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An Internship Working Report

Presented in Partial Fulfillment of the

Requirements for the Degree of

Bachelor of Business Administration (B.B.A)

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Independent University, Bangladesh

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**A working report on customer dissatisfaction of
National Housing Finance And Investments Ltd.**

**By
Rakesh Chakraborty
ID: 0430077**

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**INDEPENDENT UNIVERSITY, BANGLADESH
December 1st 2008**

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**Submitted to
Mr. Md. Munir Hossain
Senior Lecturer,
School of Business,
Independent University, Bangladesh
December 1st, 2008**

December 1, 2008

To

Mr. Md. Munir Hossain

Senior Lecturer, School of Business

Independent University, Bangladesh

Subject: **Submission of Internship Report**

Dear Sir,

It is a great pleasure and I am so much grateful to submit the report on “Working report on the Customer Dissatisfaction of National Housing Finance and Investment limited.”

I am submitting this report as the part of my internship (BBA-499A) in National Housing Finance and Investment Ltd. I have put in my best efforts to make this report a success.

I hope you will asses my report considering the limitations of the study. Your kind advice will encourage me to do further study in future.

Sincerely Yours,

Rakesh Chakraborty

ID-0430077

BBA Student of

Independent University, Bangladesh.

ACKNOWLEDGEMENT

All praises are due to God who enabled me to complete this report. This report is based on customer dissatisfaction of National Housing Finance And Investments Limited.

I would like to express my sincere gratitude and appreciation to my supervisor, Mr. Md. Munir Hossian. It would not have been possible for me to complete this report without his help, advice and overall supervision. His constant encouragement and supervision throughout the period of this study have been greatest inducement for me and directly contributed to the accomplishment Limited. Specially Mr. Mostafiz Munir, Marketing Head. Besides that some customers helped me by giving their valuable time and information.

Equally I would also like to express my sincere gratitude and indebtedness to the authority of Independent University, Bangladesh for their kind co-operation.

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Executive Summary

I have done my internship in the National housing Finance and investments limited (NHFIL). The internship in the NHFIL has given me the opportunity to experience the real life situation in a financial organization. The topic of my internship program is “Working report on Customer Dissatisfaction of National Housing Finance and Investments Limited”

National housing finance and investments Limited, a non banking financial institution was incorporated on August 18, 1998 as a public limited company under the companies Act, 1994 and obtained license from the Bangladesh Bank on 19th December, 1998. With the expansion of NHFIL’s operations during 2000, its operating revenues increased to Tk 48 million as against the operating expenses of Tk 13 million showing an operating income of Tk 35 million. The company has a board of directors and a 19 member management team led by a managing director.

This report is done on the marketing department and customer dissatisfaction of national housing finance and investments limited. This report contains objective, scope, limitation, methodology, mission, vision, product and service, some risk factors, reasons of customer dissatisfaction, problem statement and also recommendation. This report shows the current scenery of marketing department of national housing finance and investments limited.

In the conclusion, the NHFIL’s financial goal is to capitalize on long term shareholder value by achieving advanced performance while maintaining strong

financial stipulation. This study was given an idea of how a NHFIL operates and what are facilities are giving to their customer.

1.0. Introduction

Bangladesh is one of the world's poorest countries with a population of more than 15 corer. This has given her one of the highest densities in the world. Primarily Bangladesh has an agrarian economy. Majority of her population are either farmers or connected with agricultural activities.

At present there are 11 leasing companies operating there business. The leasing companies now operating in the country are Industrial Development Leasing Company of Bangladesh, United Leasing Company, GSP Finance Company (Bangladesh), Uttara Finance and Investments, Bay Leasing and Investment, Phoenix Leasing Company, Prime Finance and Investment, International Leasing and Financial Services, Union Capital, Vanik Bangladesh, Peoples Leasing and Financial Services, Bangladesh Industrial Finance Company, UAE-Bangladesh Investment Company, Bangladesh Finance and Investment Company, and First Lease International.

As the company's business operations were very limited and preliminary expenses were greater, its total operating revenues were lower than the total operating expenses by Tk 3 million registering a loss at the end of its 6-months long operational period up to

December 1999. With the expansion of its operations during 2000, its operating revenues increased to Tk 48 million as against the operating expenses of Tk 13 million showing an operating income of Tk 35 million. The company has a board of directors and a 19-member management team led by a managing director.

1.1. Origin of the report:

Internship is a part of the requirements for graduating in business administration from Independent University, Bangladesh. My institutional supervisor assigned the project to me and this report is prepared under his guidance.

1.2. Objective:

The objective of the report is similar to the objectives of internship program. The primary goal of internship is to experience real life situation in any business organization. This study focuses on the activities of a financial institution. I worked on their marketing department.

1.3. Scope:

The scope of the report is not a very wide one. Rather it is confined only to the nature of the business that National Housing Finance And Investments Limited performs its organizational structure and functions of its departments. To achieve the objective of the report, i.e. study the functions of National Housing Finance And Investments Limited, it is not possible to cover each and every activity performed by National Housing Finance And Investments Limited. The report covers nature of the business, organizational

structure of National Housing Finance And Investments Limited, different functions operations of its various departments on the basis of the information available.

1.4. Limitation:

There are several constrains involved while preparing this report. Time factor was one of the major limitations in the preparation of this report. Naturally a lot of time is required for an in depth analysis of marketing department. My report is all about the customer dissatisfaction of National Housing Finance And Investments Limited, so I did not get enough information from their employees.

1.5. Methodology:

The report has been prepared on the basis of personal experience gathered by working at the marketing department of National Housing Finance And Investments Limited. The primary source of information was collected through interviewing different customers and employees of National Housing Finance And Investments Limited.

2.0. National Housing Finance and Investments Ltd.

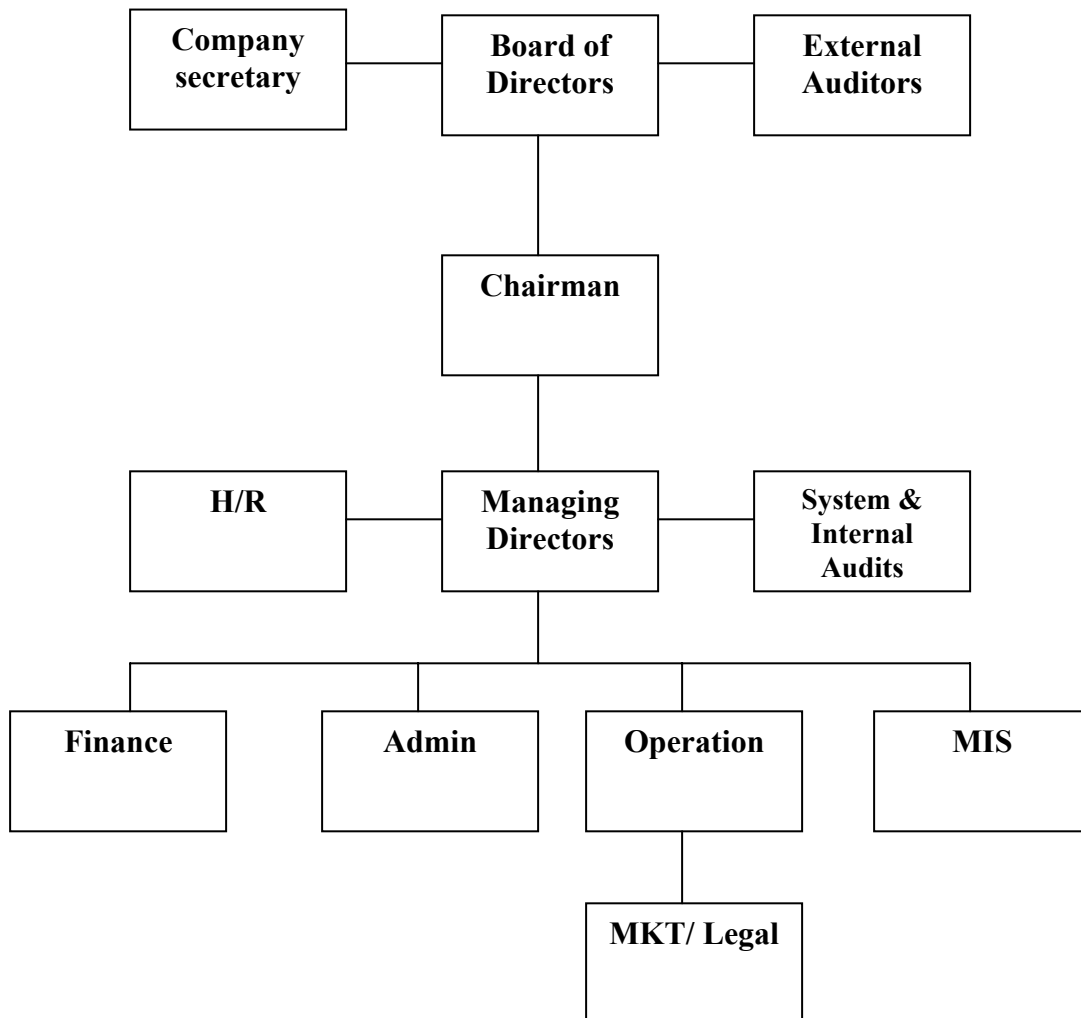
National housing Finance and investments limited (NHFIL) was incorporated as a public limited company on August 18,1998 under the company act,1994.The main objectives of the company are to carry on the business of financing the acquisition ,construction, development and purchase of houses, plots, apartments, real ,commercial space etc.

The Company provides loan to the extent of 70% of the total purchase price of houses, plots and apartments under usual repayable terms varying from 5 years to 25 years .The properties for which loans are disbursed are kept under registered /equitable mortgage as security.

The company has obtained permission from Bangladesh Bank on June 03,2003 to enter info lease finance operation keeping housing finance as its core business .The company extends lease for all types of industrial ,manufacturing and service equipments including vehicles to individual companies ,and corporate houses.

The registered office of the company is located at National plaza (7thfloor), 109 Bir-uttam C.R Datta Road (Ex-Sonargaon road), Dhaka -1205.

3.0. Structure of the company:



4.0. Vision & Mission:

To be a role-model financial institution with corporate social responsibility contributing to social growth through maintaining the highest standard of business ethics. In doing so, company would add value to the wealth of the society.

- Equal Housing Lender to all, irrespective of cast, creed and sex.
- Offer quickest service to the satisfaction of customer with the latest technology.
- Create innovative products to cater to the market needs at competitive price.
- Form a high quality team of satisfied and motivated employees
- Ensure a steady return on shareholders' equity.

5.0. Product and service

National housing finance and investments limited has already launched various services since inception .The principal services are mentioned below:

5.1. Mortgage loan:

The Company offers mortgage financing for construction, developments and purchase of house, plots, apartments, real-estate, commercial space etc. Repayment occurs in the form of Equated Monthly Installments (EMI) comprising of principle and interests. The company offers mortgage financing for a maximum of 15 years and interest rate for the EMI are reviewed based on prevailing market interest rate.

5.2. Lease finance:

The company has recently begun its financing service for industrial equipment, office equipment, corporate vehicle etc .at attractive terms and installments.

5.3. Term loan:

The Company also offers term loans of different tenures at comparative rates to the satisfaction of its clients.

Working capital and work order finance: The Company offers working capitals and work order finance to various borrowers to grow their business.

5.4. Deposit Schemes:

The company offers various deposit schemes in accordance with its clients suitability and needs effecting from 1st April 2005. Income Account, Term deposit account and double money account are the lucrative deposit schemes of the company as described below:

Income account: This scheme offers a fixed monthly, quarterly, or half-yearly income on the deposit for a period of two years with a minimum deposit requirement of tk.100,000/-. The depositors are offered to enjoy a regular cash flow during the term keeping their deposit intact, which is receivable at the end of the term.

Term deposit accounts: It offers attractive returns to the depositors on a minimum deposit of tk.5000/- the principal along with interest are paid at the end of maturity which

ranges from 1 to 3 years. This scheme is attractive to the depositors as they can earn higher return due to the interest compounded over the periods till maturity.

Double money Account: Depositors are offered to double their deposit in 96 months with a minimum deposit of tk.50000/- in this scheme of the company.

Millionaire saving scheme: It offers the depositors to save in equal installments in every month until seven or ten years. At the end of the saving tenure, the depositor becomes millionaire.

6.0. Risk factors and managements perception about risks

As with all investments, investors should be aware that there is risk associated with investments in the company. These risks could result in loss of income or capital investments. Investors are encouraged to seek independent financial advice.

6.1. Interest rate risk:

Increase in interest rates on borrowing could narrow/eliminate the spread, or in a negative spread, and hence may have a material adverse effect on the company's business, financial condition and/or results of operations.

6.2. Exchange rate risk

The company operates in the domestic housing finance and leasing industry of Bangladesh.

6.3. Industry risk:

The company is operating in a highly competitive market. Some of the competitors have more resources than those of the company. It is difficult to predict in advance the move of competitors in the coming years.

6.4 Market and technology –related risk:

In the wide market of 21st century, advanced technology obsoletes the old service.

6.5. Operational risk services:

Risk in the form of classified debts originating from the borrowers end due to their management failure, financial imprudence, unfavorable shift in market for their products and services.

7.0. Home loan:

The main business of NHFIL depends on housing loan. They are providing their own regular scheme and another set by Bangladesh bank (9%).

Scope of Housing Finance: National Housing offers house loan -

- Purchase of Apartment/House
- Self-construction
- Renovation of existing house/apartment
- Purchase of Housing Plots
- Purchase of commercial space and chamber for professionals

Amount of Loan: You can avail loan up to 70% of the value of apartment/house depending on your ability.

Loan Period: You can avail loan for a maximum of 25 years. But this period wouldn't exceed your age limit of 65 or your retirement date. For commercial space or plot maximum loan period is 10 years.

Interest Rate: NHFIL uses Standard Variable Rate to fixed interest rate which is depends on Base rate and Money Market. But we tried to impose competitive low interest rate.

Disbursement of Loan: Sanctioned amount will be either at a time or partially depending on the development of construction work. Usually our fund will be disbursed after the investment of your part.

Payment of Loan: You may pay back the loan amount by EMI (Equated Monthly Installments) which consist of the principal and interest amount. Installment is determined by Annual Reducing Method. You must pay the EMI in each month during your loan period.

Pre-payment of Loan before Maturity: You can pay part or full amount of the loan before maturity. In that case you will pay only the principal outstanding including the interest accrued up to that date and prepayment charge. You may also pre-payment your outstanding as many time as you can. But the amount of prepayment should be at least 1.00 (One) lac. Under this circumstance EMI will be rescheduled according to the rule of National Housing. You can't prepayment within the six month from the starting date of EMI.

How to Apply: One can collect an application form from any of National Housing branch free of cost. You have to fill up the application form with the relevant information of yourself and your co-applicant. Usually the spouse of the applicant is become the co-applicant. But in case of co-ownership of property, each owner can be a co-applicant. You can process your loan with the help of our skilled loan promotion team.

Fees: Administration and Application fees will applicable with each application.

7.1. 9% Housing Loan under Refinance Scheme

Bangladesh Bank has announced an easiest-ever home loan scheme in city area for the people of lower-middle and middle-income groups. For this National Housing signed agreements with Bangladesh Bank to distribute Housing Loans under the central bank's home loan scheme. As a result people of lower-middle and middle-income groups can realize their dream for sweet home with touch of National Housing.

7.1.1. Area Under this scheme:

The refinance facility shall be applicable for the six (6) city corporation area (Dhaka, Chittagong, Rajshahi, Khulna, Sylhet and Barisal) and Tongi, Gazipur, Savar and Narayanganj Porosavas.

7.1.2. Condition for avail this Loan:

- Applicant's monthly gross income shall be within Tk. 50,000 (Fifty Thousand Taka)
- Employees of those institutions who have their own housing loan facility shall be eligible if he/she should not have availed any home loan from those institutions

- An applicant shall not be eligible if he/she has any house/apartment in his/her own spouse or children's name under the mentioned area of the scheme
- Applicant should not have availed any home loan facility from any bank or financial institution
- Apartment size should be within 1250 sft
- Interest rate of the loan is 9%
- Maximum loan repayment period is 20 years and maximum lending facility is Tk. 20 lac.

8.0. Financial institutions

8.1. DELTA BRAC HOUSING

Maximum amount: The maximum loan you can borrow is Tk. 50 lacs. DBH provides Housing loan up to maximum 70% of the Total Purchase Price (including Registration Cost) of the Apartment, and up to 80% of the Construction / Extension Cost of a House.

Eligibility: Subject to the maximum loan limit as mentioned above, your Repayment Capacity as assessed by DBH will determine the loan amount you can borrow. While providing Housing Loan, DBH wants to ensure that you can comfortably and regularly repay the Loan Amount you borrow.

Application: Anyone can apply for Housing Loan at any time after you have decided to buy/construct/extend a House/Flat/Housing Plot, even if the property has not been selected or the construction has not been started.

Rate of Interest: The Rate of interest is adjustable during the loan period. Depending on the changes in money market conditions, DBH reserves the right to vary the rate of interest prospectively From time to time in such a manner including as to the loan amount as DBH may find appropriate at its own discretion.

8.2. IDLC

Maximum amount: For Individuals – Tk.5.00 million or 70% of the price of apartment/office space/ showroom, whichever is lower and Tk.5.00 million or 80% of construction/extension/repair or renovation cost of house or office, whichever is lower.

For Corporate bodies/ business houses – Loan amount is flexible.

Developer's Loan – Loan amount is flexible.

Maximum loan term:

For Individuals - Maximum 15 years term is offered for purchase/construction/renovation/ extension of residential apartment/ house.

For Individuals – Maximum 12 years term is offered for purchase/construction/renovation/ extension of chamber.

For Corporate bodies/ business houses – Maximum 7 years for purchase/construction/renovation/extension of commercial space, office space, and display center etc.

For Developers – Maximum 3 years for construction.

8.3. Comparison among DBH, IDLC and NHFIL:

Name	NHFIL	DBH	IDLC
Features			
Interest rate	17%	15%	16%
Customer care department	No	Yes	Yes
Offices inside Dhaka	3	Many	Many
Offices outside Dhaka	1	Many	Many
Maximum time takes for loan disbursement	20	15	15

Figure: 8.3. Comparison among DBH, IDLC and NHFIL:

9.0. Customers are dissatisfied for several reasons:

In this field there are two major competitors of NHFIL. They are IDLC & DBH. Both of these organizations are providing same services to the customers. Normally it was seen that, at first NHFIL started this business. But now the condition is different. Day by day they are losing their customers. There are several reasons behind that.

Interest rate: The main problem NHFIL is facing now is interest rate. Their interest rate is too high, 17%. In the other hand, DBH & IDLC is providing same service with lower interest rate. Customers didn't find any reason why they demand high interest rate. So, customers are now moving to IDLC or DBH.

Inefficient employees: Any organization depends on its own employees. NHFIL has employees but they are not efficient. They work but cannot satisfy their customers.

Shortage of employees: NHFIL has not enough employees. Sometimes one person does different works. So, in this way employees are not willing to do proper work.

Technology: NHFIL is elite class organization. But they do not have latest technology. They work but it takes huge time to do. They work manually. Ultimately, they are killing their own time and customers are not satisfied.

Limited offices: NHFIL has very few offices. They have one head office and two branch offices in Dhaka and one in Chittagong. They are facing troubles with these few offices.

Powerless employees: One thing is very important to concern that employees do not take any decision independently. They have to wait for upper level employees.

Customer service: Their customer service is not good at all. Customers have to wait for long time to say or complain to the employees.

Inefficient processing: They provide various types of loan. But their processes are very much time killing and hassle full.

Wrong decision making: Sometimes they selected clients for loan sanction. But after few days they changed their decision very frequently. So, customers feel very unhappy.

Weak marketing: NHFIL should take an effective step to make strong their marketing department. For weak marketing people do not even know NHFIL. They have to advertise and promote their schemes.

Internet facilities: NHFIL has internet system in some of the departments. But most of the departments have no internet facilities.

10.0. Problem statement

1. NHFIL have 3 offices inside Dhaka and 1 outside Dhaka. Due to few number of offices they can not interact with their customer properly.
2. NHFIL do not have internet access in every department.
3. For their high interest rate NHFIL losing their customer.
4. NHFIL

11.0. Recommendations

Interest rate: NHFIL should reduce their interest rate to maintain and attract customers.

DBH & IDLC providing same services to their customers at lower interest rate.

New branch offices: They should open new branch offices to many important locations.

Like- Dhanmondi, Uttara, Mirpur, Old Dhaka, Azimpur, etc. They should open new branch at outside of Dhaka also. Like- Barisal, Sylhet, Rajshahi, Khulna, etc.

Recruitment: They should recruit skilled and knowledgeable employees. Because, some of their employees working but they do not have enough knowledge about their own departments.

Marketing: They have to make their marketing department stronger. DBH & IDLC have very strong marketing. They advertise their organization through newspapers, television, magazines. But National Housing Finance And Investments Limited does not advertise very much, so people do not know about National Housing Finance And Investments Limited very well.

Easy loan payment process: Customers have to wait many days to sanction loans. Some customers wait for long time but at the end of the day they do not get the loan. They should make their loan payment process flexible and easier for the customers.

Proper management: They have to take care about their mismanagement. They have to make proper plan to do all types of work. They should save their time and resources.

Satisfy employees: Last but not least NHFIL has to satisfy it's own employees. Most of employees work a lot but they do not get any remuneration and reward. So, they feel unhappy.

12.0. Conclusion

Though above all discussions do not show everything but it is true that NHFIL has many opportunity to maintain this business. If they recover their weaknesses then they can again dominate this market. But at first they have to satisfy their own employees and then they have to take care their customers.

NHFIL provides loans to the people this is one of the main services that a financial institution provides. The clients need to repay the money in installments with interest charged. Interest rate varies with the type of the loan. If the clients pay the installments duly, there is no hazard at all. But in the real world, clients very often fail to return the money duly for various reasons. Whatever the cause is NHFIL need to adjust that with classifying them according to the rules of classification set by the authority and Bangladesh bank. Interest and provision are calculated in different manners ones loan is classified. This is a very important task to collect revenue duly and the keep NHFIL running. Therefore this system has a great deal of importance in the business World.

References

www.nationalhousingbd.com

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