

Internship Report

Internship Report on Company Analysis of IDLC Finance PLC. and Industry Analysis of the NBF Sector in Bangladesh

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**This report is submitted to the school of Business and
Economics, United International University as a partial
requirement for the degree fulfillment of Bachelor of
Business Administration**

Internship Report on Company Analysis of IDLC Finance PLC. and Industry Analysis of the NBFIs Sector in Bangladesh

Submitted to

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Bachelor of Business Administration (BBA)

Finance and Fintech

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**School of Business and Economics
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Date of submission: March 11, 2026

Letter of Transmittal

Sir

It is my pleasure to present my internship report titled “Company and Industry Analysis of IDLC Finance PLC.” as one of the partial requirements of completing the Bachelor of Business Administration (BBA) program under the major of Finance and Fintech at United International University.

This report has been prepared based on my internship experience at IDLC Finance PLC, where I worked as an intern in the Credit Risk Management department under SME Financing. The report does contain an overview of the organization, an overall analysis of the NBFIs industry in Bangladesh, detailed information about my roles and responsibilities, learning outcomes and my practical experience during the internship period.

I have attempted to write this report with good intentions by trying to adhere to the instructions given and by relying on my academic knowledge and hands-on experience. I also hope that the report will be satisfactory to your expectations and will be deemed satisfactory to academic assessment.

I would like to express my sincere gratitude to you for your guidance, support, and valuable instructions throughout the preparation of this report. I will be happy to explain any aspect of the report as necessary.

Thank you for your kind consideration.

Yours sincerely,

Hrittik Biswas Hridoy

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Department: Bachelor of Business Administration (BBA)

Major: Finance and Fintech

United International University

Signature

Declaration of the Student

It is my pleasure to state that the internship report entitled Company and Industry Analysis of IDLC Finance PLC has been written by me as a partial fulfillment of the Bachelor of Business Administration (BBA) degree with a major in Finance and Fintech degree at the United International University.

I also state that it is my original report and presented to no other institution or university. All information and data utilized in this report have been well recognized and cited where necessary.

I take full responsibility for the authenticity and accuracy of the contents of this report.

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Department: Bachelor of Business Administration (BBA)

Major: Finance and Fintech

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Signature

Corporate Evidence



IDLC/HR/IAL/2026/03

January 21, 2026

Nahid Hassan Khan
Director, Director of Career Counseling & Student Affairs
United International University

Dear Mr. Nahid,

INTERNSHIP

We are pleased to inform you that Hrittik Biswas Hridoy, bearing ID/Roll: 111213056 is selected for the Internship Program in our organization for a period of 3 months starting from 28-December-2025.

Mr. Akhlaqur Rahman Sachee, Assistant Manager, CRM-SME of our company is his supervisor.

Thank you.

Yours sincerely,

Chowdhury Shafaat Kabir
Senior Executive Officer
Talent Acquisition, Human Resources Division



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Acknowledgement

I would like to express my sincere gratitude to all those who helped and advised me during the process of carrying out my internship and developing this report.

To begin with, I would like to acknowledge the great support, constructive feedback, and assistance of Dr. Md. Mohan Uddin, Professor, School of Business and Economics (SoBE), United International University, in the preparation and formulation of this internship report. His supervision and feedback were very useful in ensuring that the report was completed successfully.

It is also my great pleasure to thank the management and employees of IDLC Finance PLC who have taken me in as their intern in the department of SME Financing (Credit Risk Management). I would also like to thank my line manager Akhlaqur Rahman Sachee (Senior Executive Officer, CRM-SME Division) and my senior colleagues who cooperated with me, provided guidance and support during my internship period and helped me develop practical knowledge and experience in a working environment.

Moreover, I would wish to appreciate all the faculty members of the School of Business and Economics who gave me the academic knowledge that helped me throughout my internship.

Finally, I would like to express my heartfelt gratitude to my family who were able to motivate and encourage me and provide the moral support that helped me to enter the professional world and complete the internship and this report.

Executive Summary

This report assesses the general state of IDLC Finance PLC and the Non-Bank Financial Institution (NBFI) through an analytical review and real-life experience during internship with the Credit Risk Management (CRM-SME) department of IDLC Finance PLC.

The introduction chapter brings out the increase in the relevance of the NBFI sector to the global and the Bangladeshi financial systems. The results indicate that NBFIs are important in offering alternative financing and especially financing SMEs, leasing and long-term investments where conventional banks are not so aggressive. Nevertheless, the industry in Bangladesh is also experiencing structural issues such as high non-performing loans, liquidity and growing regulatory control.

According to the company analysis chapter, IDLC Finance PLC stands in a strong position as one of the top NBFIs in Bangladesh because it has diversified product lines, good brand image, and operations in corporate, SME, retail and capital market segments. The analysis of financial performance and operational performance during the previous five years indicate the modest asset growth and consistent lending growth, however the profitability had its ups and downs because of the growing financial costs and pressures of the market. Nevertheless, the increase in the profitability indicators in 2024 is associated with the positive operation performance and robustness of the institution despite these challenges.

The industry analysis has shown that the NBFI industry in Bangladesh has become a mature industry with moderate growth, intense competition, and stringent regulation. The analysis reveals that NBFIs are playing a key role in SME development, infrastructure financing, and financial inclusion, but the industry is facing threats like governance issues, increased non-performing loans, and a lack of depositor confidence. Meanwhile, there are opportunities in terms of fintech integration, digital financial services, and growing demand of both SME and consumer financing.

The chapter on the internship experience illustrates that there was practical exposure to credit risk assessment processes in the context of SME financing. The experience identifies the significance of credit analysis, risk analysis of the borrower, and the application of Credit Information Bureau (CIB) reports on the creditworthiness of the borrowers. It also contributed towards development of analytical, technical and professional skills as the internship gave an insight on the operations of a financial institution, documentation management and internal coordination.

In general, the report findings reveal that although IDLC Finance PLC stands on a firm market and a diversified financial services portfolio, the NBFI sector in Bangladesh is in the structural adjustments phase owing to regulatory tightening and financial sector pressures. Credit risk management practices, online financial technology adoption and enhancing the quality of governance will be critical to the long-term sustainability and growth of IDLC Finance PLC as well as the NBFI sector in Bangladesh.

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CHAPTER 1: INTRODUCTION

1.1 Background of the Report

The NBFi industry of the world has grown at an impressive rate. The Financial Stability Board in its 2024 monitoring report suggested that the size of the NBFi market had increased by more than 8.5% in 2023, over twice that of the traditional banking market (3.3%), and put the proportion of NBFis in the total financial system near to half of that of the world financial system (*FSB 2024, 2024*). It was also stated that the total size of assets of the sector was approximately around USD 256.8 trillion at the close of 2023 which was 51% of total financial assets that surpassed the size of the banking sector (*www.pymnts.com, n.d.*).

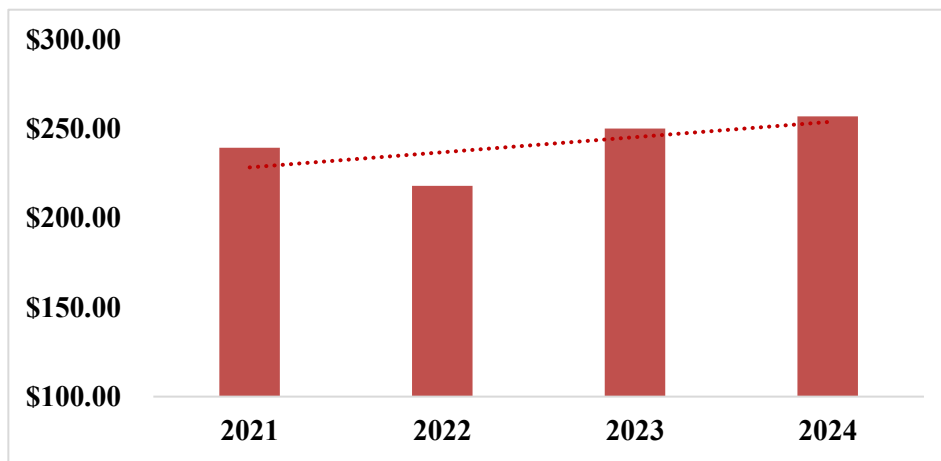


Figure 2.1: Global NBFi Market Size (2021–2024)

The international NBFi market exhibits a growth trend in total assets between the years 2021 and 2024. In 2021, assets were valued at USD 239.3 trillion (*FSB 2022, n.d.*) and fell to USD 217.9 trillion in 2022 (*FSB 2023, n.d.*) following losses in market valuations and then rose sharply to approximately USD 250 trillion in 2023 (*FSB 2023, n.d.*). By 2024, the industry has gone on to grow to a size of around \$256.8 trillion (*FSB 2025, n.d.*), which indicates a stable growth trend and the continued financial intermediation by the non-bank institutions.

These financial institutions are becoming more common in the emerging and developing economies to occupy spaces vacated by the conventional commercial banks, especially in SME funding, residential credit, specialized leasing and investment markets. Although banks are generally concerned with lending based on deposit, NBFis may finance other processes and thus finance areas of the economy that might be underserved.

In Bangladesh, the financial sector is still bank-intensive but the number and size of NBFis are increasing gradually. By the end of 2023, there were 35 registered NBFis, including state-owned and privately owned institutions, with more than 300 branch networks in the largest commercial centers in the country (*The Daily Star, 2024*). These institutions have diversified financial operations; leasing and term loans, equity financing and structured investment are

some of the operations that they are involved in as an add-on to the mainstream banking system.

This emergence of NBFIs in Bangladesh is an indicator of the growing demand of diversified financial services and is also indicative of wider tendencies of financial deepening in developing markets. Offering alternative sources of capital, NBFIs help to allocate capital more efficiently, to increase financial inclusion, and to generate economic growth, although they must contend with regulatory and operational issues that are peculiar to new financial systems.

Regardless of this growth, the industry faces significant challenges. Bangladesh Bank report indicates that there was a significant portion of NBFIs portfolios that is burdened by high non-performing loans. According to a report from The Daily Star in 2024, there was a total of BDT 26,163.19 crore in bad loans, which indicates 35.2% of their total disbursements of BDT 73,662.77 crore (*The Daily Star, 2025*).

Basis	NBFIs (Non-Bank Financial Institutions)	Commercial Banks
Deposit Acceptance	Cannot accept demand deposits. (Current or savings accounts).	Can accept demand deposits
Primary Services	Leasing, SME financing, financial services, investment services.	Deposits, loans, payments & remittance services.
Payment System Participation	Do not provide cheque clearing services.	Participate in cheque clearing services.
Regulatory Framework	Financial Institutions Act, 1993 & regulated by Bangladesh Bank.	Bank Company Act, 1991 and regulated by Bangladesh Bank.

Table 2.1: Differences between NBFIs and Commercial Banks
Source: Author's Design

One of the major differences between NBFIs and Commercial Banks is in their deposit functions. Besides this, there are also differences in major services like payment system and regulatory framework. NBFIs can't accept current accounts and saving accounts and primarily focuses on long term financial services, and other specialized services that commercial banks have no direct access. In other side, regular commercial banks can accept both current and savings accounts, can provide payment system services like cheque clearing services. In Bangladesh, NBFIs are regulated by the Financial Institutions Act, 1993 and commercial banks are regulated by Bank Company Act, 1991.

1.2 Objectives of the Report

The purpose of the report is to represent a theoretical and primary analysis of IDLC Finance PLC. and the overall Non-Bank Financial Institution (NBFI) industry in Bangladesh based on the practical experience gained during author's internship period at IDLC Finance PLC. The aim of the report is to evaluate IDLC's overview and its history, operational & financial performance and a basic analysis of the overall NBFI industry in Bangladesh.

The specific objectives include:

- A brief overview of IDLC Finance PLC, its history, business activities, performance, products and services, and its customer mix.
- Examine the overall NBFI industry in Bangladesh, that includes a brief overview of market size, trends and level of maturity.
- Identification of strengths, weaknesses, opportunities, and threats (SWOT) of both IDLC and the overall NBFI industry.
- Explanation of roles and responsibilities, tasks performed during author's internship in the Credit Risk Management (CRM-SME) department.
- To provide recommendations and draw conclusions based on the overall evaluation and experiences.

1.3 Rationale of the Report

The primary motivation behind writing this report is to complete the academic requirement of Bachelor of Business Administration (BBA) program and to demonstrate the possibility to use theoretical knowledge in a practical environment. An internship program provides an opportunity to gain practical experience and learn financial concepts.

By using this report, the author hopes to be able to gain a deeper insight into operational and managerial practices of a financial institution specifically in credit risk management area in SME financing, regulatory compliances. Furthermore, the report reflects insights into the practical knowledge and skills developed during the internship period at IDLC Finance PLC.

The report also evaluates the overall internship experience that contributed to professional development and competence and a better understanding of financial services industry in Bangladesh.

1.4 Definition of Key Terms

To ensure clarity, some key terms used in this report are defined below:

- **NBFI (Non-Bank Financial Institution):** A financial institution that offers similar financial services that banks do, but is not fully licensed as a bank, and is not allowed to accept demand deposits.
- **Credit Risk:** This is the risk where the borrower will default in paying back the loan as per the agreed terms.
- **CIB (Credit Information Bureau) Report:** This is a certified report prepared by Bangladesh Bank which gives details of loan history of a borrower and his/her current liabilities and payback position.
- **SME (Small and Medium Enterprise):** Companies that operate at a smaller scale with regard to capital, labor, and income level in comparison to large companies.
- **Non-Performing Loan (NPL):** A loan where the borrower has defaulted on the scheduled payments during a certain period.

CHAPTER 2: COMPANY AND INDUSTRY PROFILE

2.1 Company Analysis

2.1.1 Overview and History of IDLC Finance

IDLC Finance PLC is one of the most successful non-bank financial institutions (NBFI) based in Bangladesh, which was initially established as the *Industrial Development Leasing Company of Bangladesh Limited* on 23 May 1985. It was established through assistance of international and local development agencies, such as IFC of the World Bank and other financial institutions, becoming the first lease financing company in the country and a non-bank financial services company in Bangladesh (“IDLC Finance PLC(Wiki),” n.d.).

IDLC was listed on the Dhaka stock exchange in 1993 and Chittagong stock exchange in 1996 and in 2007 it changed its name to IDLC Finance PLC as it began to focus more on multi-product financial services. According to the latest available data, IDLC has around 38 branches and over 1400 employees (Linkedin, n.d.), operates in a wide range of customers in the corporate, retail and SME segments within Bangladesh (“IDLC Finance PLC(Wiki),” n.d.) (“IDLC Finance PLC,” 2024).

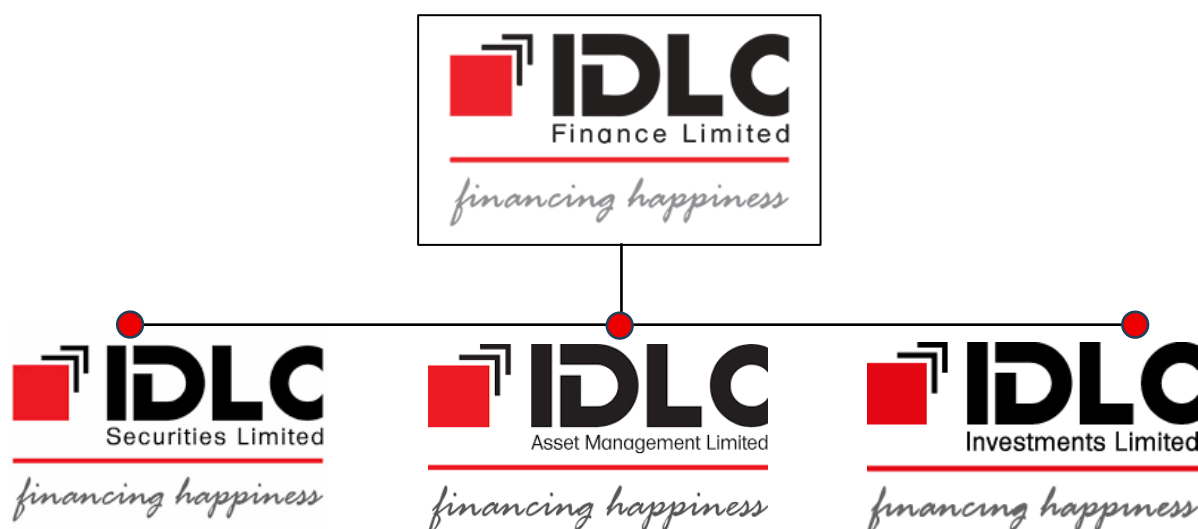


Table 3.1: Corporate Structure of IDLC Finance PLC. and its subsidiaries
Source: Author’s Design

2.1.2 Trend and Growth

Over the years IDLC has evolved into a multi-product financial institution that provides diversified financial services such as corporate finance, SME finance, consumer loans, deposits and capital market services to its customers in addition to being a single product leasing company. The organization has a geographical presence in various cities and is expanding with more branches, and is committed to sustainable operations and innovation type of operations. (“IDLC Finance PLC,” 2024; “IDLC Finance PLC(Wiki),” n.d.).

Its subsidiaries, namely IDLC Securities Limited, IDLC Investments Limited and IDLC Asset Management Limited expanded its market base into asset management, brokerage and

investment banking services. This expansion is characterized by a wide range of products and a strategic focus on digital and customer-centric solutions, in addition to being a sustainable financial institution in the financial ecosystem of Bangladesh (“IDLC Finance PLC,” 2024; “IDLC Finance PLC(Wiki),” n.d.).

2.1.2.1 Financial Performance

Table 2.2 indicates that the growth in IDLC was consistent between the period of 2020 and 2024. The total assets went up by 4.87% as BDT 126,874 million grew to BDT 148,897 million, which is a steady growth of the balance sheet. Loans and Advances also increased steadily with a CAGR of 4.30% with no significant change in lending growth except that it slightly reduced in the year 2024.

BDT(Million)

Financial Performance	2020	2021	2022	2023	2024	5-year CAGR (%)
Total assets	126,874	142,913	147,922	147,116	148,897	4.87%
Long term liabilities	109,275	122,421	125,533	122,818	122,830	4.02%
Term deposit balance	76,273	73,171	77,645	80,465	83,907	2.16%
Loans & Advances	93,074	91,756	106,438	115,656	113,969	4.30%

Table 3.2: Past five years’ financial performance of IDLC Finance PLC.

Source: (IDLC Annual Report 2024, n.d.)

The increase in long-term liabilities was also in proportion with the increase in assets, but term deposits increased much slower (2.16% CAGR) and it is likely that there was moderate growth in funding. In general, the performance indicates stable and managed financial progress within the next five years.

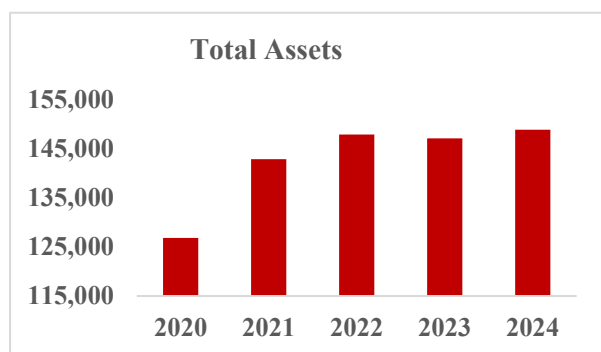


Figure 3.1: Total Assets Trend

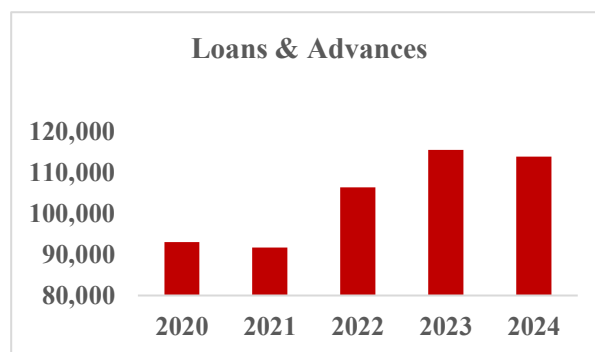


Figure 3.2: Loans & Advances

2.1.2.2 Operational Performance

As indicated in *table 2.3*, the operational income of IDLC has increased at a moderate rate during the five-year period, hitting BDT 7,256 million in 2024 with a CAGR of 5.25, though with *fluctuating* results in the intervening years. The increase in operational costs was steady at a 4.60% CAGR which means that there are escalating costs.

Operational Performance	2020	2021	2022	2023	2024	5-year CAGR (%)
Operational income	6,668	7,600	6,588	6,352	7,256	5.25%
Operational expenses	2,549	2,748	2,883	2,956	3,048	4.60%
Financial expenses	7,607	5,455	6,121	7,556	9,970	3.21%
Profit before tax	3,804	3,702	2,618	2,411	3,509	4.91%
Net profit after tax	2,541	2,116	1,915	1,514	2,003	3.33%

Table 3.3: Past five years’ operational performance of IDLC Finance PLC.

Source: (IDLC Annual Report 2024, n.d.)

There is observed volatility and sharp financial expenditure in 2024, and this had an impact on profitability. Even though the profit before tax and net profit after tax decreased in the period of 2021 to 2023, they recovered in 2024, which is indicative of partial recovery in the efficiency of operation. Overall, performance implies revenues growth and growing costs and financing pressure.

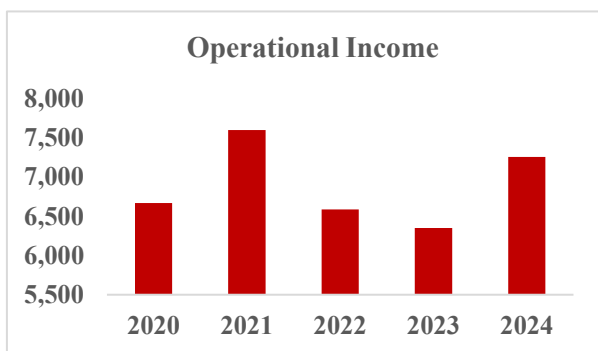


Figure 3.3: Operational Income Trend

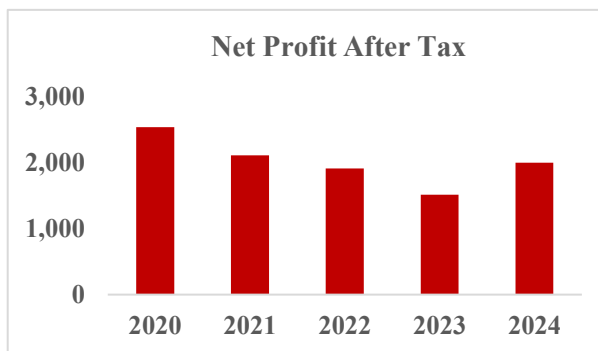


Figure 3.4: Net Profit Trend

2.1.2.3 Financial Ratios

Financial ratios show that leverage is slowly decreasing as the debt-equity ratio declined to 6.42 as of 2024, which is less than in 2020, indicating a better capital structure stability. Profitability ratios including ROA and ROE decreased between 2020 and 2023 but improved in 2024, which indicated a partial recovery in performance. The income per share also recovered in 2024 following the steady losses in the past years.

Financial Ratios	2020	2021	2022	2023	2024	Growth
Debt equity ratio (Times)	7.33	7.51	7.30	6.86	6.42	(0.44)
Average effective tax rate	33.21	42.12	48.06	48.29	42.92	(5.38)
Financial expenses coverage ratio (Times)	1.50	1.68	1.43	1.32	1.35	0.03
Return on total assets (%)	2.08	1.57	1.32	1.03	1.35	0.33
Return on shareholders' equity (%)	17.37	13.21	11.06	8.28	10.33	2.05
Earnings per share	6.11	5.09	4.61	3.64	4.82	1.18
Price earnings ratio (Times)	9.88	11.85	10.10	12.77	6.79	(5.98)
Net interest income as a (%) of working funds	4.85	5.50	5.15	4.50	4.19	(0.31)
Operating Profit as (%) of working fund	4.44	5.25	3.74	3.06	3.67	0.61

Table 3.4: Past five years of financial ratios of IDLC Finance PLC.

Source: (IDLC Annual Report 2024, n.d.)

On the other hand, the net interest income as the percentage of working funds declined minimally with the course of time which reflects the pressure of the margin. In general, the ratios indicate moderate financial pressure in recent years and recovery indicators in 2024.

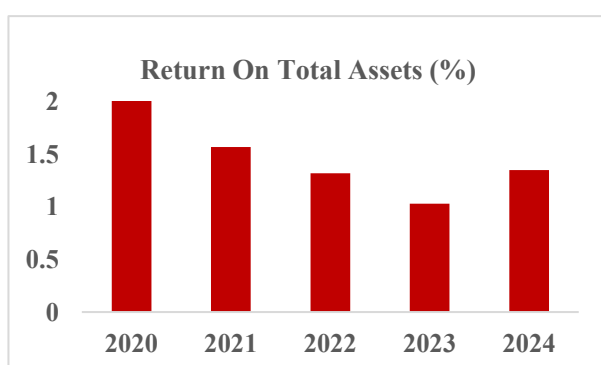


Figure 3.5: Return on Total Assets Trend

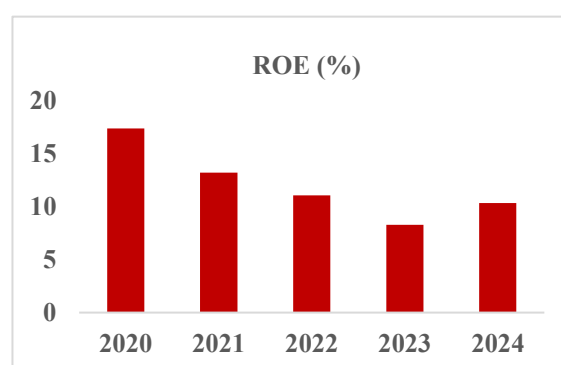


Figure 3.6: ROE Trend

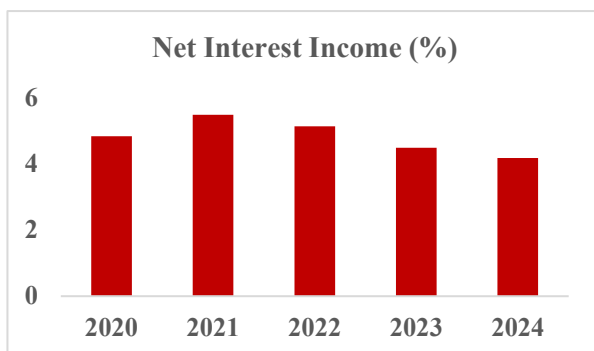


Figure 3.7: Net Interest Income Trend

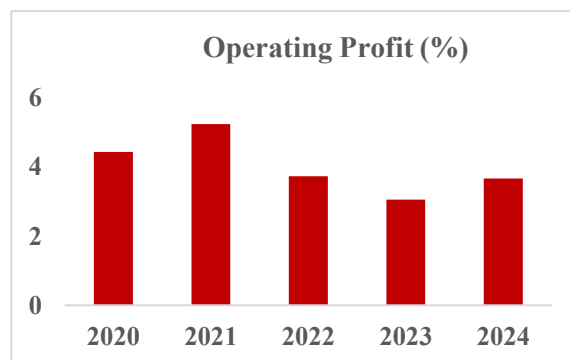


Figure 3.8: Operating Profit Trend

2.1.3 Products & Services

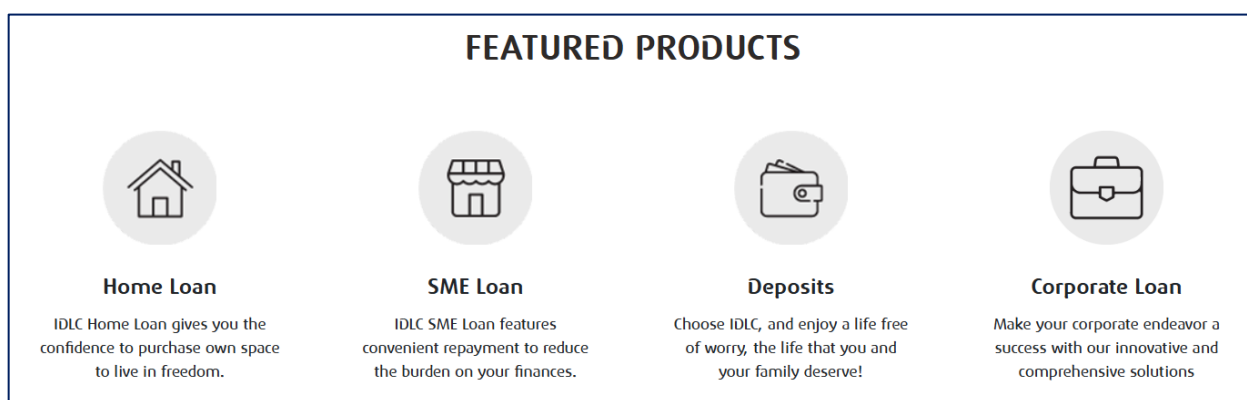


Figure 3.9: Featured Products of IDLC Finance PLC

Source: (IDLC Website, n.d.)

IDLC has an extensive portfolio of financial products and services that targets various kinds of customers. These are SME and corporate lending, consumer loans including home loans and vehicle loans, deposit products, and special purpose financing like supplier and distributor finance (IDLC, n.d.; “IDLC Finance PLC(Wiki),” n.d.).

The company also offers capital market products through its subsidiaries which include brokerage services, investment management and mutual funds. Moreover, IDLC provides green and social responsible lending to renewable energy and sustainable agriculture and other environmentally oriented projects, which suggests its wider context of diversification and responsible financial services(IDLC Finance PLC. Company Description, n.d.).

2.1.3.1 IDLC Home Loan Products



Figure 3.10: Home Loan Products of IDLC Finance PLC.

Source: (*IDLC Home Loan Products, n.d.*)

The following are the home loan products offered by IDLC Finance PLC:

- 1) **Apartment Purchase Loan:** Intended to assist people to purchase ready apartments with a payment of up to 80% of the property value (with registration fee included) and a tenure of up to 25 years. It has clear prices and options of early repayment (*IDLC Home Loan Products, n.d.*).
- 2) **Home Equity Loan:** Enables house owners to access the value of their current houses to renovate or to use the money elsewhere. Funding increases to 75% of property value with the maximum tenure of 15 years (*IDLC Home Loan Products, n.d.*).
- 3) **Home Loan Shield:** A group life insurance policy associated with your home loan which pays off the remaining principle in case of the death of the borrower. It insures the family against a lump sum premium (*IDLC Home Loan Products, n.d.*).
- 4) **Construction Loan:** Applicable in the construction of a house on owned land where the construction cost can be financed up to 85 with a tenure of up to 25 years. Loans are released on a phase-by-phase basis depending on the progress of construction (*IDLC Home Loan Products, n.d.*).
- 5) **Affordable Home Loan:** It aimed at low and middle-income people, with up to 80 % financing and relatively low interest rates. Offered in rural areas (except in some homestead situations) with a tenure of up to 25 years (*IDLC Home Loan Products, n.d.*).
- 6) **IDLC Semi Paka Loan:** Specializing in semi-pucca or semi-permanent homes, up to 70 percent (purchase) or 85 percent (building) of cost will be financed. In rural areas it increases to 15 years tenure and is available (*IDLC Home Loan Products, n.d.*).
- 7) **House Purchase Loan:** To buy a full standalone house or building up to an 80 % loan with registration expenses. Technical assessment Maximum loan tenure 25 years (*IDLC Home Loan Products, n.d.*).

- 8) **Commercial Space Purchase Loan:** Intended to purchase office or business property, up to 70 percent of the property value with registration fees. It has a maximum of 10 years' tenure with special accommodation to professionals such as doctors and architects (*IDLC Home Loan Products, n.d.*).

2.1.3.2 IDLC SME Loan Products



Figure 3.11: SME Loan Products of IDLC Finance PLC.

Source: (*IDLC SME Loan Products, n.d.*)

The following are the SME loan products offered by IDLC Finance PLC:

- 1) **SME Term Loan:** Finances the business expansion, equipment purchase or growth in operations at a medium-term. Up to BDT 5 crore offers with tenure between 13-60 months and flexible EMI or repayment of tenure (*IDLC SME Loan Products, n.d.*).
- 2) **Purnota (Women Business Loan):** Female-owned businesses are specifically targeted to facilitate expansion at a flexible rate through repayment through cash flow. Loans with no collateral BDT 35 lac and benefits of refinancing schemes of Bangladesh Bank (*IDLC SME Loan Products, n.d.*).
- 3) **Seasonal Loan:** It is most suitable in businesses where demand is seasonal like trading or business involving agriculture. Offers short term loans up to BDT 1 crore with flexible terms of repayment in terms of EMI or in seasonal payments (*IDLC SME Loan Products, n.d.*).
- 4) **Commercial Housing Loan (Abashan):** Favors building of business residential buildings, particularly to those working in the industrial regions. Proposals to a

maximum of 80 percent of the project price and tenure up to 20 years and stage disbursement with stage of construction (*IDLC SME Loan Products*, n.d.).

- 5) **SME Shombhabona:** Loan with special incentives provided to the new entrepreneurs who have limited financial history but supported by the Bangladesh Bank refinancing. BDT 25 lac offers (maximum), facilities with no collateral contribution (partially), grace period and repayment (interest-free) through EMI (*IDLC SME Loan Products*, n.d.).
- 6) **IDLC Udbhabon:** ICT and technology tailored businesses, based on BASIS. Offers financing up to BDT 1 crore with working capital, flexibility in repayment and no collateral up to some limit (*IDLC SME Loan Products*, n.d.).
- 7) **Udbhabon Startup Loan:** Created to satisfy low-end startups that need a small amount of finance to start operations. Offers up to BDT 25 lac with a tenure of up to 60 months and on grace and planned EMI repayment(*IDLC SME Loan Products*, n.d.).
- 8) **Working Capital Loan:** Facilitates the day-to-day operating costs of businesses and liquidity requirements in the short term. Offers revolving credit facility to BDT 1 crore with flexible drawing and repayment based on the cash flow of the business(*IDLC SME Loan Products*, n.d.).

2.1.3.3 IDLC Corporate Loan Products



Figure 3.12: Corporate Loan Products of IDLC Finance PLC.

Source: (IDLC SME Loan Products, n.d.)

The following are the corporate loan products offered by IDLC Finance PLC:

- 1) Term Loan:** Finance Business expansion, land acquisition, construction or capital expenditure over a long period of time. The loan size and tenure are accommodative depending on the requirements of the business with formal repayment conditions(*IDLC Corporate Loan Products, n.d.*).
- 2) Project Financing:** Project oriented to new or expansion projects, such as capacity improvement and technology implementation. Provisions allow extension of term, moratorium upon implementation and finance based on debt-equity provisions(*IDLC Corporate Loan Products, n.d.*).
- 3) Corporate Working Capital Loan:** Meets the short-term operation requirements like raw materials and overheads. Proposals of tenure of up to 360 days to be repaid in accordance with the cash flow of the business and basic documentation(*IDLC Corporate Loan Products, n.d.*).
- 4) Lease Financing:** Facilitates the acquisition of plant, equipment, vehicles, and industrial equipment on lease basis. Is able to finance up to 100 percent of the asset value with repayment and sale-leaseback options tailored to need(*IDLC Corporate Loan Products, n.d.*).
- 5) Vehicles/Commercial Vehicles Term Loan:** Lends money to business clients to acquire commercial or executive cars. Others have flexible tenure, fast processing and fund up to full procurement cost(*IDLC Corporate Loan Products, n.d.*).
- 6) Commercial Space Term Loan:** Financing Facilities that are used in purchasing office space, factory, warehouse, or showroom facilities over long term. Provides long-term tenure, appropriate moratorium and formulated deals on sound financing (*IDLC Corporate Loan Products, n.d.*).

7) Preferred Stock Financing: The use of quasi-equity financing by way of preference shares to finance business investment requirements. Involves regular dividend provisions, redemption choices and probable tax benefits (*IDLC Corporate Loan Products*, n.d.).

8) Bridge Loan: Temporary funding to meet temporary financing requirements in the implementation of a project or restructuring. Offers first-mover liquidity that is repaid in a structured and flexible manner and has flexible security (*IDLC Corporate Loan Products*, n.d.).

2.1.3.3 IDLC Supply Chain Finance Products

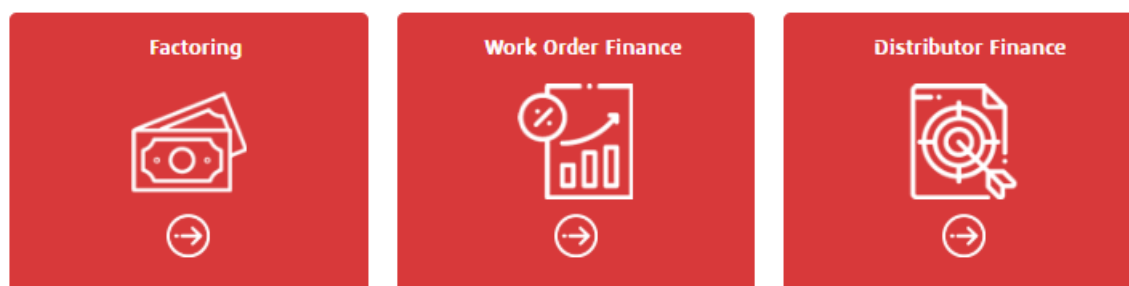


Figure 3.13: Supply Chain Finance Products of IDLC Finance PLC.

Source: (*IDLC Supply Chain Products*, n.d.)

The following are the supply chain financing products offered by IDLC Finance PLC:

1) Factoring: Factoring is a short-term financing product whereby IDLC funds up to 80% of validated invoices collected to corporate purchasers to access cash tied in receivables. The buyer will pay IDLC at the due date and the rest of the balance (less charges) is paid to the supplier.

It enhances working capital, increased cash flow and business growth through decreased collection delays and Days Sales Outstanding (DSO) (*IDLC Supply Chain Products*, n.d.).

2) Work Order Financing: Work Order Finance offers working capital financing of confirmed purchase/work orders, allowing businesses to complete confirmed orders without working capital constraints. IDLC funds up to 60 percent of the work order value and the buyer makes the payment to the IDLC at the time of invoice maturity.

It assists companies by taking confirmed orders and transforming them into working capital to allow the company to accept larger orders, enhance cash flow and run their operations seamlessly (*IDLC Supply Chain Products*, n.d.).

3) Distributor Finance: Distributor Finance offers short-term credit facilities to distributors to take the goods off large corporate suppliers, and the payment is made to the distributors by IDLC up to 100 percent advance. IDLC distributor repays the credit over the agreed period, according to the sales and cash flow.

It assists distributors by keeping inventory, more selling capacity and better working capital performance where suppliers are able to guarantee on-time payments and better distribution networks (*IDLC Supply Chain Products*, n.d.).

2.1.3.5 IDLC Structured Finance Products

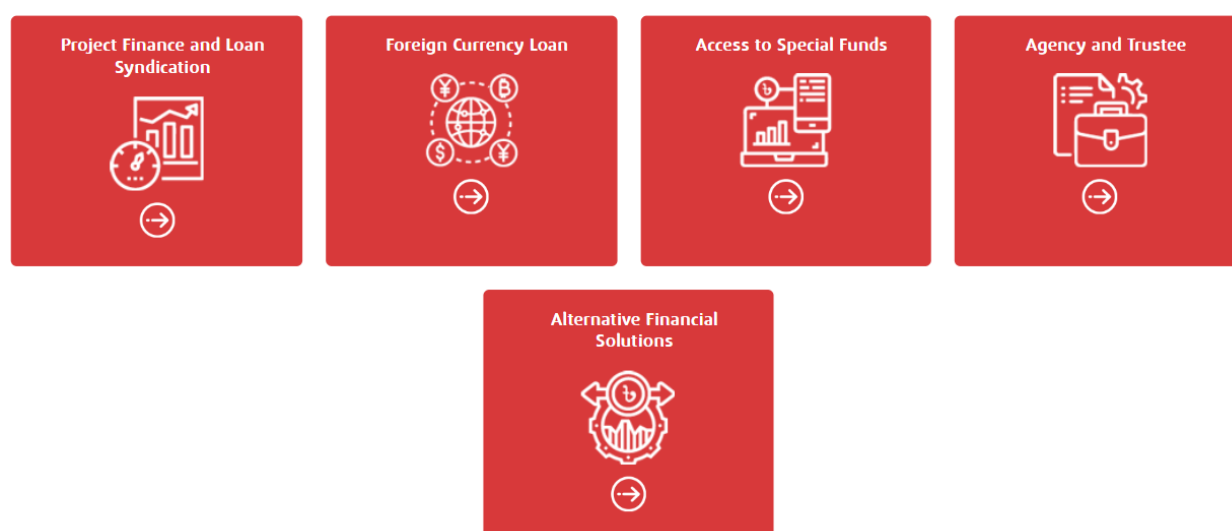


Figure 3.14: Structured Finance Products of IDLC Finance PLC.

Source: (*IDLC Structured Finance Products*, n.d.)

The following are the structured finance products offered by IDLC Finance PLC:

- 1) Project Finance and Loan Syndication:** End to end structuring and arrangements of large project financing, viability assessment, financial modeling, and tailor-made funding solutions. IDLC also liaises with various lenders to raise funds by syndicated loans on both the domestic as well as the foreign markets (*IDLC Structured Finance Products*, n.d.).
- 2) Foreign Currency Loan:** Funds low-cost USD funding of qualifying projects with appropriate tenor, pricing, and grace. Facilitates the entry of clients to foreign lenders and DFIs and takes care of foreign exchange risk and regulatory licenses (*IDLC Structured Finance Products*, n.d.).
- 3) Access to Special Funds:** Enables financing through specialized programs, like the IPFF, Long Term Foreign Financing (LTFF), and the Green Financing initiatives of Bangladesh Bank. Allows clients to use concessional or refinancing facilities in USD or BDT (*IDLC Structured Finance Products*, n.d.).
- 4) Agency and Trustee Services:** Performs the role of a facility agent in syndicated/project loans through documentation, disbursement, and repayment oversight. As trustee, safeguard the interests of investors in issuing bonds by ensuring that they comply and distribute payments (*IDLC Structured Finance Products*, n.d.).
- 5) Alternative Financial Solutions:** Makes non-traditional financing instruments, including Preference Shares, Zero-Coupon Bonds, Corporate Bonds, and Commercial Papers. Provides affordable and viable capital market-based funding sources at alternative to traditional bank loans (*IDLC Structured Finance Products*, n.d.).

2.1.3.6 IDLC Deposits

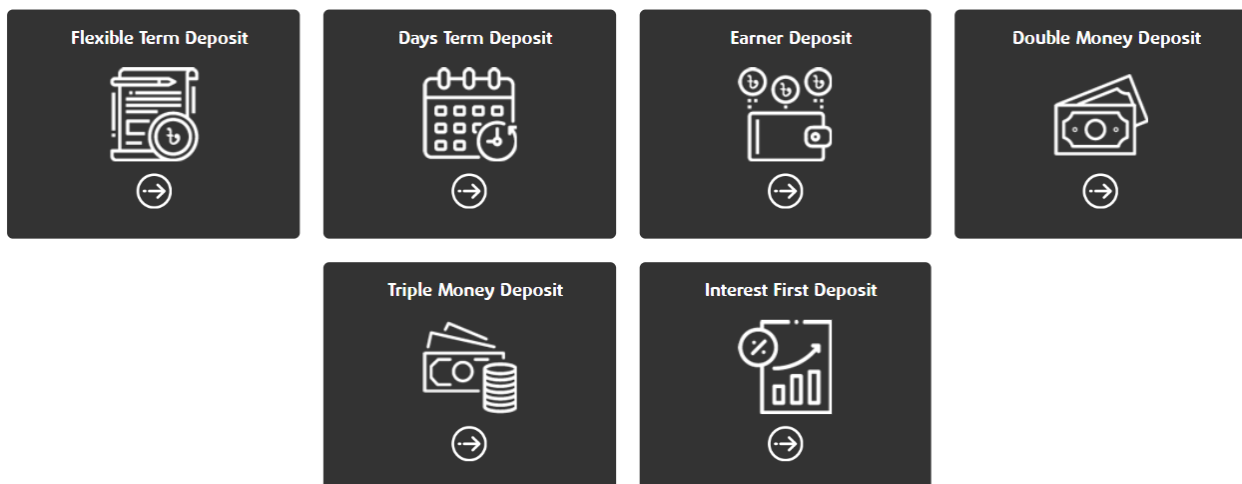


Figure 3.15: Deposit Products of IDLC Finance PLC.

Source: (*IDLC Term-Deposit Products, n.d.*)

The following are the deposits offered by IDLC Finance PLC:

- 1) Flexible Term Deposit (FTD):** A fixed deposit product of flexible tenure beginning 3 months and above. Has the benefit of auto-renewal and a little higher price to the old and female clients (*IDLC Term-Deposit Products, n.d.*).
- 2) Days Term Deposit:** Fixed 100 days and 500 days short-term deposits that have a minimum amount of investment. Appropriate in terms of offering a defined short-term return to the investor with the automatic renewal feature (*IDLC Term-Deposit Products, n.d.*).
- 3) Earner Deposit:** Makes regular interest payments, either monthly or quarterly, and retains the amount invested. It is ideal when a person wants to get periodic income on his/her deposit (*IDLC Term-Deposit Products, n.d.*).
- 4) Double Money Deposit:** The interest is to increase by the invested capital within a given time of maturity. None of the auto-renewal and fits well in long-term capital development planning (*IDLC Term-Deposit Products, n.d.*).
- 5) Triple Money Deposit:** Gives the investors an opportunity to multiply their capital within a specified long-term investment. Designed to accumulate wealth over a long period without regular withdrawal of interest (*IDLC Term-Deposit Products, n.d.*).
- 6) Interest First Deposit:** Pays the total interest initially when the deposit is opened, but the principal is invested until maturity. Appropriate in case of extreme liquidity requirement of interest earnings (*IDLC Term-Deposit Products, n.d.*).

2.1.4 Customer Mix of IDLC Finance PLC.

Customer mix of IDLC Finance PLC is the allocation of its customers in various business segments and financing classes. Being among the most successful non-bank financial institutions (NBFIs) in Bangladesh, IDLC has its diversified customer portfolio in order to make it stable, diversify risks, and grow sustainably. The institution mainly caters to the customers in four large categories: Corporate, SME, Retail (Consumer), and Capital Market clients.

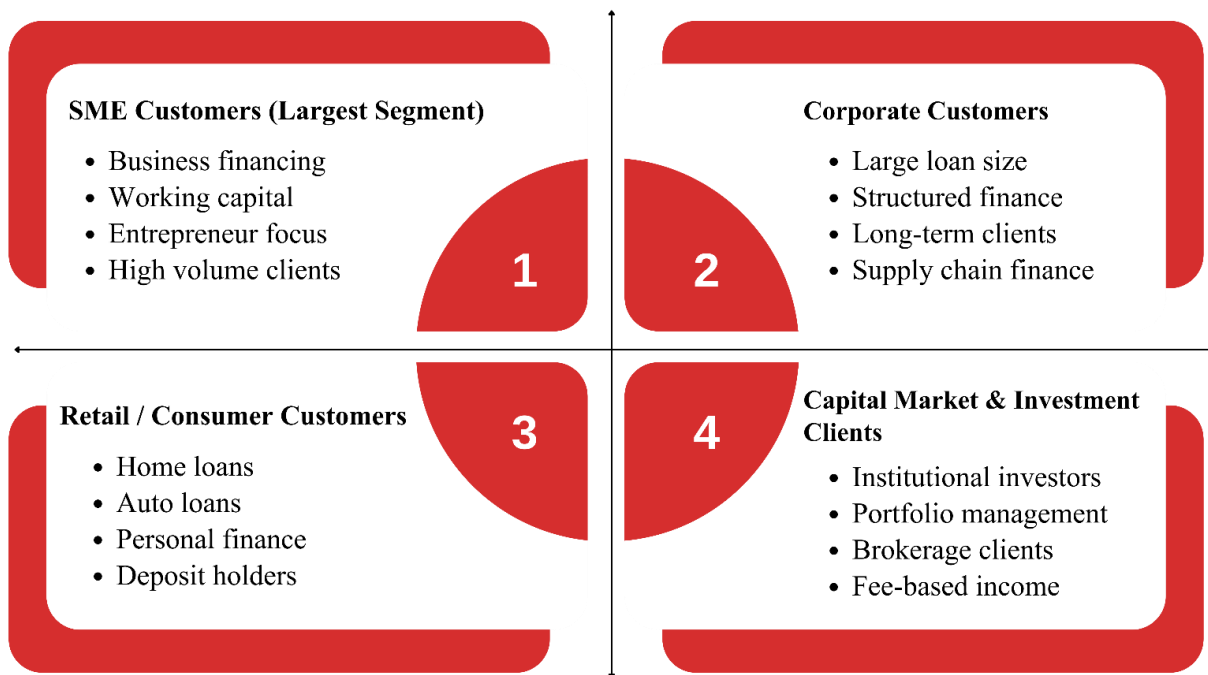


Figure 3.16: Customer Mix of IDLC Finance PLC.

Source: *Author's Design*

Segmentation of Customer Base

IDLC Finance PLC has a multi-segment business model that targets customers in a large range in terms of both big corporations and individual customers. The company offers financial services and products in Corporate Finance, SME Finance, Consumer (Retail) Finance and Capital Market services, which allow it to meet various financial services in Bangladesh (*EMIS, n.d.*) (*Market Screener, n.d.*).

This diversification strategy also means that the company is not over-reliant on a given type of customer and is able to have balanced loan and deposit portfolio among various economic sectors (*EMIS, n.d.*) (*Market Screener, n.d.*).

SME Customer Segment

The SME segment is one of the largest segments of customer mix in IDLC. The bank is very strategic oriented in assisting small and medium businesses in the form of working capital, term loans, lease financing and products targeted at entrepreneurs. SMEs are an important segment of the economy in terms of generating employment and economic growth and as such, they are a priority segment of IDLC (*Market Screener, n.d.*) (*Slideshare, n.d.*).

The SME division has been a significant proportion of the total customer lending portfolio according to the annual report of IDLC. Over the years, SME segment has been dominating the total customer mix by its share in the total customer lending as a segment, with approximately 40% of the total lending customer base being SME segment (*SCRIBD, n.d.-a*).

This segment includes:

- Small manufacturing companies
- Trading enterprises
- Service-oriented SMEs
- Women entrepreneurs and start up businesses

IDLC also offers non-financial assistance and consultations to the SMEs customers, enhancing the relationship and retention of customers in the long term.

Corporate Customer Segment

The corporate segment comprises of large and medium sized companies who need to be financed in a structured and long term manner. IDLC offers these clients with corporate loans, supply chain finance, structured finance, and green finance.

Corporate customers usually entail:

- Big manufacturing corporations
- Infrastructure and logistics companies
- Export-oriented industries
- Multinational or local business organizations

Corporate clients are often fewer than SMEs, but since they need more financing, their presence in total loan portfolio value is high.

Retail (Consumer) Customer Segment

The other significant segment of the customer mix of IDLC is the retail or consumer segment. This market comprises individual clients who are users of financial products like home loans, car loans, personal loans and deposit schemes (*IDLC Home Loan Products, n.d.*) (Market Screener, n.d.).

The retail clients contribute to the stable income in form of interest and deposits, and they assist in diversifying the risk profile of the institution. As people grow more urbanized with the growing middle-class income in Bangladesh, there is a steady growth in the retail segment.

Capital market and Investment clients

Besides lending business, IDLC has capital market customers under its subsidiaries in investment banking, brokerage and asset management business. These clients are institutional

investors, high net worth individuals, and corporate clients who want to get portfolio management and investment advisory services (*Market Screener, n.d.*).

To conclude, diversified customer base allows IDLC Finance PLC to be financially stable and allows it to control its credit risk. The use of a corporate, SME and retail customer base provides an opportunity that allows the institution to balance between the high value corporate lending and the high-volume SME and consumer financing. This diversified structure also contributes to dependency not existing on any of the sectors and it is also resistant to changes in the economic cycles (*IDLC Annual Report 2023, n.d.*) (*IDLC At a Glance, n.d.*).

Further, targeting of SMEs and retail clients is in line with economic growth trend in Bangladesh with small businesses and consumer financing growing at an extreme pace.

2.1.4 SWOT Analysis | IDLC Finance PLC.

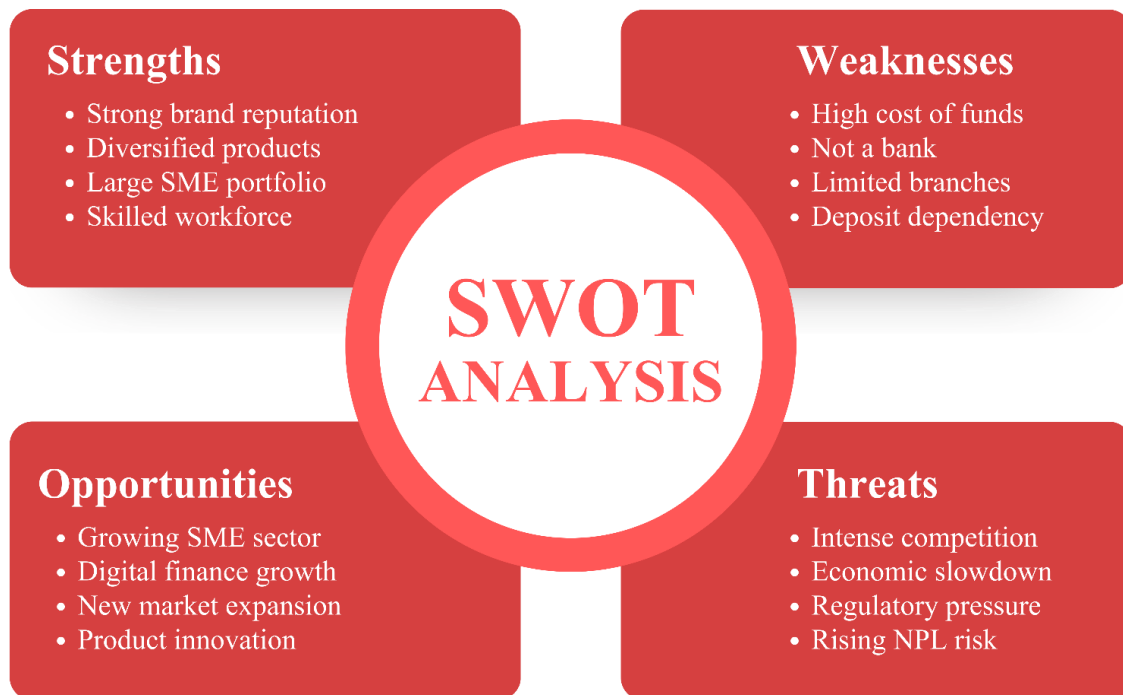


Figure 3.17: SWOT Analysis of IDLC Finance PLC.

Source: *Author's Design*

Strengths

Strengths are internal favorable aspects which provide IDLC with superiority over its competitors.

- 1) **Good brand and reputation:** IDLC is a non-bank financial institution (NBFI) that has been in operation since 1985 and is reputed to be among the top in Bangladesh. Its

good brand name facilitates the attraction of customers, partners, and investors (*IDLC Finance: Credit Risk Management Insights*, n.d.) (Wikipedia, n.d.).

- 2) **Big and diversified product range:** The company has numerous products such as SME finance, corporate finance, retail finance, deposits, and capital market services. This variety allows it to have a large number of different kinds of customers and diversify risk (*IDLC Finance: Credit Risk Management Insights*, n.d.).
- 3) **Good customer and credit management system:** IDLC relies on credit risk procedures and mechanisms that aid in the maintenance of a superior quality of loan portfolio, and this minimizes bad loans and enhances financial stability (*IDLC Finance: Credit Risk Management Insights*, n.d.).
- 4) **Professional employees and productivity:** Veteran employees and effective internal operations enable IDLC to handle loans in a shorter time and offer personalized services to customers, which can be useful in enhancing customer satisfaction and loyalty (*IDLC Finance: Credit Risk Management Insights*, n.d.).

Weaknesses

Weaknesses are problems that are internal and they might restrict performance or growth.

- 1) **Expensive funds than banks:** Since IDLC is not a bank but an NBFI, it does not have access to long-term deposits as the banks do. This prevents its capacity to raise funds at cheaper rates and raise financing costs (*IDLC Finance: Credit Risk Management Insights*, n.d.).
- 2) **Reliance on banks and others to provide funds:** IDLC continues to rely heavily on bank deposits and bank borrowings without banking status. This restricts the ability to be flexible on funding and may put a strain on the liquidity in case of tightening of the market conditions (*IDLC Finance: Credit Risk Management Insights*, n.d.).
- 3) **Occasionally excessive diversification:** Excessive products and services could lead to spread of the focus of the management on key business strengths hence distinguishing the strategic focus may be difficult (*IDLC Finance: Credit Risk Management Insights*, n.d.).
- 4) **Relatively weaker liability marketing:** The IDLC has fewer people than the banks and some of the competitors, who have to work on attracting depositors aggressively, therefore limiting its chances of increasing its fund base (*IDLC Finance: Credit Risk Management Insights*, n.d.).

Opportunities

Opportunities are external forces that can be used to grow IDLC.

- 1) **Liberalization of the financial sector in Bangladesh:** The continuous economic processes of reform and opening up of markets are bringing in both domestic and foreign capital, which provides increased opportunity to finance their operations using the IDLC (*IDLC Finance: Credit Risk Management Insights*, n.d.).
- 2) **Fintech and digital adoption:** The increased trend in digital finance offers the prospects of IDLC to grow digital lending, enhance customer experience, and minimize the cost of operation (*IDLC Finance: Credit Risk Management Insights*, n.d.).
- 3) **Geographical growth and new groups of customers:** As SME and retail banking requirements increase, IDLC can reach untapped geographical areas and new customer groups (*IDLC Finance: Credit Risk Management Insights*, n.d.).
- 4) **Financial products innovation:** New services such as green financing, sustainable investment products and digital loan platforms can be developed to bring in new clients and new sources of revenue (*IDLC Finance: Credit Risk Management Insights*, n.d.).

Threats

External risks that can pose a challenge to the business of IDLC are called threats.

- 1) **Bank and NBFIs competition:** SME, retail and digital lending services offered by banks and other financial companies are growing, which is increasingly challenging to IDLC in terms of market share (SCRIBD, n.d.-b).
- 2) **Market volatility and economic difficulties:** The low growth in the economy, inflation or recessions can lower the level of borrowing, grow loan defaults and squeeze margins (*ANALYSIS OF IDLC FINANCE PLC. AND NBFIs*, n.d.).
- 3) **Regulatory changes:** The new policies or the tightening of financial regulations of the government may lead to higher compliance costs or to the prohibition of some business operations (SCRIBD, n.d.-b).
- 4) **Increasing non-performing loans (NPL):** Increases in bad loans across the industry may strain profitability and capital positions when not effectively managed (Audrie Leonard Baroi, n.d.).

2.2 NBF Industry Analysis in Bangladesh

2.2.1 Specification of the industry

The sector that IDLC Finance PLC. currently deals with is that of the Non-Bank Financial Institution (NBF) sector of Bangladesh that is a part of the overall financial system of the country as it offers intermediary financial services as opposed to the usual banking system. Bangladesh Non-Bank Financial Institutions(NBFIs) are organized under the Financial Institutions Act, 1993 and regulated and controlled by Bangladesh bank which provides prudential regulations regarding the allowable operations, capital sufficiency and the risk management policies employed by them. (*Code of Conduct for Banks & Non-Bank Financial Institutions*, n.d.) (*Financial Institutions Act, 1993*, 1993).

NBFIs are engaged in operations similar to banks, such as issuing credit, lease financing, gathering term deposits and aiding capital market operations; they are not legally permitted to accept demand deposits or full commercial banking services. (“Non-Bank Financial Institution(Wikipedia),” n.d.) (Ahmed, n.d.).

In Bangladesh NBFIs are mainly based on long-term financing, leasing, and structured financial products that supplement the services of scheduled banks and hence supports industrial development and investment in the private sector (*NBFI in Bangladesh: Overview, History, and Current Landscape.*, n.d.) (Ahmed, n.d.)

Top five NBFIs in Bangladesh:

- 1) **IDLC Finance PLC:** Bangladesh Bank recognized this financial institution consistently for its high sustainability rating, strong ESG integration, and profitability.
- 2) **IPDC Finance PLC:** IPDC is recognized as a top performer in sustainability ratings, and it is well known for innovative financing, particularly for youth, women and SME sectors.
- 3) **LankaBangla Finance PLC:** Well known for its diversified financial & capital market services.
- 4) **DBH Finance PLC:** This NBF is recognized as a market leader in housing finance.
- 5) **United Finance LTD:** Recognized as a consistent performer, serving both corporate and consumer clients.

Overall, these financial intermediaries that are diversified and provide a variety of financial services, which include corporate finance, SME financing, consumer finance, term deposits, and capital market-related services, in the NBF industry.

2.2.2 Industry Size, Trend & Maturity

The Non-Bank Financial Institution (NBFI) industry in Bangladesh can be perceived in terms of deposits, loans and number of banks in operation in the industry. As per the data provided by the sources of central bank, the number of licensed NBFIs in Bangladesh are approximately 35 which comprise the public and the private ones and the number of branches run by these NBFIs in the country is in the hundreds. However, due to weak performance Bangladesh Bank decided to be liquidate 9 troubled NBFIs to protect depositors and stabilize the financial sector (*The Financial Express, n.d.*).

By the beginning of 2024, these institutions had deposits of approximately Tk 44,304 crore, loans and advances of approximately Tk 74,529 crore, and these three things show that their role in lending is stronger than the role of deposits mobilization (*NBFI Deposits Rise, but Account Numbers Fall, n.d.*). This was also extended to the first quarter of FY25 where total deposits rose marginally by 0.37% to Tk 480.252 billion and loans and advances rose by a larger margin of 2.61% to Tk 760.77 billion as per the information provided by Bangladesh Bank. (*NBFI Deposits up 0.37pc in Oct-Dec, n.d.*).

Market Share of Top Five NBFIs in Bangladesh

The following table represents the total asset size of five major NBFIs in Bangladesh based on their latest reporting year, 2024.

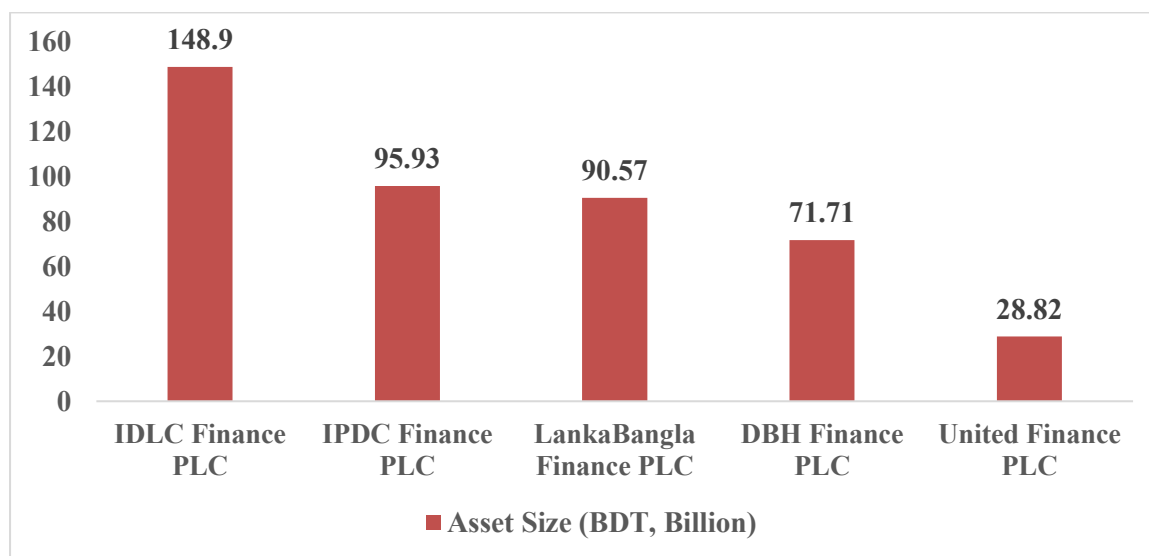


Figure 3.18: Market Share of Top Five NBFIs in Bangladesh

Source: Financial Reports, 2024

The table shows IDLC has the largest asset size among the selected NBFIs. It indicates that IDLC has a strong market position in industry. Besides this, IPDC, LankaBangla and DBH are the following major players in the industry with a strong market position and financing portfolios. On the other hand, United Finance represents a smaller asset base, suggesting limited market share.

Non-Bank Financial Institution (NBFI) industry in Bangladesh, is at its mature stage of industry life cycle. The industry has a long history dating back to the early 1980s and has over the decades grown to a stable format consisting of approximately 30-35 licensed institutions and has made the market structure closed to fresh entrants and fully developed (Nath, n.d.). However, during the last few years the industry has experienced severe issues including a high number of non-performing loans, liquidity crisis, poor governance and the loss of depositor’s trust. Consequently, the Bangladesh Bank has increased regulation, enacted the Finance Companies Act 2023 and begun reorganizing or shutting down of weak institutions. (*Challenges Facing Bangladesh’s Nonbank Financial Sector*, n.d.; Nath, n.d.).

Moreover, the industry is highly competitive and concentrated, and few large NBFIs have a large portion of aggregate assets and deposits, exerting margin pressure throughout the industry. All of these points prove the fact that the NBFI sector has left the expansion stage and entered the mature, regulated, and competitive market with significant strategic implications to companies in the sector. (*Bangladesh Economic Review 2024 - Industry*, n.d.).

2.2.3 SWOT Analysis - NBFI Industry in Bangladesh

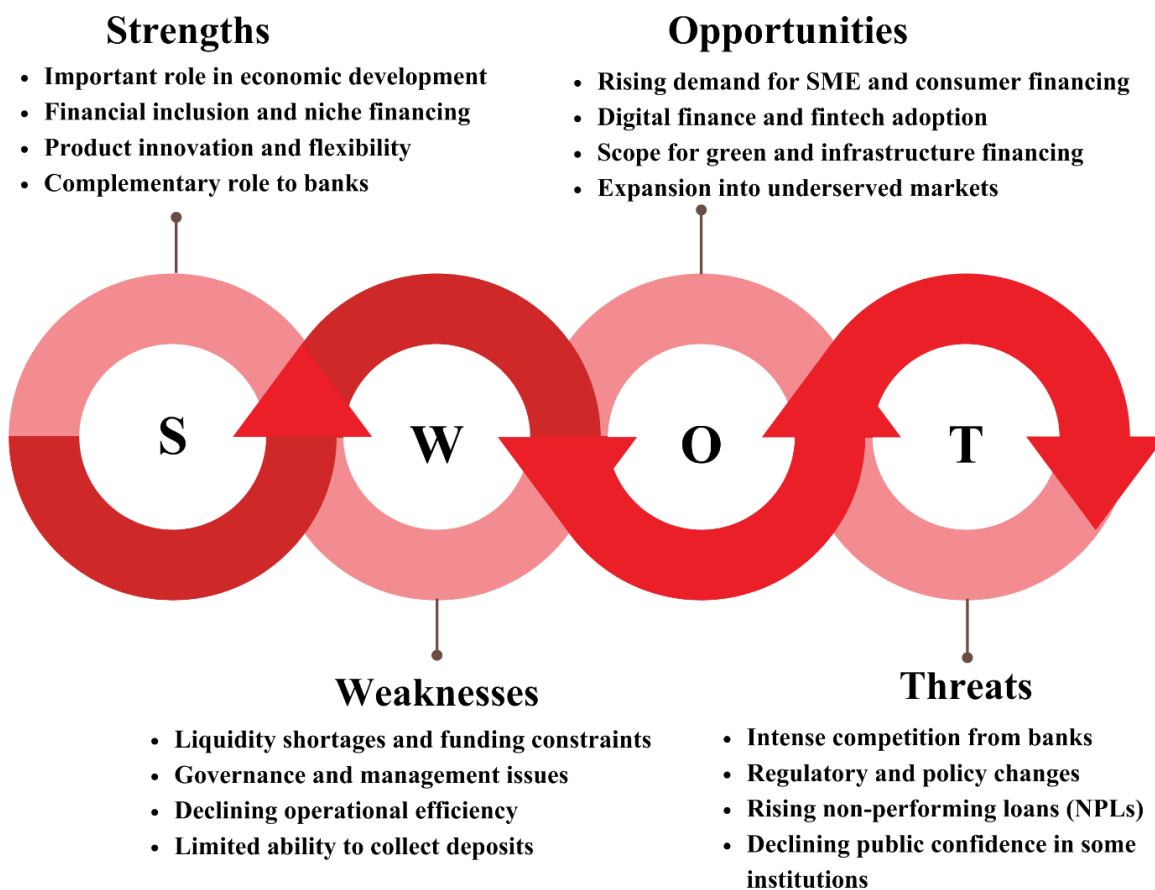


Figure 3.19: SWOT Analysis of NBFI Industry in Bangladesh

Source: *Author’s Design*

Strengths

- 1) **Significant contribution to the economic growth:** NBFIs have a major impact on aiding the economic development of Bangladesh as it offers finance where conventional banks fail to provide. They assist business and consumers in getting funds and the financial system is more diverse and robust (*Hossain PHD, n.d.*).
- 2) **Niche financing and financial inclusion:** NBFIs fill in the gaps created by banks through financing SMEs, housing, leasing and infrastructure developments. This gives them access to underserved customers and the support sectors that banks are frequently reluctant to serve, making them more significant to the economy (*Upturn, n.d.*).
- 3) **Flexibility and innovation of products:** NBFIs tend to offer more flexible and innovative financing options (leasing, long term project finance, customized loans) than banks. Such flexibility assists them to capture customers who require specialized financial services (*MAHMOOD RIFAT, n.d.*).
- 4) **Complementary role to banks:** NBFIs are in partnership with the commercial banks providing long term financing and investment services. This eliminates the pressure on financial institutions and enhances general efficiency in the financial industry (*Hossain PHD, n.d.*).

Weaknesses

- 1) **Funding limitations and liquidity crises:** A high number of NBFIs experience issues of liquidity since most of them depend on the bank borrowings and deposits as opposed to their own well-built funding base. This curtails their capacity to increase lending and influences financial stability (*Rudra Gomes, n.d.*).
- 2) **Issues of governance and management:** There has been lapse in governance and risky lending habits among some Bangladesh NBFIs in the past. These problems lowered the belief of the people and influenced the image of the industry (*Rudra Gomes, n.d.*).
- 3) **Reduced efficiency in operations:** It has been observed that the general efficiency of most NBFIs has been reduced by the lack of proper management of resources and inefficiencies in operations. This decreases profitability and competitiveness (*Md. Nabir Hossain & Md. Saiful Arefin, n.d.*).
- 4) **Limited ability to collect deposits:** Contrary to banks, NBFIs cannot collect unlimited deposits, and this makes them expensive in terms of collecting funds and restricts their growth potential. This is their structural weakness that makes them less competitive than banks (*KBM Moin Uddin Chisty, n.d.*).

Opportunities

- 1) **Increased demand in SME and consumer financing:** The rising SMEs and the rising middle class in Bangladesh is creating demand in leasing, housing and business loans, which are the focus of NBFIs. This generates high potential for growth (*ANALYSIS OF IDLC FINANCE PLC. AND NBFIs, n.d.*).

- 2) **Fintech and adoption of digital finance:** Fintech integration and the offer of digital financial services provide a chance to enhance efficiency, minimize costs, and cover more customers. Technology can be used by NBFIs to offer more services and enhance customer experience (*ANALYSIS OF IDLC FINANCE PLC. AND NBFIs*, n.d.).
- 3) **Green and infrastructure financing scope:** NBFIs are capable of well establishing themselves in funding green projects, housing and infrastructure which are expanding but underfinanced by the traditional banks (*Rudra Gomes, n.d.*).
- 4) **Penetration to underserved markets:** It is a possibility to penetrate rural and underserved regions where the access to formal finance is still limited, and NBFIs can increase their customer base (*Imran Sakin, n.d.*).

Threats

- 1) **Strong rivalry among the banks:** Bangladesh Bank has begun liquidating several weak NBFIs due to unsustainable financial conditions, leading to significant investor losses and depositors' concerns; in one case, shareholders of eight listed NBFIs face an estimated Tk 1.36 billion loss in market value as liquidation proceeds (*Hossain PHD, n.d.*).
- 2) **Changes in regulations and policy:** The changes in regulations like the stricter deposit and compliance regulations can restrict the NBFI operations and raise the costs, which will impact profitability (*KBM Moin Uddin Chisty, n.d.*).
- 3) **An increase in non-performing loans (NPLs):** Bad loans in the financial sector are high thus putting pressure on the profitability and capital adequacy of NBFIs. Macroeconomic risks such as inflation and low growth rates may expose a company to defaulting (*Apel Rifat, n.d.*) (*Faruque Ahamed & Md Ataur Rahman Chowdhury, n.d.*).
- 4) **Loss of social trust in certain institutions:** The NBFIs are experiencing financial anomalies and frauds that have lowered the confidence of customers in the industry, and this factor can impact on the growth of deposits and long-term viability of the industry (*Rudra Gomes, n.d.*).

In summary, NBFI industry has a crucial role to play in economic development through supporting SMEs, infrastructure, and consumer financing. It has advantages of flexibility, innovation, and financial inclusion. Nevertheless, liquidity limitation, governance as well as competition with banks are significant weaknesses.

As the digital finance industry grows, the demand of SMEs increases, and infrastructure continues to enhance, the industry has viable growth potential. Meanwhile, the regulatory pressure, the increase of NPLs, and deterioration of the public confidence are severe threats that should be managed with the intention of sustainable growth.

CHAPTER 3: INTERNSHIP EXPERIENCE

3.1 Position, Duties, and Responsibilities

As an Intern, I was employed in the Credit Risk Management department of SME Financing at IDLC Finance PLC during my internship period. My main role was to support the credit risk assessment of SME loan application.

Another significant aspect of my day to day job was going through and reading Credit Information Bureau (CIB) reports, which are official documents provided by Bangladesh Bank that includes the history of loans provided to a borrower, their repayment patterns, and credit history. I analyzed such reports to get existing liabilities, overdue loans, classified accounts and general creditworthiness of SME clients.

Besides credit-related assignments, I also helped with the routine business operations like documenting and packing of documents and assisting my line manager with the coordination of its administration including sending bills and documents to the relevant department heads to sign the approval.

3.2 Training and Development

At the start of the internship, I was taught to read and interpret CIB reports effectively, learn the various types of loans and credit risks that could be faced by the SME borrowers.

The engagement in ongoing monitoring and hands-on experience allowed me to gain a better insight into the process of assessing the level of risk of a borrower by financial institutions and ensuring the adherence to regulations. This practical training assisted me in closing the gap between what I learned in books and financial operations in the field.

3.3 Contribution to Organization / Operations

Besides my work in credit risk assessment, another significant contribution I made was in the Monthly Business Review Magazine of IDLC where I worked as an author to help prepare written material to be published internally. This enabled me to facilitate knowledge sharing and internal communication in the organization.

Moreover, I supported operational workload of my team by helping in document handling, bill processing, and logistical coordination, which made the workflow in the department smoother.

3.4 Evaluation

My work skills were assessed over the internship period by the supervisors and other employees working in the Credit Risk management (CRM-SME) department at IDLC Finance PLC. The assessment was primarily done based on my quality of work, learning skills, degree of responsibility and my general professional behavior in the workplace.

My supervisor remarked that I was highly willing to learn and adjust to the professional atmosphere. I had an opportunity to learn the fundamental steps to credit risk assessment,

especially when examining Credit Information Bureau (CIB) reports and documentation accompanying loan application of SMEs. The tasks that were assigned to me have been done in detail and within the time frame that I was expected to do them.

I was also valued by the organization working with others and adhering to departmental rules. I have also been involved in the documentation, bill processing, and coordination work, which helped the department to run smoothly. Moreover, the fact that I was an author of the Monthly Business Review (MBR) magazine was also regarded as being a strong addition to knowledge sharing in the company.

All in all, the supervisors have assessed my performance during the internship as positive and recognized my honesty, discipline, and desire to acquire professional competencies in the field of financial services.

3.5 Skills Applied

Analytical and financial analysis proficiency was one of the core competencies used especially during the examination of credit information bureau (CIB) reports. Examining the loan history, open liabilities and repayment patterns of the borrowers, I learned how the financial institutions determine the credit worthiness and risks profile of SME customers.

Attention to detail and data interpretation skills were also implemented when going through and sorting financial and credit related reports. Considering that a single mistake in financial reporting can influence credit analysis, attention and precision were of great importance in these processes.

Further, communication and writing were also used in the process of volunteering as an author in the Monthly Business Review (MBR) magazine of IDLC. This was a challenge which involved the preparation of written materials in a clear and professional manner to facilitate internal communication and sharing of knowledge in the organization.

In addition, organizational and coordination skills were implemented when one helped in the administrative duties like packing of documents, bill processing and coordination of documents to be approved by various departmental heads. These tasks necessitated the utilization of the right time management and organization to process the documents to facilitate the working process within the department.

On the whole, the internship helped to get a chance to combine theoretical knowledge with the practical one, as well as to enhance the analytical, communication and organization skills in a professional financial institution.

CHAPTER 4: Recommendations & Conclusions

4.1 Recommendations

According to the analysis of the company, industry evaluation and the experience of the internship, it is possible to recommend several recommendations to the IDLC Finance PLC, the Credit Risk Management (CRM-SME) division, and my personal development.

1) Recommendations for IDLC Finance PLC

To enhance its competitiveness in the NBFIs sector, IDLC Finance PLC can consider putting more emphasis on digital transformation and fintech integration. The development of digital loan processing systems, customer onboarding platforms and automated reporting systems might enhance operational efficiency and customer experience.

Also, the mobilization of deposits and improved management of customer relationship programs can be used to help the organization develop a more effective funding base and remain viable in the long run within such a competitive financial market.

2) Recommendations for the Credit Risk Management (CRM-SME) Division

The Credit Risk Management department can enhance its credit rating by using more information-driven credit analysis tools and automated risk assessment systems. The application of high-tech analytics and credit scoring frameworks can assist the department to identify any potential credit risks more effectively and lower the chances of non-performing loans.

Also, maintenance of borrower performance once loans have been disbursed and periodic risk review process would also enhance credit portfolio quality within the SME segment.

3) Personal Development recommendations

In a bid to enhance my professional competences, I ought to aim at building more technical and analytical competences associated with financial analysis, credit risk, and data analysis tools like high-end systems of Excel, financial modeling, and data visualization tools.

Learning more about the practical aspects of financial regulations, SME financing, and risk management systems would help me to be more competent in the sphere of working in a financial institution as well. Constant Learning and peer education will assist me to develop a better background on my future career in the field of finance.

4.2 Key Understanding

This internship delivered some valuable lessons on how a non-bank financial institution works in real-life. An important lesson has been that management of credit risk is a critical issue in the financing of SMEs since the assessment of the credit history and repayment behavior of a borrower is paramount to ensuring the quality of assets. Updating on the borrower risk assessment and regulation compliance, the issuance of the CIB reports issued by the Bangladesh Bank is the center of the study.

Another important learning is the complexity of operations in financial institutions where documentation, coordination, and internal controls are equally critical as financial analysis. The experience also showed the value of data accuracy and data cleaning, especially when dealing with financial data in Excel as even minor mistakes can greatly impact credit scores.

Lastly, the internship developed insights into NBFIs functioning within challenging and competitive financial context, balancing growth prospects and regulatory compliance and risk management.

4.3 Conclusion

Conclusively, this internship report outlines a thorough analysis of the IDLC finance PLC, the NBFIs sector in Bangladesh and the real experience that was attained in the internship period. This research indicates that IDLC Finance PLC. is a well-established and diversified non-bank financial institution that has a strong emphasis on SME financing, sustainability and capital market services.

Industry analysis shows that the NBFIs sector is in mature phase though it is currently facing structural changes following the many difficulties that have been encountered like the high non-performing loans, liquidity strain and tougher regulation control.

Nevertheless, NBFIs remain significant in the long-term funding and SME development in Bangladesh despite these problems.

Overall, the internship was very fruitful in acquiring practical skills, professional discipline, and real-life knowledge of credit risk management. The experience and expertise acquired during this internship will have beneficial effects in further academic life and the development of professional careers.

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