

CHAPTER ONE

INTRODUCTION

1.1 Background

Nepal is an underdeveloped country. Its economic growth and prosperity rely on the performance of the upcoming human resources. The quality of these human resources depends upon the knowledge and skills they have obtained from their academic background.

Tribhuvan University (TU) is the largest and oldest university in Nepal. It is the pioneer university in providing management education in Nepal and since its establishment it has been providing an excellent education to the students. TU has designed various management degrees under Faculty of Management (FOM) and among them one of the outstanding developments is in the form of Bachelors in Business Administration (BBA), which had been established in 2002. This program is a felt necessity to link between knowledge and practice to give professionalism as the pressing requirement of HR Development to suit micro-economic needs of the country. The whole BBA program comprises of 120 credits hour in total including management and allied subjects as 72 credits hour, specialization area subjects as 24 credits, computer related subjects as 18 credits hour and an internship as 6 credits hour.

Among these, the internship program is designed with the view to developing student's skill in object-oriented business management, capable of understanding and solving real life business related problems. It provides practical exposure and help students to understand corporate world. This course deals with the fundamental concept of corporate worlds which are essential for any persons aspiring to be the active participant of this competitive world.

As per the course requirement of the BBA program every eighth semester, the student should prepare the internship report after the completion of the two months internship in the institution and the students of Shanker Dev Campus are not the exception. This internship had been fruitful because it had helped me to see the same things from the two opposite directions and find the difference in the perception of these two completely opposite sides as a neutral observer.

Nepal Bank Limited (NBL), the pioneer of modern banking in Nepal, was established to facilitate the consumer with its deposit and credit facilities. Since the internship is completed in NBL, this report is the outcome of the valuable real-life experiences obtained during the internship in that organization. Getting involved in NBL as an intern in various departments, internee was able to confront the real job-place experience and got the chance to feel the different situations from the perspective of both the employees and the customers.

1.2 Objectives of the Study

The general objective of an internship program in BBA is primarily designed to enable the students to support them as grounded career persons who know the real-life working situations and had already felt the pressure of the job place environment. It is also a platform to show the ability to mold the theoretical knowledge learned throughout the BBA program as per the requirement of the job placement.

The main goal is to highlight the activities carried out in NBL. It helps the students to be prepared for the future through the little knowledge gained from the two months of the job like experience. The specific objectives are jotted down in nutshell below:-

- To explore the applicability of theoretical knowledge in the practical workplace.
- To develop managerial and communication skills to tackle the real life situations.
- To get the practical exposure and understand the institutional cultures and value system of the corporate world.
- To gather the knowledge on the various activities performed in various departments of the bank and be aware of the products and services.
- To develop the ability to handle various kinds of customers with varying knowledge level, problems, and requirements.

1.3 Methodology

This internship report is the study of particular subject backed by the collection, compilation, presentation and interpretation of relevant information. It starts from the selection of the organization for the internship, performance of different kinds of activities and placement in different parts of the organization and last collection of various primary and secondary data for the preparation of the report

It helped to analyze the findings in meeting the objectives of the study.

1.3.1 Sources of Data:

For the report the data are collected from the primary source and secondary source. They are as follows:

→ Primary Data

- Observation of working environment of the bank.

- Visited banks and practiced as the intern in order to associate with different aspects of the banks.
- Met with the customers of the bank and had direct contact with them for relevant information.
- Informal discussion and interaction with the staff of the bank.

— **Secondary Data**

- Annual report of Nepal Bank Limited (NBL).
- Information from the official website of NBL- www.nepalbank.com.np
- Notices and Working guideline of NBL
- Application form for different type of account opening
- Browsers of the different types of account
- Official website of Nepal Rastra Bank (NRB)- www.nrb.org.np

1.3.2 Organization Selection

As the selection of BBA specialization for the final semester was Business Finance, the selection of a good organization was very important. BBA graduates see banking career to be most lucrative, so commercial banks with diversity in products and better working and learning environment for interns are the best choice for an intern. Developing competencies is possible by working as a member of the bank rather being treated as an intern.

Taking into consideration the numerous options available for the internship, various pros and cons of each of the alternatives was thoroughly analyzed. After discussions with various teachers and faculties, NBL, the first commercial bank of Nepal was chosen for the unique set of advantages it offered. Most importantly NBL rotates Internee in various department of the bank to learn about the activities of the bank as a whole. The bank was approached dropping recommendation letter of college and Curriculum vitae.

1.3.3 Placement

After a week, the date for an intern was informed and a contract letter was signed agreeing all the terms and conditions of the bank. The internship was started from 8th Baisakh, 2071. Intern was appointed at K.B.O of NBL New road, Kathmandu. Intern was provided with an opportunity to understand all the functionalities of the bank, especially all those performed in that branch except handling cash. Intern had several departments to work for and learn the specific importance and working pedagogy of each department during the short eight weeks period. Intern was placed in various departments like Customer Service Department, Safe Deposit Vaults, and Remittance Department.

Internee was placed in the internal and external places of these departments. All these departments had an internal as well as external placement area. The period for placement was 8th of Baisakh 2071 to 8th of Asadh 2071 from 10:00 am to 5:00 pm. The placement was made four weeks in Customer Service Department, two weeks in Remittance Department and two weeks in Safe Deposit Vaults. The rotation of placement was changed every Sunday. In the case of lack of staffs in some departments, internee was placed in required places. The replacement for internee in case of absence was in Pension Department, Bills and Clearing and Audit Department.

1.3.4 Duration of Internship

The duration of internship has been defined for 2 months or 6 credit hours of working time at the organization by Tribhuvan University (T.U.), Faculty of Management (FOM). So, in order to fulfill this requirement, an internship was done for two months starting from 8th of Baisakh 2071 to 8th of Asadh 2071 from 10:00 am to 5:00 pm.

The duration of intern's work in each department is presented below:

Table 1.1: Division of Weeks and Activities Performed

Activities/ weeks	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th
Customer Service Department								
Safe Deposit Vault								
Remittance Department								

1.3.5 Activities Performed in Bank

Every department needs to perform a different function and internee had the good opportunity to learn and practice various activities. During the eight weeks of the internship intern has been involved in various department as explained below:

Table 1.2: Activities Performed in Bank

Departments	Activities Done
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Customer Service Department	<p>Account operation (account opening and closing)</p> <p>Process from printing cheques to submitting to final customers</p> <p>Assisting customer to fill various form (ATM, account opening, account closing, SMS banking, e-banking, new signature card, new cheque, KYC)</p> <p>Photo, signature card scanning and entering in software</p> <p>Checking balance and finding account number</p> <p>Printing bank statement</p> <p>Forwarding customer to respective department as per the requirement of customers</p>
Safe Deposit Vaults	<p>Registering date, time and signature in ledger according to application number,</p> <p>Finding key and opening locker according to locker number</p> <p>Making three bills after receiving locker rent</p> <p>Posting rent payment into respective account books</p> <p>Passing voucher</p> <p>Assisting in filling forms(i.e. Locker opening and closing)</p> <p>Providing locker information</p> <p>Customer counselling</p> <p>Renewing locker</p> <p>Checking account to maintain minimum locker balance</p>
Remittance Department	<p>Handling customer queries about remittance service</p> <p>Providing, collecting and checking the web remit receipt and sending forms</p> <p>Making payments to the customer whose money is sent via western union after filling and cross checking the forms</p> <p>Preparing drafts and schedules</p> <p>Helping the customers fill in details in the form.</p> <p>Entering the information in banking software.</p>

1.4 Limitations

Despite lots of opportunities prevailing for the study, there were few limitations which restricted the study and they are:

- It was difficult to have the in-depth study of all the departments due to the time constraints.
- The bank's policy in keeping some matters confidential prevented from analyzing various critical facts and issues.
- Limited availability of annual reports, office records, and other published and unpublished source of data.
- Time and resources constraints are the major limitations of this report.
- Despite the sincere effort and willingness to help of the bank executives, their busy schedules could not give to interne as per the expectations.
- This report does not explain the overall functioning of the bank.
- Since the intern is confined to few departments, only the related data of limited departments are available

However, ignoring all limitations, it has been best tried to gain adequate banking knowledge and sincerely perform the task assigned.

CHAPTER TWO

INTRODUCTION TO BANKING INDUSTRY

2.1 Meaning and Definition of Bank

A Bank is a depository financial institution which purchases money and sells money for money. In other words, Bank is financial institution that deals with monetary transactions. In this way, a bank is a sensitive sector of the industry because it plays with the public money. The primary operating activity of any bank is to collect fund in the form of deposit from the surplus sector of the economy and transfer this collected fund to the deficit unit of the economy in the form of loans. The benefit that the surplus unit gets by depositing their access fund in the bank and the charge that the deficit unit pays for using the fund of the bank are both expressed in percentage and that rate is known as the interest rate. The difference between the lending interest rate and borrowing interest rate is called interest spread and this spread is the major

source of income of any bank.

Bank is a financial intermediary which creates the relationship with both the surplus units and the deficit units. To create the relationship with these units, bank offers various financial products and the person who purchase that product will knowingly or unknowingly becomes the relative of the bank. The major financial products that any bank offers to the public are various deposits schemes and the loan schemes. The one who are in need of money or funds purchases the loan products as per their requirement and the one who have excess funds purchases the deposits schemes.

Bank exists in the economy to perform the function of the intermediary. Banks intermediates not only the surplus and deficit units but also perform various management activity to create a balance in the economy. It should perform the size inter-mediation because in general surplus units are large in number but they less amount of surplus funds and the opposite scenario is of the deficit side. Similarly it should perform the maturity and information inter-mediation as per the requirement.

Basically, banks are those financial institutions that offer the widest range of financial services-providing credit and encouraging savings; and also perform the widest range of financial functions for all type of business firm in the economy. Commercial bank is the term used for a normal bank to distinguish it from an investment bank. It raises fund by collecting deposits from business and consumers. It also buys corporate bonds and government bonds. Its primary liabilities are deposits and primary assets are loans and bonds. The banks which perform all kinds of banking and generally finances trade and commerce, are called commercial banks. Commercial bank is merely a business firm engaged in financial inter-mediation as well as additional functions under strict supervision and control of central bank.

In the present context, bank had become the basic need of the human which performs not only the basic financial activities but also performs the non-financial activities to ease the human life.

“Bank is a financial institution which provides financial services that may be in the form of accepting deposits, advancing loan, providing necessary technical advises, dealing over foreign currencies, remitting funds etc.”

- Nepal Rastra Bank Act 2002

“Bank is an institution which collects money from those who have it to spare and who are saving it out of their income and lends this money out to those who require it.”

– C.W. Crowther

“Bank is an establishment of the custody of money which it pays out on customer’s order”.

- Concise Oxford Dictionary

So, bank may be defined as financial intermediary between depositors and the credit seekers. Bank is among the most important financial institutions in the economy and essential business in thousands of local towns and cities. Bank plays different kinds of roles like intermediary, underwriter, utility payers etc.

2.2 Origin of Banking

The concept of bank had started to evolve in the brilliant human mind immediately after the humans were able to realize and develop money. Though money had made the human life much easier than before but ancient humans started to realize the complexities that evolution of money had created in their life. So, in order to overcome these complexities and the difficulties that were attached with the benefit of money, the concept of banking emerged in the human mind. Earlier the moneylenders and the landlords perform the banking activities as the informal banks but later the activities of these people are formalized and the concept of bank as an institution had emerged.

Moving towards the word “Bank”, it is thought to be derived from the Italian word “Banco”, Latin word “Bancus” and French word “Banque” because all meant the bench in which the bankers would keep money and its records. The Jews of Lombardy were thought to be the early bankers who transacted third business at the benches in the marketplace and when they were unable to meet their liabilities, the depositors used to break their benches and this tradition had given birth to a banking term “Bankrupt”.

Banks were first introduced in Rome with its vast trade networks that extended throughout the Europe, Asia and much of Africa. Following the footsteps of this bank, other banks were also established. Namely: Bank of Barcelona (1401), Bank of Genoa (1407), Bank of England (1594) and Bank of Amsterdam (1609). Likewise India established its first bank, “Bank of Hindustan” in 1770. These modern banks gradually replaced the merchants, goldsmith and money lenders. In 1960’s banking was introduced to world because of increase in their worldwide operations and increase in multinational companies.

Nowadays, banks are referred to as lifeblood for business houses as they offer many facilities like travelers cheque, insurance services, pension services and other investments. The crucial breakthrough in the modern banking history was made in 1694 A.D when the first modern bank “The Bank of England” was established. After the establishment of this first English Bank, Banking sector had experienced various ups and downs but still they persisted and because of that persistence they are now able to exist in this 21st century world as one of the essential element of human life.

Presently, banks are not only the deposits collecting and loan lending institutions but also the institutions which helps its customers from various ways as per their convenience and ability with full security. They had been developed as the essential service providing institutions in this rushing world. The banks had start affecting the lifestyle of the citizens as well as the economy of the country as well. The recent recession of 2008 is the outcome of the inefficient banking practice and the world had to suffer much only because of the inefficiency and negligence of a single banking sector. Hence, banking had become an important element of the world economy in the present time.

2.3 Types of Banks

Banks are classified into various categories based on the function they perform. In Nepal, basically banks are used as synonyms for commercial banks only. However, central bank, commercial banks and development banks represent the diversity of banking business in the country. In Nepal, following types of banks are seen:

- **Central Banks** usually controls policy and may be the lender of last resort in the event of crisis. They are often charged with controlling the money supplies, including printing paper money.
- **Development Banks** are established to provide capital and technological assistance for the development of infrastructure of the country.
- **Commercial Banks** primarily lend to business i.e. corporate banking. They perform intermediary role by accepting deposits from saving units under various accounts and lending money to needy deficit units.
- **Finance Companies** provide loans to the risky customers whom commercial banks find too risky to provide loan. they are the engineers of risk. they convert risk into potential business opportunities.
- **Micro-finance companies** is a source of financial services for entrepreneurs and small businesses lacking access to banking and related services. The two main mechanisms for the delivery of financial services to such clients are: (1) relationship-based banking for individual entrepreneurs and small businesses; and (2) group-based models, where several entrepreneurs come together to apply for loans and other services as a group.

2.4 Evolution of Banking Industry in Nepal

Though world had already leaped forward towards the modern banking practices but till 1937 A.D, Nepalese were completely unaware of these developments and still using money lenders and the rural landlords as the informal banks. This scenario is enough to explain that the banking history of Nepal is not too long. The history of banking in Nepal can be traced back to 1877 A.D. when Tejarath Adda was established by government to provide credit facilities to general public. This was the first step towards institutional development of banking in Nepal (Dahal, 2009). These unorganized institutions although quite underdeveloped could still mobilize funds from wide range of different sources.

Only after the establishment of Nepal Bank Limited in 15th November 1937 as the first Bank of Nepal, Nepalese came to know that there is another way to get loans except goldsmiths, and moneylenders and it can be formalized in the form of institution named Bank.

After the establishment of NBL, Nepal started to realize the need of the central bank to control and regulate the banking activities and as the result, the central Bank of Nepal “Nepal Rastra Bank” was established in 26 April 1956 according to NRB Act 1955. After this, the government of Nepal started taking the initiatives of establishing the Banks. Afterwards, Rastriya Banijya Bank was established in 23 January 1966 as a fully government owned commercial bank. Industrial Development Center was set up in 1957 for industrial development and later in 1959.

Nepalese banking sector hadn't experienced much growth till 1980s because of the closed policies of Nepal Government. Till 1980s banking industry hadn't been opened to the private sectors and the foreign investments. But after 1980s Nepal government liberalized its banking policies and opened the door for the private and foreign sectors. The privatization, tariff adjustments, liberalization of industrial licensing, easing of terms of foreign investments, liberal trade and foreign exchange regime were the motivating factors for the development of Nepalese Banking Sector.

Joint venture banks in Nepal gave a new horizon to the financial sector of the country. Nepal Arab Bank Limited (later renamed as Nabil Bank Limited) established in 1984 as a first joint venture bank proved to

be a milestone in the history of banking which gave hope to the sluggish financial sector (Dahal, 2009). After the restoration of democracy in Nepal there has been tremendous development in banking sector. The economic and financial reform policies undertaken by the government have increased both the number of banks and the types of services offered.

For the purpose of regulation and controlled NRB had divided the depository financial institutions into four classes on the basis of minimum paid up capital requirement and functions. This classification is unique feature of Nepalese banking industry only and there is no such classification globally. The Nepalese version of classification of depository financial institutions according the NRB and their present number, are shown in table 2.1.

Table: 2.1 Classification of Nepalese Financial Institutions

Category	Component	Minimum Paid up Capital requirement	Numbers
KA	Commercial Banks	2 Billion	30
KHA	Development Banks	64 crore	89
GA	Finance Companies	20 crore	75
GHA	Micro Credit institutions, Co-operatives	1 crore	23

Since the intern is completed in one of the commercial bank of Nepal, the analysis is specifically focused on the “KA” category depository institutions (commercial bank)

2.5 Commercial Banks in Nepal: An Introduction

Commercial Banks as already said earlier are the “KA” class depository institutions. Nepal Bank Limited was the First commercial bank of Nepal which was established in 1937 A.D. A commercial bank is a financial intermediary which collects credit from lenders in the form of deposits and lends in the form of loans. A commercial bank holds deposits for individuals and businesses in the form of checking and savings accounts and certificates of deposit of varying maturities while a commercial bank issues loans in

the form of personal and business loans as well as mortgages. Among its assets, including loans, a commercial bank holds a portfolio of other securities to generate proprietary income.

According to NRB act Commercial Banks are those depository financial institutions which possess the below features:

- Have the minimum paid up capital of 2 billion.
 - No limit on resource mobilization
 - Can operate nationwide
 - Can do all fund based as well as non-fund based activities
- The commercial banks operating in Nepal are permitted to do both the fund based and non-fund based activities as the global commercial banks. Listing out the major activities performed by the commercial banks would result as below:

➤ **Primary Function:**

These include core function of gaping between deficit and surplus units. Namely:

- Acceptance of Deposit
- Lending
- Investment

➤ **Secondary Function:**

These are functions other than primary functions. Namely:

- **Agency Services**
 - Collection and Payment of Cheques
 - Standing Instruction
 - Acting as correspondence
 - Collecting of bills- electricity, gas, telephone etc.
 - Purchase and Sales of stocks/ share-act as a banker to issue
- **Miscellaneous or General Services**

- Safe Custody- Bailee
- Lockers-trustee
- Remittance facilities –DD, TT, and SWIFT
- Advisory services
- Providing Credit reports
- Opening Letter of Credit
- Demand in Foreign exchange/Travelers Cheque only Authorized Dealer branches
- Complete service in Foreign Trade
- Other Services: Debit Card, Credit Card, On-line banking SMS banking

Commercial banks are mainly involved in two major functions – deposit collection and credit creation. Despite of these core functions banks are also involved in many other functions which are highlighted by the following diagram:

Figure 2.1: Functions of Bank



Figure 2.1: Functions of Bank

As shown in the figure above, besides deposit collection and lending, bank performs various other functions. All the functions are equally important to serve the need of people. Hence banks are the major part of the economy.

CHAPTER THREE

INTRODUCTION OF NEPAL BANK LIMITED

3.1 Background

Nepal Bank Limited (NBL), the first bank of Nepal was established on November 15, 1937, A.D (Kartik 30, 1994). Before the establishment of Nepal Bank Limited, none other financial institution had come into operation. All monetary transactions were carried out by private dealers and trading centers due to which Nepalese economy suffered various economic and banking problems which were settled after the establishment of Nepal Bank Limited. This marked the beginning of an era of formal banking in Nepal.

Nepal Bank Limited was formed as a joint venture between the general public and government. NBL's authorized capital was NRs. 10 million and issued capital NRs. 2.5 million of which paid-up capital was NRs. 842 thousand with 10 shareholders. Currently, the bank has been providing banking services through its branch offices in the different geographical location of the country.

3.2 Vision, Mission, Objectives and Value Statement of NBL

Vision, missions, and objectives are the most important aspects for a substantial growth and survival for a bank. NBL visions, missions, objectives, and value statements are:

3.2.1 Vision:

The vision of Nepal Bank Limited are "To remain the leading financial institution of the country." and "Pioneer bank with the complete business solution."

3.2.2 Mission: NEW

- Network for inclusion: Use bank's network to increase its reach all over the country from urban areas to rural areas and help in improving the lifestyle of rural population
- Enhancing the value: To employees, shareholders, government, and customers

- World class banking services: Provide world class banking services by achieving excellence in customer service and adopting high-level technology standards

3.2.3 Objectives:

Nepal Bank has the following objectives:

- Focus on building the positive net worth and meeting the minimum capital need.
- Focus on increasing the customer base and market share.
- Maximize the potential/efficiency of bank's staff.
- Focus on minimizing the risk associated with the business.
- Focus on providing the world class business solutions.
- Focus on increasing the sustainable profit.

3.3 Branches of NBL

NBL's Head office is located at Dharmapath, Kathmandu. NBL has altogether 118 branches located in both urban and rural area as shown in the table below:

Table 3.1: Region Wise Branches of NBL

Region wise Branch	No of Branches
Kathmandu Region	30
Biratnagar Region	30
Birgunj Region	21
Pokhara Region	21
Nepalgunj Region	16
Total no. of Branches*	118

(Source: www.nbl.com.np)

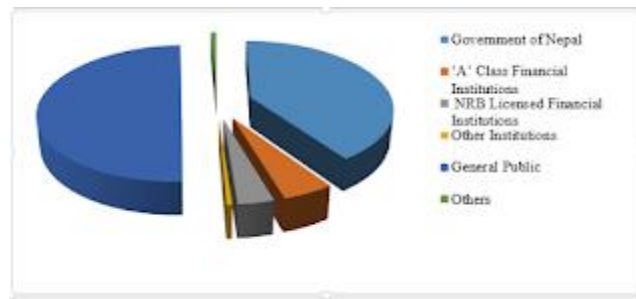
3.4 Shareholding Composition of NBL

The ownership composition of NBL can be described by the following table. However, recently the government ownership has been decreased as certain percentages of shares have been sold to the general public (employees).

Table 3.2: Shareholding Composition of NBL

S.N.	Ownership	Percentage
1.	Government of Nepal	40.49
2.	'A' Class Financial Institutions	4.92
3.	NRB Licensed Financial Institutions	3.42
4.	Other Institutions	0.52
5.	General Public	49.94
6.	Others	0.71
	Total	100

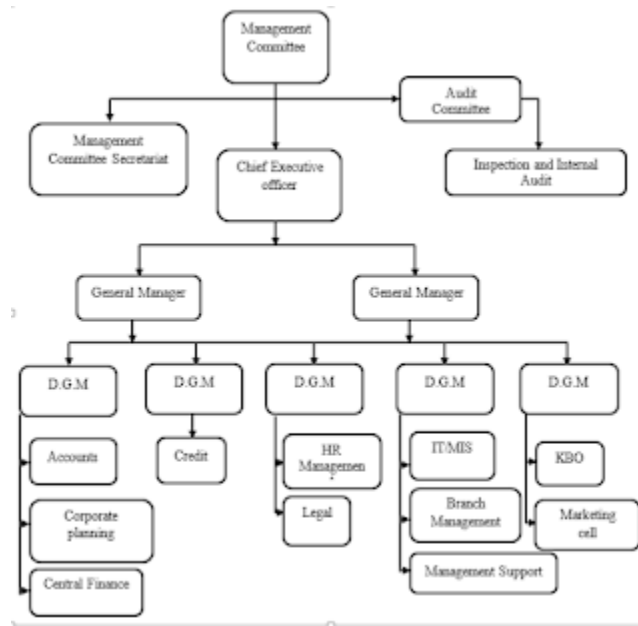
Figure 3.1: Shareholding Composition of NBL



3.5 Organizational Structure of NBL

The bank is under the control of NRB. NRB has appointed a five members management committee. This management committee performs as the Board of Directors of the bank. Chief executive officer is under the Board of Directors (BOD) followed by General Managers (GM), Deputy General Manager (DGM) and then other departments. The simplified organization structure of NBL is shown below:

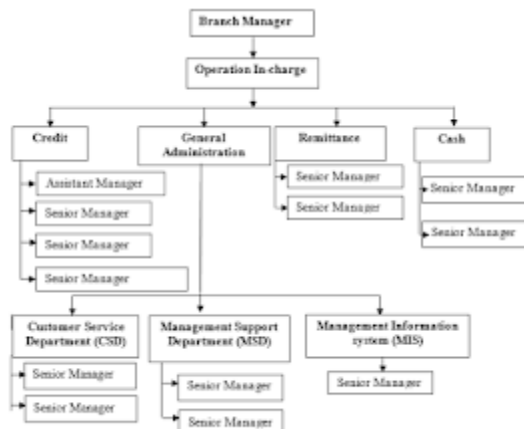
Figure 3.2: Simplified Organizational Structure of NBL



3.6 Organizational Structure of Major departments of NBL at KBO

NBL KBO branch has well-defined organizational structure with more than 160 staffs. Other than departments shown below, bank has various other departments. The organizational structure of major departments of NBL at KBO is shown in the figure below.

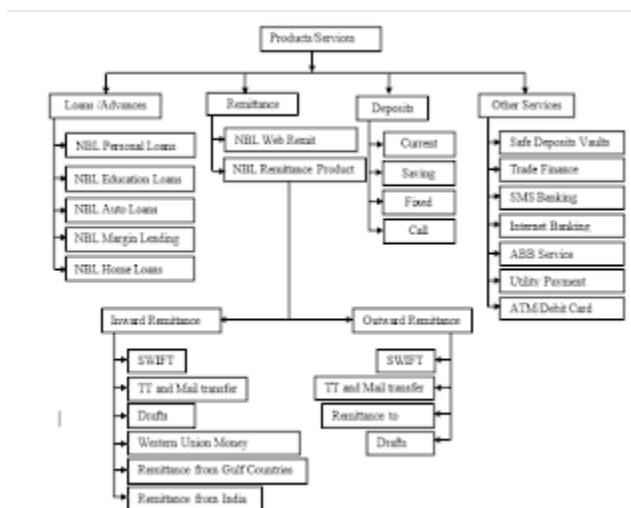
Figure 3.3: Organizational Structure of Major Department of NBL at KBO



3.7 Products of NBL

NBL like all other commercial banks generate its revenue mainly from its credit creation ability and finances its credit creation from deposits. Thus, mainly the products can be categorized into two major heading deposits and loans. However, there are other various product/services of NBL that has enabled it to retain its customer for more than seventy years. NBL is not just business, it's the facility for the citizen belonging to every corner of the country and in even in the entire globe. Remittance, utility payment service, SMS banking, internet banking, ABBS all form an array of consumer oriented service that are aiding for NBL corporate image and untrammelled consumer loyalty.

Figure 3.4: NBL Products and Services



NBL products are briefly described below:

- **Deposits:**

NBL offers a wide range of deposit products that caters the requirement. Namely:

- Savings Deposit
- Current Deposit
-

Fixed

Deposit

- **Loan:**

NBL offers a wide range of tailor-made funded and non-funded credit facilities to suit funding requirements. Namely:

→ Corporate Loan

→ Retail/ Consumer Loans

- **ABBS:**

NBL is proud to announce that all together 114 branches are enabled for ABBS. In ABBS, customers having account with NBL can access account from any online NBL's branch.

- **Nepal Remit:**

NBL Remit - an online/internet based Remittance Service for the purpose of facilitating to transfer the earnings of Nepalese and Nepalese Expatriates with very minimal charge.

- **Internet Banking**

NBL introduced Internet Banking with following features:

→ Save time- you don't need to queue at a branch.

→ Bank when you want, day and night, where it suits you.

- **SMS Banking**

Customers have access to banking needs without ever having to wait in queues.

Features:

→ Instant Balance Information and Account statement print request

→ Latest Exchange rate of Foreign currency

- **ATM/Debit Cards:**

NBL ATM allows its customer to access vast network of ATMs located in major cities in Nepal. It allows the cardholder to withdraw cash, inquire account balances and to pay.

- **Safe Deposit Vaults:**

It helps to store items like important papers like insurance policies, family records, birth certificates, deeds, titles, leases, contracts, bonds, and certificates of deposit, jewels, etc.

3.8 Capital Structure of NBL

NBL was formed under principle of Joint venture (Joint venture between government and general public). Currently its capital structure consists of 38.6% government ownership and 61.4% public ownership. NBL's authorized capital was Rs.6 Billion and issued capital Rs.4 Billion of which paid-up capital was above Rs. 3.8 Million as shown in table below:

Particulars	Current Year(Rs.)	Previous Year(Rs.)
Authorized Capital	6,000,000,000	6,000,000,000
Issued Capital	4,000,000,000	4,000,000,000
Paid Up Capital	380,382,600	380,382,600

Table 3.3: Capital Structure of NBL

3.9 Financial Position of NBL

The bank has been able to increase its profitability in 2069/70 rapidly. However, it decreased to 262,219 by 2070/71 Poush ending. It is mainly due to the mismatch between deposits and lending. Also, proper investment is essential for growth in profit. The financial position of NBL, as represented by the elements of balance sheet and income statement of NBL are highlighted below:

Table 3.4: Profit Comparison of NBL

Fiscal Year	2070/71*	2069/70	2068/69	2067/68	2066/67
Net Profit	262,219	755,182	406,727	128,346	249,382

Figure 3.5 Profit Comparison of NBL

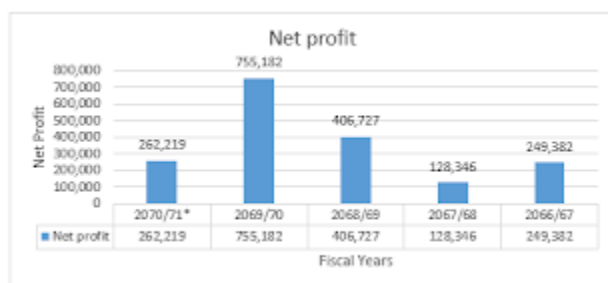


Table 3.5: Financial Highlights of NBL

fiscal year/ Particulars	2070/71*	2069/70	2068/069	2067/68	2066/67
Total Assets	74,474,563	73,017,248	57,678,943	51,158,657	44,736,652
Total Capital and Liabilities	74,474,563	73,017,248	57,678,943	51,158,657	44,736,652
Investments	15,786,192	10,979,120	8,391,726	7,585,544	5,784,372
Loan and advances	38,903,204	37,851,966	29,698,857	24,671,281	23,560,955
Deposits	64,124,762	62,984,350	56,042,591	46,808,435	42,882,039

(Source: <http://www.nbl.com.np/financialresults/index.php>)

provisional based on fourth quarterly report ending Poush 2070/71

Deposit and credit growth are essential for banks to earn profits because banks make profit mainly with the spread rate and volume of lending. Above table shows compared to banks deposits lending are comparably low which shows the banks lack is its efficiency to use deposits to creating lending and thus difficulty in increasing profitability.

3.10 SWOT Analysis of NBL

A strategic plan or mission for the future begins with an assessment of the current situation in which the organization exists. The organization has to analyze the potential strengths to gain competitive advantage. It helps to predict the possible opportunities to capture the possible gains and advantages for growth and development.

Strengths:

Organizational strengths are usually derived from its financial, human and other resources.

- A wide network of branches commercialized in rural and urban areas
- Increasing deposit schemes targeting high, middle and low-level customers.
- ABBS has made the customer to deposit and withdraw funds in any branch of the bank.
- Use of latest technology (i.e. SMS banking, e-banking, ABBS, ATM cards)
- Well, classified products and services catering the needs of customers.

Weaknesses:

They are lacking elements that disable an organization to achieve its goal

- Customers are attracted towards other financial institution that provides higher interest rate than the commercial bank.
- Banks collect a large amount of fund but don't have proper investment sector due to poor government.
- Due to lack of proper regulation system loans provided by the bank, loans are converted into bad debt.
- Though the bank has reached to all the regional level, still many of the people don't have the knowledge about the bank.
- Some departments still hold paper-based data which is tedious and time-consuming.

Opportunities:

Organizational opportunities are an area that may be generating higher performance. It has the potential to increase the organization's strength.

- Favorable law for the banking sector
- Attract more customers offering various new banking schemes
- Increasing remittance market
- Widen the branches
- Investment in the national level project like tourism, hydropower etc.

Threats:

Organizational threats are the area that makes it difficult for an organization to perform at a higher level. It has the potential to hurt and even destroy an organization.

- Political instability and domestic conflict
- The market is overcrowded with financial institutions
- Threats of new entrance(i.e. competition)
- The threat of substitute as the services provided by most of the banks is moreover same.
- Rise in inflation and slack in real estate business.
- Bargaining power of buyers and suppliers
- Change in rules and regulations of government

CHAPTER FOUR

ANALYSIS OF ACTIVITIES DONE AND PROBLEM SOLVED

During the eight-week period intern was placed in the various department to accumulate an overall learning experience of the banking activities at various departments. All department performed independent and highly identical activities all aims at organizational goal achievement.

4.1 Customer Service Department

Customer service is the front desk of any organization, where customers make the first contact with the bank. The image and reputation of the bank depend upon the effective functioning of this department. Customer service is the process by which an organization delivers its products and services to the customers. The staff deployed in CSD should have a fair knowledge of banking so that they may be able to answer any questions raised by the customers. Attracting the potential customers and retaining the existing customers are intended by CSD.

Hence, all the activities of CSD are directed towards customer satisfaction. One thing that is to be kept in mind is the finding new customer is much more expensive than retaining existing one. Customer service is more than just keeping the customer happy. But it is about revenue because a lost customer means loss of revenue and incurred expenses in making a new customer and an unhappy customer can damage the image and reputation of the business as a whole.

To sum up, CSD is the face of the bank. CSD is about how the organization delivers its product or service. It is a link between customers and other departments of the bank. It bridges between bank and customer. This unique feature makes CSD crucial department of the bank.

— Major Functions Performed at CSD

As described, the CSD is responsible to provide detailed information about the product and services of the bank to meet customer need and to make banking more convenient. The staff in the CSD must be capable enough to cope with every environment and at the same time needs to have good communication and interpersonal skills to build a good public relation. The major activities performed in the CSD are shown below:

Figure 4.1: Major Functions of CSD



Above mentioned are the major functions that must be performed by the staff placed in the CSD, similarly intern was also required to perform all this functionalities during the placement period at CSD. Thus, activities performed at CSD can be presented in the major categories as follows:

4.1.1 Customer Counseling

- Understanding the need of customers and determining the purpose of the visit
- Forwarding the customer to the concerned department as per their need
- Providing suggestion about the suitable deposit product for the customer
- Making the customer aware of the benefits and services available

- Informing the customers about the minimum balance required and service charges.
- Counseling about the various services provided by the banks and convincing about the utility of such services

4.1.2 Account Operation:

It can be categorized into account opening and account closing as described below.

4.1.2.1 Account Opening

The activities involved in account opening are highlighted below:

- Providing the account opening form along with the signature specimen card
- Verifying details in the account opening form by verbal queries with customer
- Cross matching details and forwarding the document for approval from the supervisor.
- Opening the account in the system using 'NEWTON' screen number '61100'
- Requesting the customer to deposit the amount by filling up the deposit slip
- Photo and signature card scanning and entering into the software

4.1.2.2 Annual Deposit Rate:

The table below shows annual interest rate of various deposit schemes of NBL.

Table 4.1: Annual Interest Rates of Deposit Schemes at NBL

S.No.	Deposit Type	Rate	Previous Rate
1.	Saving Deposit (Normal /Pension saving) (interest calculated on daily closing balance)	2.00%	2.25%
2.	NBL Diamond Saving	3.00%	3.25%
3.	Women Special Saving	3.00%	3.25%
4.	Yuva Bachat Khata	3.00%	3.25%
5.	Senior Citizens Special Saving	3.00%	3.25%
6.	Professional's Saving	3.25%	3.50%
7.	NBL Special Saving @	3.25%	3.50%
8.	Staff Saving / Staff Pension Saving	3.25%	3.50%

4.1.2.3 Requirement to Open New Account:

Customers are required to fulfill some basic requirement before they open their account. Those requirements are mentioned below:

For Personal Account:

- Personal Identification (Citizenship Certificate and 2 copies of photography/ 3 if the person is illiterate)
- Nominee Declaration (If any).
- Photocopy of receipt of payment bill of electricity or telephone or water or voting ID or

For Partnership Account

- Letter of Partnership duly signed by all partners
- Copy of the Partnership duly signed by all partners
- Copy of the Partnership Agreement
- Certified copy of Partnership Registration

Account of Corporate Bodies, Copy of:

- Memorandum and Articles of Association of the Company
- Resolution of Board of directors to open and operate an account
- List of directors duly signed by respective directors with home address and phone numbers
- Certificate of commerce of commencement of business

Accounts of clubs, societies and associates (all Documents to be duly certified by the charity)

- List of Office Bearers
- Copy of Resolution to open and operate the account
- Name and signature of persons authorized to operate the account
- Copy of the registration certificate

For Minors:

Guardianship to be verified with related documents:

Nominee Form:

- Photography of the nominee
- Signature of the nominee

For Clubs/Societies and Association:

- Copy of Registration Certificate
- Copy of By-laws
- Copy of Resolution to Open and operate the account
- List of members

For Partnership Account:

- Certificate of Partnership Registration
- Copy of Partnership Deed, if any

For Proprietorship Account:

- Registration Certificate
- Identification of Proprietors

4.1.2.4 Procedure of Account Opening

Whether it is the current account or saving account, it has followed certain procedure. The procedures of both the accounts are moreover similar.

- Filling up of account opening form with the specimen/signature card and KYC form.
- Verification of the form by checking whether each attribute required is properly filled or not.
- In the case of the current account, attributes are the name of the firm or individual, PAN/VAT no, minute, the stamp of the firm, etc.
- In the case of saving the account, attributes are the name of the individual, citizenship no or license no etc.
- Verification of the form and the documents by the senior authority.
- Entry of the information into the newton against the screen no. "16110".
- Obtain the registration number and enter in screen no. "300".
- Obtain the account number. starting with "2-10-...."(saving a/c) Or "2-11-...."(current a/c)
- Generation of the account number by the system.
- Communication of account number to the customers.
- Filling deposit slip of balance required.
- Record in the ledger book with required details.

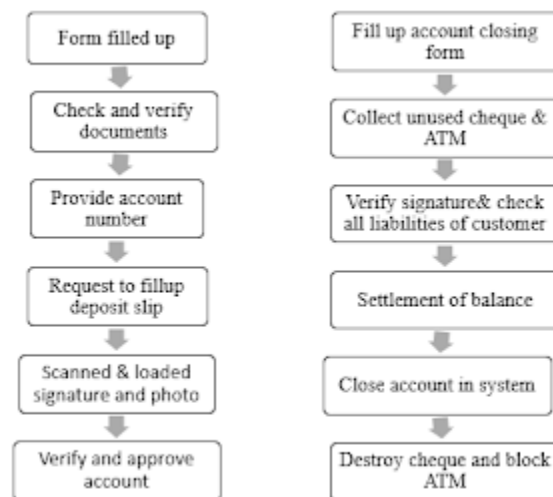
4.1.2.5 Account Closing

The activities involved in account closing are described below:

- Asking the customers about the reason for closing account and convincing the customer not to close account as far as possible by suggesting the alternative services available
- If the customer is willing to close his account, then providing the account closing form and getting it cleared from all the department 'without any objection'
- Informing the customer about the charges levied
- Collecting the belonging-related to account i.e. cheque book, ATM card, pass book if any
- Finally, the account is closed by handling the cash to the customer after debiting the account closing charge.

Above described activities for account opening and closing, procedures can be shown in the series of steps. It is shown in the figure below.

Figure 4.2 Procedures of Opening and Closing of an account



4.1.3 Distribution Activities

CSD performs distribution function in mainly three core area which is mentioned below:

4.1.3.1 Account Statement

Account statements are asked by the customer to determine the transaction record. An account statement provides only the account holder or to the bearer of the previously issued account statement signed by the account holder. It is printed from “screen no. 1450” in NEWTON.

4.1.3.2 Issuing Bank Certificate

Bank certificate is provided to an individual or a company if the person is going abroad. The transactions and balance of the account holder are certified by the bank for the concerned embassy. The balance certificate is the proof that the person has the certain balance on the account of NBL. In the balance certificate, the Nepalese currency which is available in the bank account of the respective customer is converted to the currency where the customer is going. For example: if the customer is going to Netherland then the Nepalese currency will be converted to the Euro currency and this conversion is done according to the rate of NRB.

4.1.3.3 Cheque Book Distribution

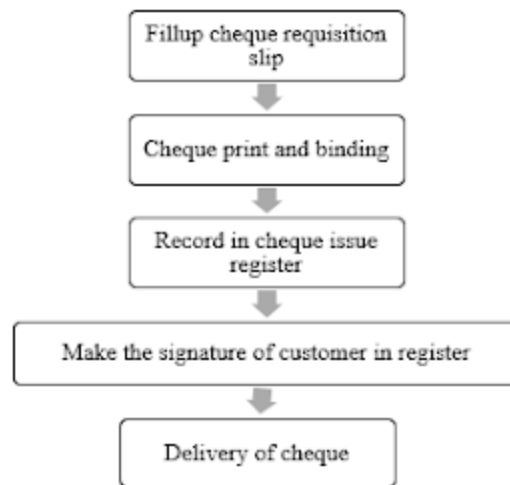
Cheque books are strictly handed over to the account holder only after getting the cheque disbursement register signed by the account holder, in person. However, the cheque requisite slip can be collected for the bearer, not necessary the account holder. Minimum balance required to issue a cheque book for saving account is rupees three thousand and that for the current account or call account is rupees five thousand.

→ Procedure for Issuance of Cheque Book

A cheque book is issued for a new account and for existing account holder on requests for new cheque book by submitting their cheque requisition. And the process includes:

- The account holder should be present while receiving cheque book.
- If the account holder is not able to present to collect the cheque s/he can assign the agent by providing agents name and signature in requisition slip.
- A number of leafs for the new account are provided as per the bank rule (10 leaves initially) and for old account number of leafs are provided as per the customers demand.
- Once chequebook becomes ready need to make the entry in the chequebook issue register.
- Cheque book needs to be finally rechecked at the time of handing over to the recipient.

Figure 4.3: Procedures in Cheque Distribution



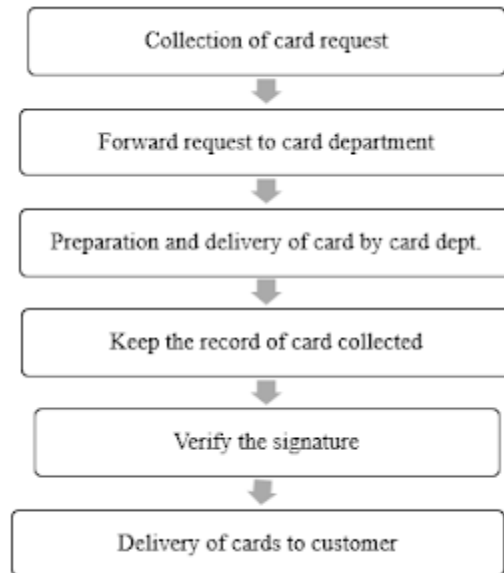
Following are the series of steps carried out in Newton to print cheques:

- enter "210" against screen number
- Click on issue
- Enter account number
- Enter account type (i.e. saving, current)
- Verify signature on demand slip with virtual signature card
- If matched, enter no. of slips to be printed.
- Paste or type the starting cheque number
- Click on send
- Confirmation code appears. Click on ok
- Click on print

4.1.3.4 ATM Distribution

ATM card is considered to be highly confidential and secured for the banks perspective. ATM cards are only handed over to the account holders only. It is provided after confirming the receipt by signing the register and the application form. It can be explained in a series of steps in figure 4.4 below.

Figure 4.4: Procedure for Issuing ATM Cards



4.1.4 Checking Balance

Many people come for the balance enquiry in the bank. Through CSD, account holders are provided the information regarding their balances as well as the date of deposit and withdrawal. The NBL software facilitates to show the balance of the respective branch only. This information is provided to the account holder only but if in case the account holder is unable to come then his representative can know the balance by bringing the application written by the account holder with his/her signature. If signature matches then only the information regarding balance will be provided. Balance inquiry is obtained from screen number "250". In case customer wants to inquiry balance of other branches, they need to visit counters (counters are provided with ABBS facility.)

4.2 Safe Deposit Vaults:

The valuable ornament and other valuable to its locker box very safely. Safe deposit vault provides protection for valuable commodities like jewels, medals, rare stamps and negatives for important photos and valuable documents like insurance policies, birth certificates, deeds, leases, contracts, bonds, CDs, etc. in the case of fire or theft. Lockers are miscellaneous services provided for safety and security of important and valuable items.

NBL provides various lockers of various prices that depend according to the size of the locker. Only the authorized person can enter into the locker that is supported by Code word given to the respective customer. It prohibits entry of unauthorized person entering into the locker.

Activities performed under this department are highlighted below:

- Registering date, time and signature in ledger according to application number

- Finding key and opening locker according to locker number
- Renewing locker for an expired date from account debiting the amount.
- Checking balance in every account of customer to maintain minimal locker amount(i.e. Rs10,000)
- If below the minimal requirement, an information slip is pasted in the respective ledger page of the applicant that can be noticed while signing before using the locker.
- Making bills for locker payment
- Posting rent payment into respective account books and register
- Removing pages in ledger for the restricted applicants(as per government order for corruption) to prohibit their entry
- Passing vouchers
- Rent payment debited from account is posted in required register and books
- At the end of each day, debit and credit amount is totaled in the register book. If not reconciled error is found to match the balance

4.3 Remittance Department

Remittance transfers help its customers to remit money from one place to another through agents appointed by the bank. The people working outside the country can send cash to their relatives through this service of the bank. It is a reliable service which helps to send money from one place to another. Remittances contribute to economic growth and to the livelihoods of needy people worldwide. Moreover, remittance transfers can also promote access to financial services for the sender and recipient, thereby increasing financial and social inclusion. Hence in the globalized world this department has a vital role.

Activities performed in Remittance Department are highlighted below:

- Provided clients with forms called 'Send Request Form' when they needed to send money to other places and 'Receive Request Form' when they needed to receive money sent from other places within the country (see annex I).
- Debit vouchers were filled up when the client was to be paid received money, credit vouchers to deposit money were filled when the client had to send money and double entry vouchers were filled when the received remitted money was to be directly deposited into the account.
- The secret key was generated and provided to the sender of the money in the process of sending money through banking software "Newton".
- Records of the transaction were kept in the remittance ledger book for reference.

- Hulas remittance (Western Union Money Transfer) form was provided to the clients when they had to receive money from other countries and helped them fill the form (see annex II).
- In the case of inward remittance, Head Office 13 (17010113) account is debited and customer's account is credited reverse is done in the case of outward remittance.
- At the end of the day, the debit amount must tally with payment amount recorded in excel. Similarly, credit amount must match with the total incoming amount.
- Helping customer fills up forms
- Entering the information into the system software

4.4 Problems Solved

Problems and organization are non-detachable terms. In performing day to day activities of the organization, one needs to tackle with various problems and challenges. While dealing with such problems, appropriate managerial skills need to be used to solve the problem in the effective and efficient way. During the internship period, the following problems were solved.

- **Problems related to the Wrong Information and Incomplete Information:**

Most of the customers had to face the problems due to the wrong information provided by other customers or due to the incomplete information. So, the major responsibility of the employee is to handle those customers and solve their problem by either providing the factual information or by providing the complete information as per their peculiarity of the case.

- **Problems related to the Trapping of ATM Cards:**

The ATM cards trapped in the other banks ATMs are collected in the CSD and they are dispatched to the respective persons by verifying their identity. Also, customers are helped to swap their card in a correct manner and change their pin codes.

- **Problems related to the Malfunctioning of the ATM Machines:**

Another problem that the CSD officer should face daily is to manage the angry customer who had to face problems due to malfunctioning of the ATM machine. The CSD officer clarifies the actual scenario and apologises if it is due to the fault of the machine otherwise point out the fault of the customer.

- **Problem-related to the Change of Rules and Regulations:**

The rules related to the operation of the banks, the interest rates, the charges are revised time to time to cope with the dynamic environment, but the customers don't easily accept the change.

Hence, the employee should inform the customer about the change, its need and relevance to the organization which is really a hard and tedious job to perform.

- **Problems related to the Mistakes done by Other Employees:**

“To err is human”, so, sometimes the other employees commit mistakes and make the customer dissatisfied. In that situation, the employee handles the grievances of that employees and tries to create the positive image in the mind of the customer.

- **Problems related to the Mistakes due to the Error in the System:**

Sometimes due to various reasons, the customer’s account would be debited twice for the same charge or something similar to this occurs. Also, sometimes the ATM Machine doesn’t provide the cash but the account is debited. These kinds of system errors make the customers dissatisfied and hence the dissatisfied customers arrive at the bank staffs and this kind of problems are to be handled by the employees.

- **Problems related to the Non-functioning of Various Services:**

Particularly in NBL, an employee should face difficult situation due to the malfunctioning of the SMS services as well as the E- Banking Services. Thus, staffs have to solve their respective problems.

- In CSD, it was time-consuming to find cheques. It is because cheques were arranged in order of cheques issued. But the order was broken when customers came to take cheques. Hence, as per the suggestion of internee, cheques were arranged in alphabetical order afterwards.

- In locker department, some customer’s keys were informed to be lost. Also court ordered from stop operation. In the case, print copy of “lost keys” and “Rock” was posted in the door of the locker. It prevented anybody from an opening locker.

Therefore, one sitting in various departments should always be ready to face and solve any kind of uncertain situation for the benefit of the customers and ultimately for the benefit of the Bank itself. And the internee had performed all the above-explained task and solved all the types of above explained problems as the assistant trainee of NBL.

CHAPTER FIVE

CONCLUSION AND LESSON LEARNT

5.1 Conclusion

Nepal bank limited begins the history of formal banking in the country and has been contributing its bit for the national development. During the seventy-seven years of functioning NBL has gone through various ups and downs, however, it has always contributed in the national growth with its activities. NBL services reach the extreme of the county to facilitate its customer and build the trust of individual and business houses for the commercial banking industry. NBL facilities and product prove themselves to be commendable from the above analysis. The financial position explained its profitability and market coverage which is appreciable for a bank with the history of some disastrous years. The recovery of the bank in terms of its financial position, its adaptation to technological advancement and customer trust shows that the bank has enormous opportunities and new heights to achieve

Intern at NBL experienced a great deal of corporate cultures in a friendly environments. Intern was involved in various departments gather practical experience about the functioning of those departments and the bank as a whole. This internship favored to get the practical acquaintance of the bank and its overall operation system. Learning under those experienced heads made the internee's work easy and internee was able to develop and represent as a member of the bank rather than just an intern.

Intern observed the various activities done at CSD that aid in the development of internee's interpersonal and communication skills. Placement at various departments made to be familiarized with overall activities; risk associated with the activities and the matter that needed a close monitoring in those departments. Working in "NEWTON" made the intern experience the pressure during the time of handling cash and dealing the customers crowd; also made the internee aware about the critical aspects of making payment, counting cash, checking authorized signature etc. Experience at CSD completed the knowledge of overall banking operation as intern analyzed the financial position of the branch, its income-expenses, and observed the activities of auditors and the information desired for auditing.

While concluding this report, the internee is intensely satisfied with the internship and its outcome. This experience will not only be beneficial today but also in the future also when the interne should work in the real life

5.2

Lessons

Learnt

The duration of internship lasted for around two months and during the course of the internship there were various lessons that intern was able to learn. This internship was a great opportunity for an intern to face real-life work scenarios after four years in the classroom, and it must be said that it was a great learning experience. Some of the lessons learnt during this time as an assistant trainee at NBL could be summarized as follows:

Knowledge Based Learning:

- Learnt the process of opening and closing account, issuing cheques, issuing bank statement, dealing with customers at CSD
- Learnt the procedures and requirements in locker department.
- Learnt the function of remittance department and the process of carrying out various remittance products like web remit, draft, scheduling, etc.
- Learnt the process of debit and credit posting, reimbursement in case of double posting etc. while using NEWTON.
- Learnt about the importance of CSD in the bank and its various activities i.e. cheque printing and distribution, transferring amount account, dealing with customers etc.
- Learnt and experienced the risk associated with handling NEWTON at the teller and understood the degree of patience and concentration need while working in the teller.

Skill-Based Learning

- Learnt how to operate banking system, i.e. NEWTON.
- Learnt the overall banking operation in various departments like Locker, CSD, and Remittance department.
- Learnt to use theoretical knowledge in practical working environment
- Learnt how to use the printer, fax machine, cheque writer, photocopy machine etc.

Behavioral Based Learning

- Learnt to handle customer visiting in the banks with different temperament, moods and queries
- Learnt the importance of time management and developed interpersonal and communication skills
- Learnt the importance of correlation among the various banking operation for the overall profitability of the banks

After the preparation of this report and experience gathered during the internship, internee has been able to understand the banking operation to some extent. Lessons learnt during internship period will be of great help while the internee starts her career in the financial sectors of any economy.

Concluding with the saying “the things that had been read 1000 times can be learned by hearing that 100 times or by writing it 50 times or watching it 10 times or by actually doing it only once” This saying is appropriate at this stage to express the lessons learnt during the internship period. In the internship, practically the work is either observed or done practically, which are the best means of learning. So, the internship program is successful in bringing the change in the

student closed in the boundary of the classroom by exposing them in the real and very difficult and challenging external job place.