assets and current liabilities and a ratio greater than 1 indicates that the company has more current assets than current liabilities.

The below table summarizes the annual trend of 6 different financial institutions over 5 years.

<i>Company Name</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
<i>IDLC Finance PLC</i>	0.63	0.27	0.99	1.40	0.92
<i>IPDC Finance Limited (IPDC)</i>	1.00	1.00	1.00	1.00	1.00
<i>DBH Finance PLC (DBH)</i>	0.10	0.04	0.06	0.08	0.06
<i>Bay Leasing &</i>	1.05	1.18	1.30	1.29	1.25

<i>Investment Limited (BAYLEASING) MIDAS Financing Ltd. (MIDAS) LankaBangla Finance PLC (LANKABAFIN)</i>	0.36	0.27	0.99	1.40	0.92
	1.12	0.97	1.12	1.14	1.11

Figure 9: Trend of Return on Capital over the years of 6 different NBFIs

A higher current ratio indicates better short-term financial stability and less risk of defaulting. It essentially reflects that a company can meet unexpected financial challenges without the need to further borrow or sell long-term assets. In many financial institutions, lenders and creditors use the current ratio as one of the factors for assessing a company’s creditworthiness.

Below a graphical visualization is shown to provide an overall understanding of the state of the current ratio of the six chosen companies over the 5 years.

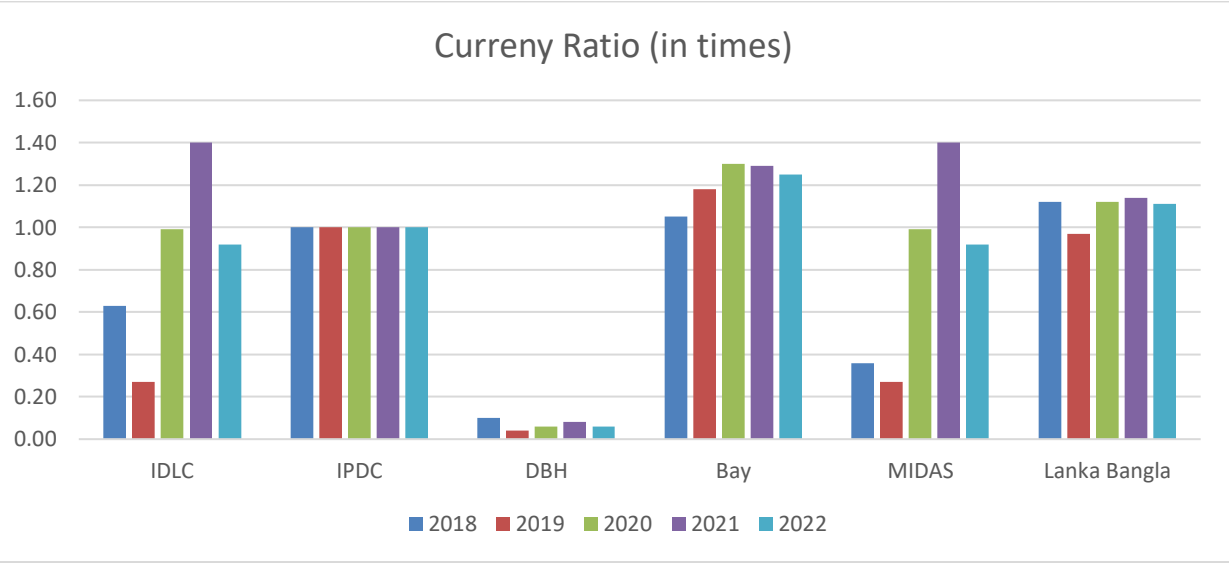


Figure 10: Trend of Current Ratio (in times) over the years of 6 different NBFIs

Debt Equity Ratio

The debt-to-equity ratio is used to evaluate a company's financial leverage by comparing its total debt to its shareholders' equity. It measures the proportion of financing by creditors relative to the financing by shareholders.

The below table summarizes the annual trend of 6 different financial institutions over 5 years.

<i>Company Name</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
<i>IDLC Finance PLC</i>	0.63	0.27	0.99	1.40	0.92
<i>IPDC Finance Limited (IPDC)</i>	1.00	1.00	1.00	1.00	1.00
<i>DBH Finance PLC (DBH)</i>	0.10	0.04	0.06	0.08	0.06
<i>Bay Leasing & Investment Limited (BAYLEASING)</i>	1.05	1.18	1.30	1.29	1.25
<i>MIDAS Financing Ltd. (MIDAS)</i>	0.36	0.27	0.99	1.40	0.92
<i>LankaBangla Finance PLC (LANKABAFIN)</i>	1.12	0.97	1.12	1.14	1.11

Figure 11: Trend of Debt to Equity Ratio over the years of 6 different NBFIs

This ratio is often used by banks and other lenders to evaluate how much debt a business has; it is very important and useful when a business uses creditor financing. It takes into account both long and short-term debt. A higher D/E ratio indicates that the business may not be in a healthy financial position and it indicates that the company has more debt relative to its equity. Thus, a high debt-to-equity ratio might indicate higher financial risk due to the excessive debt obligation which can strain the company’s cash flow and increase the risk of defaulting.

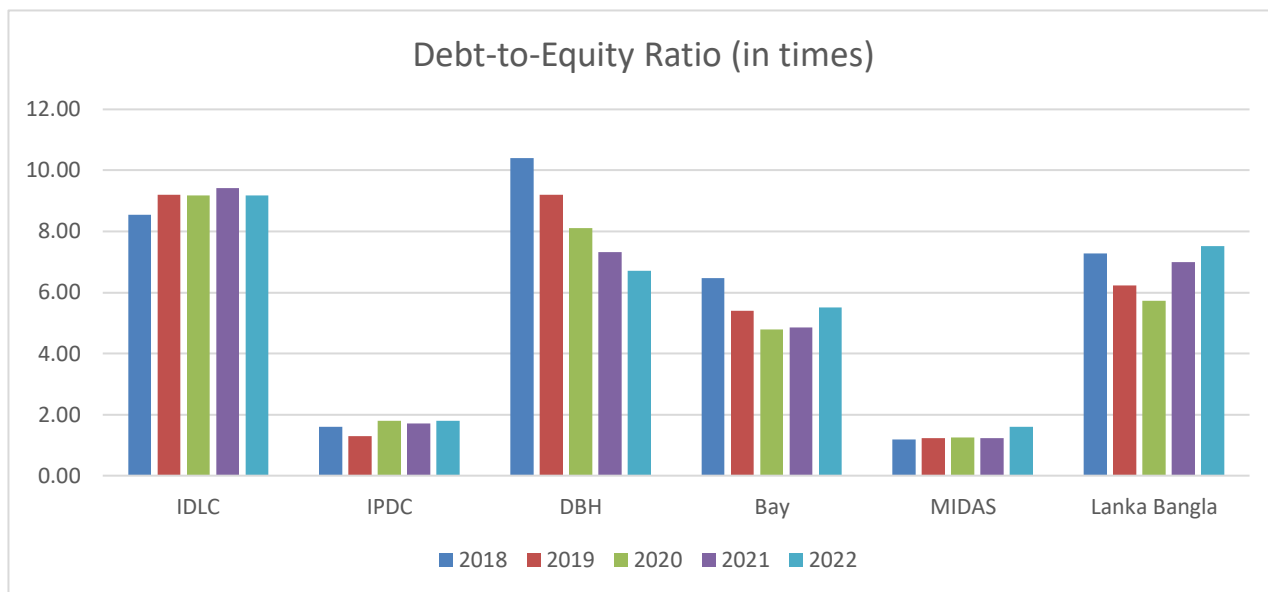


Figure 10: Trend of Current Ratio (in times) over the years of 6 different NBFIs

4. SWOT Analysis for IDLC Finance PLC

4.1. Strengths

- IDLC finance has a huge reputation in the nonbanking sector in Bangladesh. With a strong presence like that since the beginning, they have earned themselves a respected brand reputation among the masses. So they have the first movers advantage in the industry and can control certain policies by working with the government in their favor to ease out the operations within the country
- The portfolio of IDLC Finance Limited is diverse ranging from SME financing to leasing, loans, investment banking, merchant banking, etc. In many of these diverse sectors, they cater to the needs of the customers efficiently.
- Over a short time frame, IDLC has built a good financial performance, boosting up their revenue streams and gaining investor confidence. This has boosted the capital and profits for the shareholders to enjoy as well.
- They have a vast network of distribution centers called touchpoints and many branches for the smooth operation of their services. This caters to their large customer base and delivers top-notch service.
- The members of IDLC finance are highly qualified having vast levels of experience in the field which has led to an increase in performance and development of the departments as a whole. With relevant backgrounds, all the staff and employees are responsible for operational efficiency and strategic decision-making. Thus the management team here makes fruitful and material decisions that ensure an even better future for the company.

4.2. Weaknesses

- The mechanism of their financial services is hugely dependent on the concurrent conditions of the economy of Bangladesh. If the condition seems degrading, then the interest rate on loans goes up, and the rate of credit declines and vice versa. So economic downturns such as inflation or recessions lead to an adverse effect on business operations and financial performance.
- Asset quality risk poses a threat of loan defaults and requires additional provisioning which leads to financial losses. These types of assets are always a risk and damage the potential for investments
- The regulatory compliance maintenance is continuous and companies like IDLC finance have to incur a significant amount of operational and administrative costs to adhere to these policies. This can pose a huge challenge and can impact the cash flow as well as the development of a company.

- Concentration risk arises when there is an uncertainty of a company or a client being exposed to a certain degree of economic or financial downturn. So certain industries are always risky to expose to high levels of credit which is a significant challenge
- Intense competition with other nonbank financial organizations is always ongoing. So to gain a majority of the market share, the profit margins need to be cut and companies have to keep a lookout for both domestic and international entry.

4.3. Opportunities

- Country-wide financial inclusion is still not complete in our nation. SO growth in this area is a huge opportunity for large growing companies like IDLC Finance. Populous from remote areas or far away regions are still underserved and they need the financial services as like others. This will encourage more credits and financial success and the customers can conduct their business or other transaction activities from anywhere around the country.
- Technological advancements are always a large step in the process of any type of development in any sector. Digitizing the financial sector is always convenient and efficient for the customers. This can also generate new revenue streams for them and open more opportunities for reaching a greater audience.
- The transportation, energy, and telecommunication sectors are developing much faster in Bangladesh now. These developments are a scope for financial services that IDLC provides which will finance solutions for these infrastructure projects
- They can expand their product offering to wealth management, insurance, digital banking, and many more sectors to further diversify their opportunities and tailor to customer needs
- Strategic partnerships such as partnering with the government, non-government organizations, NGOs, and technology providers can boost exposure, increase customer base, and help them tap into new markets.

4.4. Threats

- Currency fluctuations and geopolitical risk have a negative impact on IDLC Finance PLC; 's business operations, financial performance as well as loan portfolio quantity and quality.
- There are always existing cyber security threats when operating in the financial institutions industry that could not only damage company's financial standing but also its reputation.

5. Analysis of IDLC Finance PLC using the Porter 5 Forces Model

IDLC being one of the pioneering financial institutions in Bangladesh currently 40 years is operating in a very competitive business environment.

According to Michael Porter “Porter's Five Forces Model,” there are five elements that affect a company’s efficiency, effectiveness, and profitability.

Porter's Five Forces model includes the five following elements: the threat of new entrants, bargaining power of suppliers, bargaining power of buyers, threat of substitutes, and intensity of rivalry among competitors. Using this model many businesses have gained valuable insights into their industry’s attractiveness and developed valuable insights.



Figure 11: Porters Five Forces Model

5.1. Threat of New Entrants

The current financial services industry is mostly occupied by the giants such as IDLC, IPDC, and LAnkaBangla Finance hence establishing a strong brand, reputation, and customer base would require extensive marketing and significant investment making high barriers to entry. Moreover, to be listed as a Financial institution a company needs to follow a huge list of regulatory requirements thus we can conclude that the Threat of new entrants is very high. This gives an advantage to IDLC Finance PLC.

5.2. Bargaining Power of Suppliers

In the financial services industry usually the bargaining power of the suppliers (for example technology providers and regulatory bodies) is relatively low since they typically offer standardized products and/or services and there are multiple options available thus reducing their bargaining power.

However, it might the dependency on technology and the type of technology would vary the bargaining power of the suppliers.

5.3. Bargaining Power of Buyers

The bargaining power of buyers can vary depending on the type of buyers which includes corporate clients, SMEs, and retail customers. Individual customers may have limited bargaining power due to the nature of products, which are usually standardized across all financial institutions. However, the lagers clients and institutional clients will have a higher negotiating power.

5.4 Threat of Substitutes

Even though customers have options to switch to other financial institutions, the quality and reputation created by IDLC have mitigated such risk. The company's diverse portfolio and reputation for reliability subdued the threat of customers looking for substitutes.

Thus, it can be concluded that IDLC's threat of substitutes is low.

5.5 Intensity of Rivalry among Competitors:

The financial services industry is highly competitive in Bangladesh with several established players competing against each other. Competitors both domestically and internationally, banks, non-banking financial institutions, other financial institutions, fintech companies, etc. Thus, it can be figured that IDLC Finance PLC faces a high intensity of rivalry among competitors.

6. Limitations of the report

- The report has been prepared using a secondary data collection process hence it was not available to verify and had to rely on the internet, on the companies' websites, or Google.
- Due to time constraints, it wasn't possible to collect a vast amount of information which is why maybe topics remained undiscovered in the report.
- It is possible that my biased judgments might have influenced the narratives of the report.

7. Internship Experience

As an intern of the IDLC Finance PLC in the Credit Risk Department of the Consumer Division I have actively participated in assisting my colleagues in preparing the filings, maintaining the database, and preparing various documents ready to use.

My internship branch is at Dilkhusa, Dhaka and my period of internship is 3 months starting from January 14, 2024, up till April 14, 2024.

Since I am near the end of my internship experience I have gathered some valuable knowledge not only about the corporate world and IDLC but also about how a workplace shapes one's mindset.

During these 3 month here are some of the responsibilities I have taken:

- Facilitate effective communication with third-party vendors, ensuring smooth information exchange and collaboration.
- Assist in the software input of customer data for Contact Point Verification (CPV).
- Manage secure and accurate databases of CPV agents and customers.
- Actively assist in projects assigned by the management in areas of consumer loan products (home loan, car loan, and personal loan).
- Maintain an organized and up-to-date daily bank statement log, ensuring the department's timely access to financial activity updates Assists officers and analysts with any required information and carries out additional assigned activities when required.

8. Conclusion

In conclusion, the analysis of IDLC Finance PLC shows its significant role in Bangladesh; 's financial sector and highlights its position as one of the largest non-banking financial institutions in the country. This extensive study of the history of financial institutions, operations, operations, and comparison of financial performance of some of the few NBFIs provided several key insights. IDLC's journey from a single-product lease finance company to a diversified financial institution reflects its adaptability and strategic vision. The company's reputation, distribution network, and qualified management team all contributed to this competitive advantage in its industry.

The financial analysis revealed IDLC; 's consistent performance throughout the years demonstrating its ability to generate profit, effectively utilize its assets and capital, and mitigate risks.

Thus the company's proactive approach to addressing these challenges and leveraging opportunities underscores its resilience and potential for future success.

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