



Cooperative Education Report

**Title: Scrutinization of expenditure & Daily
Reporting to Nepal Rastra Bank**

Written by
Mr. Kanchan K.C.
Student ID 5708040034

**This Report Submitted in Partial Fulfillment of the Requirements for
Cooperative Education, Faculty of Business Administration
Academic Semester 2/2017
Siam University**

Title . Scrutinization of expenditure & Daily Reporting to Nepal Rastra Bank

Written by Kanchan K.C.

Department .Finance & Planning Department

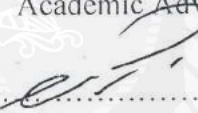
Academic Advisor Woraphum Saengkaew

We have approved this cooperative report as a partial fulfillment of the cooperative education program semester 2/2017

Oral Presentation Committees

Woraphum Saengkaew
.....
(Woraphum Saengkaew.....)

Academic Advisor

 22nd May, 2018

(Sanjeeb Maharjan)

Job Supervisor

Kanokpoj L. Khakhai
.....
(Kanokpoj Lynda Khakhai.....)

Cooperative Committee



(Asst.Prof. Maruj Limpawattana, Ph.D.)

Assistant President
and Director of Cooperative Education

Project Title: Scrutinization of expenditure & Daily Reporting to Nepal Rastra Bank

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By: Mr. Kanchan K.C.

Advisor: Mr. Worapoom Sangkaew

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Abstract

The internship was conducted at NMB Bank Limited, which is widely known bank in Nepal and was awarded as the best bank for 2017. The main objective of this internship was mainly to gain practical knowledge on the function of Finance & planning Department. Also, it was also to learn about the Scrutinization of Expenditures. Similarly, the other objective was to learn about the Daily INR Reporting Process and analyzing the Report. In order to achieve the above objectives with concrete outcomes, this study is designed as qualitative study as I got to complete my internship and study by achieving all the objectives I had for this study. This report shows various activities that are performed in the Finance and Planning department of the Financial Institution. The scope of this report is limited to overall description of the bank, services and position in the Nepalese Market.

Keyword: Financial and Planning/ Qualitative study

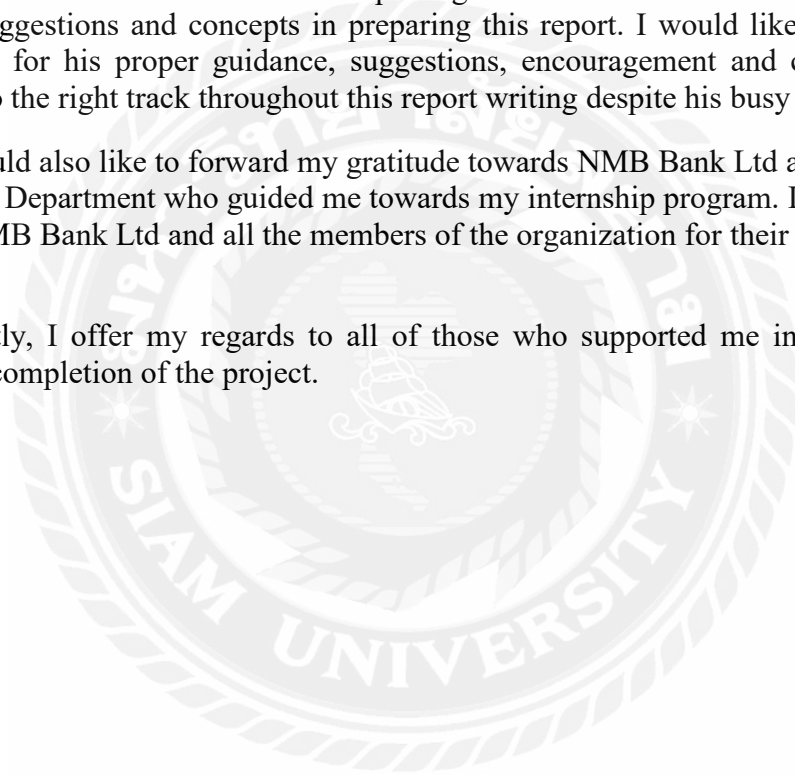
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CHAPTER 1: INTRODUCTION

1.1 Company Profile

A bank is a financial institution that primarily accepts deposits and credit card. Banks also provide financial services like wealth management, currency exchange, etc. There are two types of banks and they are Commercial Banks which are also called Retail banks and the other one is Investment Bank. Generally, banks are regulated by the central bank of the nation.

The Central bank is responsible for the current stability, controlling inflation and monetary policy and overseeing money supply. The Central Bank of Nepal is Nepal Rastra Bank (NRB) which makes various guidelines for the banking sectors of Nepal. One of the main objective of NRB is to formulate necessary monetary and foreign exchange policies to maintain the stability in the prices and to further enhance the public confidence in Nepal's entire banking and financial system. The NRB helps in maintaining a sound banking and financial system in. It also plays a major role in providing information to the public.

In this competitive banking sector, NMB is "Our success makes us more committed to your success" by defining new levels of services. NMB Bank Limited, is licensed as the "A" class financial institution by Nepal Rastra Bank (NRB) in the Year 2008 and has been operating in the Nepalese financial market for over twenty years as one of the leading commercial banks in the banking industry. NMB Bank has a Joint Venture agreement with Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO) which holds 20% of the bank's share and is the largest shareholder of the bank. The alliance with FMO positions the NMB Bank to become the market leader in managing environmental & social risks and the leading player in renewable energy and agribusiness. It was awarded "Bank of the Year – 2017" by The Banker, Financial Times, London.

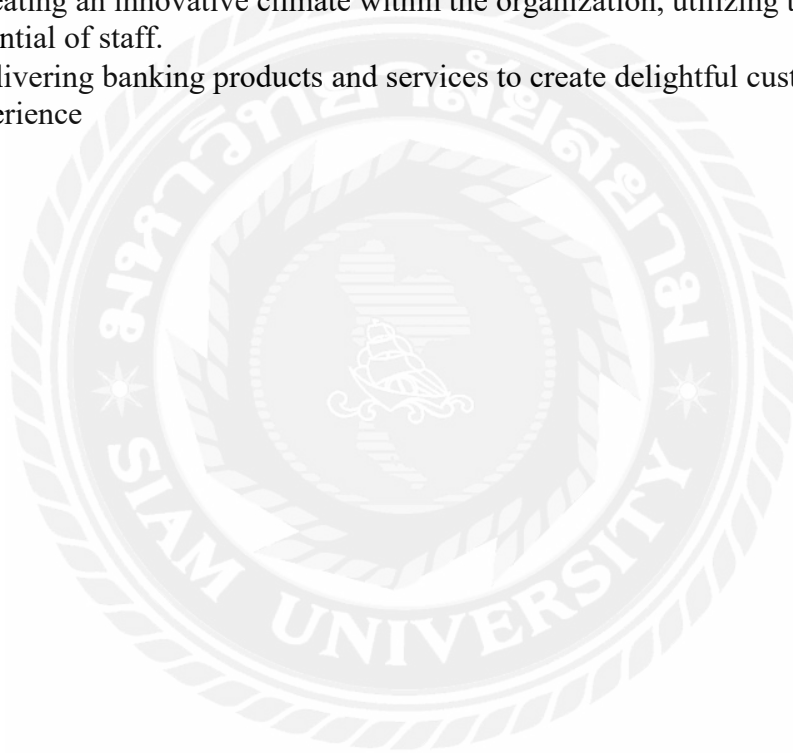
NMB Bank LTD. Provides personal and business products and services which includes savings account, fixed deposits, recurring deposit, and loans; Home loan, Auto loan, Education loan, loan against a fixed deposit, Medical emergency loan, etc. Apart from these services and loans, it also provides locker service, visa card discounts online banking like E-banking, mobile banking, etc. NMB Bank also has Priority Banking and Bancassurance.

Vision

Building communities through responsible banking, preferred by all stakeholders, enabling customers and clients achieve their financial goals thus contributing towards prosperous Nepal.

Mission

- Helping clients and customers to achieve financial security
- Strengthening and promoting sustainable socio economic development by working actively with local and international stakeholders
- Being responsible for bringing about positive environmental and social impacts
- Promoting self reliance through financial products for real economy
- Creating an innovative climate within the organization, utilizing the skills and potential of staff.
- Delivering banking products and services to create delightful customer experience



1.2 Organizational Structure

Organizational structure is a system used to define a hierarchy within an organization. It identifies each job, its function and where it reports to within the organization. This structure is developed to establish how an organization operates and assists an organization in obtaining its goals to allow for future growth. The structure is illustrated using an organizational chart.

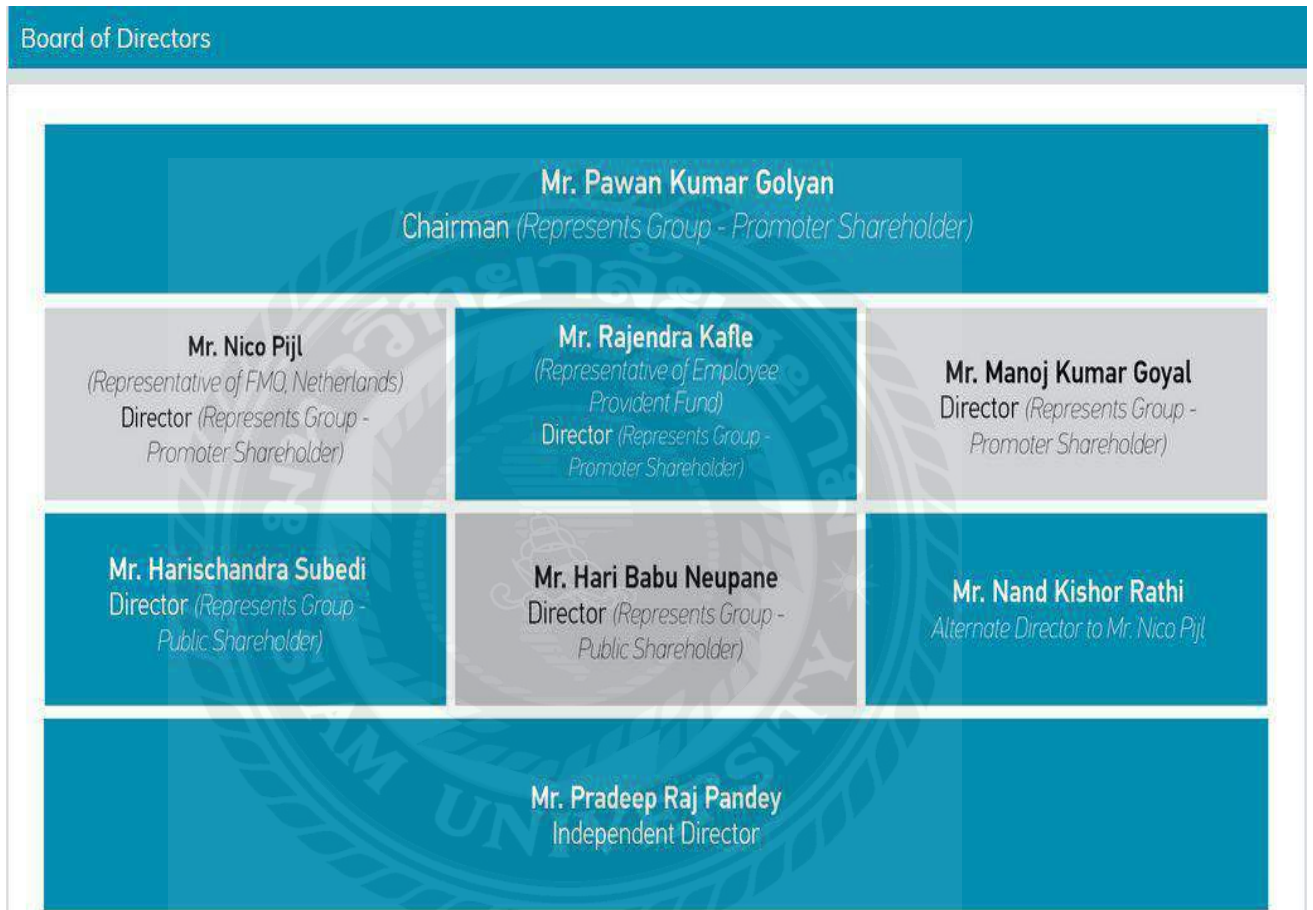


Figure 1: Board of Directors

The Executive Management Team of NMB is shown below:



Figure 2: Management Team

According to the Fiscal Year 2015/16, NMB has 39.99% of Public owners and 60.01% are promoter owners. Similarly, the Current Shareholdings of NMB is categorized as shown below:

- FMO-Netherlands 20.00 %
- Employees Provident Fund 8.07 %
- Yong Lian Realty, Malaysia 6.16 %
- Others 65.77 %

NMB Bank Ltd. has 104 branches all over the Nepal and it has 81 ATM booths.

1.3 Statement of the Report

My main purpose of this internship was to learn about the theoretical learning and the practical learning about the Finance & Planning and its role in a bank. This internship has cleared my visions about the differences between the theoretical learning and practical learning about the function of F&P and its role in a bank. Not only that, I had many objectives that I wanted to fulfill before doing my internship and I had expected some outcomes/ results after my internship was finished. Indeed, some of my objectives were fulfilled and I got good results as well but despite that I clearly got to know about the role of F&P in a bank and how much the function of an F&P department makes difference in a bank.

I had the theoretical knowledge about the F&P department, its functions and the roles of it in a bank but I rarely had the practical learning and skills to work in a F&P department and how it really works in a real life situation and how do banks deal with it. The major purpose of this report is not only to learn new things and gain practical skills but is also to bring out the fact that in every practical learning has the back of theoretical learning. Theoretical learning is the backbone for practical learning because if you do not have theoretical learning about anything then it is almost impossible for you to work practically because you should have a basic knowledge about what the work is about. If I also did not had any theory knowledge about the F&P then doing this internship would be a very difficult job for me and I would not be able to learn anything. Thus, I think doing an internship and putting your theoretical knowledge on practice is a must for every students.

1.4 Objectives of the study

While joining NMB Bank Lt., I wanted to learn as much as possible mainly about the Finance & Planning department and how does it function. I wanted to put the theoretical knowledge that I had learned during lectures into practice and to analyse the results. It will help us build our career. It is the period when we will be able to groom ourselves and become ready to join the real world. During the internship period, I had planned to achieve the following goals:

- To learn more about what happens in the banking sector and compare it to the theoretical knowledge obtained in the lectures
- To learn about the role of Finance & Planning in the Bank.
- To learn as much as possible about the settlements of the expenditures and the process of Daily Reporting to the Central Bank.

1.5 Expected Outcomes

Doing my internship in Finance & planning department has been more beneficial for me as I did my BBA majoring Finance & Banking. Thus, I have many expected outcomes among which some of them are as follows:

1. One of the expected outcome is to gain practical and more knowledge on the process of petty cash and advance payment settlements and their major role in the accounts section of Finance & Planning department.
2. Another expected outcome is to know the process of daily reporting to the central bank and the how the Indian currency is reported at the bank.
3. The third expected outcomes would be to know the amount of dollars a banks sells to the customers and its impact.
4. Fourthly, the main expected outcome would be the function of Finance and Planning department as a whole and its role in the bank.

1.6 Limitation of the study

While doing my internship at NMB Bank, I got to learn many things from the staffs and seniors about how does the Finance & Planning Department works and its role in the bank. I also got to learn new things and have practical knowledge about the things I had learned in theory during my lectures. There were somehow some limitations that I found while doing my internship and they are:

1. Selective tasks were only given to me such as the corrections while settling down the expenses of the company and excel entries but I was not accessed to the system of the company which was a slight disadvantage for me.
2. Restricted access to company's information resulting.
3. Repetitive work was there because I was accessed to only specific works to be done.
4. Resulting in poor centralized flow of information.

CHAPTER 2: Literature Review

2.1 Related Theories

Hinterhuber and Liozu Theory: Through the research on 2014, Hinterhuber and Liozu explained advance payments as “innovation in pricing may be a company’s most powerful—and, in many cases, least explored—source of competitive advantage” where it can jointly increase the customer satisfaction and profits of the company.

In their theory, they have also discussed about innovation pricing relying over the Advance Payments Systems (APS) where companies predict customer’s future consumption over the longer period which usually happens to be a year and derive a series of uniform, smaller advance payments over that period. Systems like these have increased in the European countries and the US utility markets have expanded their real estate (expenses paid in advance) and the credit market.

This theory also says that APS requires exact consumption measures at the end of the period only and they potentially decrease operating cost. Similarly, the Hinterhuber and Liozu theory also states that the APS can be adopted by the companies that offer recurring services and which wants to do payment in time. With this study, Hinterhuber and Liozu have investigated whether the customers prefer refunds or extra payments by examining their attitudinal and behavioral reactions to both types of sequences, in the form of changes in price awareness, the likelihood of recommending the company, and the probability of churn and switching tariffs.

In this theory, firstly they have presented three theoretical lenses to derive distinct hypotheses about customers’ preferences for advance payment sequences: prospect theory, mental accounting, and the value of sequences. Secondly, their findings of customers’ positive reactions to small refunds and negative reactions to large refunds can be best described by the silver lining principle, derived from prospect theory and the value of sequences. This article is the first to confirm the predictions from these theories with large scale field studies and to reveal the consequences of customers’ preferences, beyond choices on key success measures such as price awareness, likelihood of recommendation, and tariff switching.

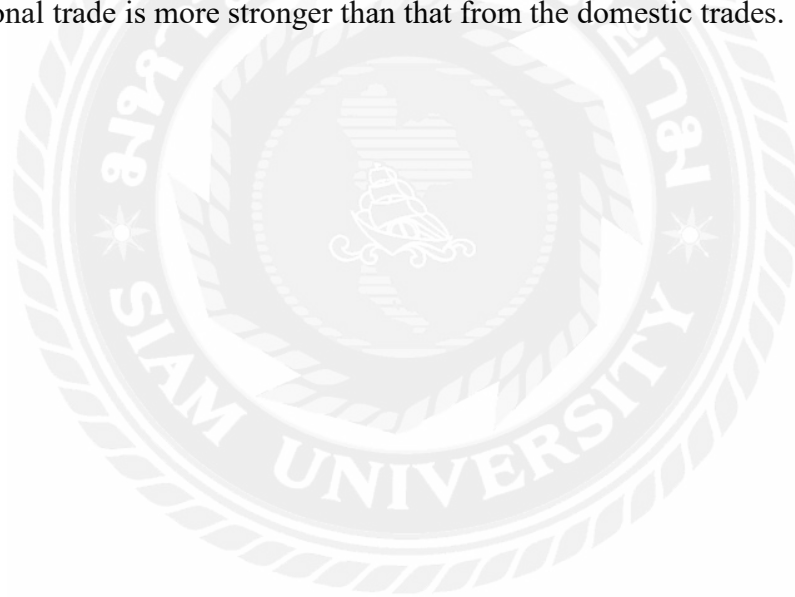
Schmidt-Eisenlohr Theory: This theory is about the payment choices in international trade which had evidences from Cross-country Firm Level Data. In this theory, Schmidt-Eisenlohr shows theoretically how firms trade off the difference between financing costs and enforcement across countries while deciding about the contract.

In this theory, it states that if the Cash in Advance or Advance Payment is chosen, then the importers will finance the transactions and a problem of moral hazard will arise on the side of the exporters. Whereas, the Post-delivery payment implies the reverse. Therefore, the payment contracts can be a way to overcome the institutional impediments to the trades for the firms.

The optimal payment contract choice therefore depends upon the relative financing costs and the probabilities of contract social control of the buyer and the seller, respectively. In the case where the buyers and sellers are in the same country, the differences only reflect firm level variations in access to finance and contract enforce ability. But if the buyers and sellers are located in different countries, then the choices are also affected by country level variables. Therefore, country level characteristics have larger influence on the payment contract for international sale than for domestic sales.

The Cash in Advance corresponds to a full prepayment by the buyer. Which means the buyer pays the amount to the seller before the delivery of the product. The seller defaults on the contract, but the seller is forced to deliver the goods to the buyers anyways.

Thus, the optimal payment contract choices depend on the relative financing costs. Not only that, it also depends on the probabilities of contract enforcement of the buyers and the sellers. The differences only reflect the firm level variations in access to finance and contract if the buyer and seller are in the same country. For international sales, they have larger influences on the payment contract than that from the domestic sale due to country level characteristics. Thus the payment choice in international trade is more stronger than that from the domestic trades.



CHAPTER 3: Methodology

3.1 Roles and Responsibilities assigned by company

I did my internship at the Finance and Planning department which has 3 sections: Accounts section, Reporting section and the Management Information System (MIS). I worked under Accounts Section and Reporting section where I was given some activities to be completed.

Accounts Section:

1. Scrutinization of bills and preparation of petty cash and advance payments batches for accounting entry.

In accounts section, I as given the responsibility of scrutinizing/ checking the bills of petty cash or advance payments in order to create batches for the accounting entries. While checking the bills of petty cash and advance payments, there were certain things I had to look upon. All the expense calculations and the bills of petty cash and advance payments are sent to the finance and planning department of the head office where all the expenses are centralised and the batches are created.

So, while scrutinizing the bills of petty cash, the total bill should not exceed Rs. 500, it should be signed by the Branch Manager (BM) and by OIC of the branch. Similarly, the date should be of until the Fiscal Year and almost all the bills should be pan bill. After all these main things are checked, the batch transactions should be made in the Excel sheet in order to settle the amount. In the batch transaction, the Branch code and the main code should be coded which can be found in the bank's system named PUMORI. Every branch has different code so we should be very careful while creating batch because if wrong branch code is entered then the amount will be settled for another branch.

Similarly, while scrutinizing the bills of advance payment, the bill amount is more than Rs. 500 and sometimes it can also be upto Rs 100,000, it should be signed by the Branch Manager (BM) and by OIC of the branch. All the bills in advance payments should be pan bills and they should be original copy, second copy or bills without pan numbers will not be accepted and the settlement of the advance payment amount will be stopped for the time until the branch sends the original copy pan bill. Like that of petty cash, after all the criterias are fulfilled in scrutinizing the bills, then batch transactions are created in order to settle the advance payments amounts.

2. Updating Purchase Register and Manager's Cheque:

Purchase Register is updated after the batch transactions of the cash settlements of the vendors are printed and signed by the head of the Finance & Planning department. Purchase register is usually updated of those vendor's whose amount of more than Rs 100,000 has been settled of a year. Purchase Register is all about recording the transactions of those vendors whose amount is exceeding 1 lakh.

Reporting Section:

1. Preparation of Daily INR Report:

The other activity I did during my internship is under the Reporting section where I did the Daily INR Reporting. In Daily INR Reporting we keep the records of the amount of INR that the Indian bank holds everyday. It is basically about checking the total amount of INR that is the Indian Rupees which helps us to know the inflow and outflow of the Indian Rupees. The inflow and outflow of the INR and the total amount of INR that the bank holds is known by the closing figure/ closing amount of the previous day. The daily INR report which are prepared by the bank are sent to the central bank of Nepal i.e. Nepal Rastra Bank.

2. Preparation of Payment Against Passport Facilities Report:

The Payment against Passport Facilities (PPAT) Report helps the bank to know the amount of dollars the customers has bought from the bank and for what purposes. Most of the customer's purpose of buying dollars from the bank is mainly for vacations and travels over different countries or for the students flying abroad. While selling the dollars to the customers, the total amount of dollar that a customer can get from the bank at a time is \$2500 only. The limit for the selling of the dollar for the customer is \$2500 and it should not increase more than \$2500. According to what I found while preparing the PPAT Report is that many customers buy \$2500 and many customers who are going abroad for studies have been going to Australia and the other customers who are going vacation are going to Thailand or Singapore. After the PPAT report is prepared, it is sent to NRB.

3.2 Project Details

I got a lot of opportunities regarding work during my internship and I also got to learn a lot about the practical learning about the Finance & Planning department. I got lots of woks assigned by my supervisor, where I completed my works on time and helped solve the problems that raised in their own work as well. No, there were not special projects/ assignment given to me during my internship period while working at NMB Bank Ltd.

CHAPTER 4: RESULTS AND DISCUSSION

4.1 Contribution made during internship

The interns get opportunities to learn new things and also to contribute some knowledge they have gained in the past. Even I got to learn different things and got to gain new knowledge on works assigned and also to contribute my knowledge on the related works.

During my internship, I have made lots of contributions at the workplace but some of the contributions I made during my internship are that I contributed my theoretical knowledge I had about Finance and Planning and tried to use it during the practical work I was given. I always looked forward in asking questions regarding the work I was given as I wanted to have more practical knowledge about the function of the department and the works I was given to. I also helped the staffs with their work when needed and completed all my given tasks on time.

Similarly, I worked professionally and made good relationship with all the staffs and seniors as well because making connections and good relationships with the staffs and senior level staffs is always a plus point for any individual. Not only that, I too gave some suggestions to some of the problems that the staffs were dealing with and gave my opinion when needed.

4.2 Details of related learning process and new knowledge received

Talking about the learning process during my internship period, I got to learn a lot of things from the staffs and the supervisor himself. My learning process in this internship went really smooth and it was productive as well as effective. During this internship period, I not only got to have knowledge about the works I was assigned to, in fact I also got to learn about other things from my supervisor and the staffs.

One of the most important thing I have learned from my internship is the new skills on fulfilling the tasks of the company and the knowledge on how the system of the company works while doing tasks. Another thing I learned or got from this internship is knowing new people and people from finance field such as senior employees, department heads, managers etc.

One of the knowledge I gained during my internship is about the financial process of the bank and how it works. Despite of having theoretical knowledge about the financial process, I did not had enough practical knowledge about the financial process that takes place in the bank.

Since I worked in a bank which is a working environment where all the staffs need to work professionally due to which I have learned a lot of things about being professional and how to present you professionally.

CHAPTER 5: CONCLUSIONS

5.1 Self – assessment as future professional

The self- assessment for me after working in this workplace is mainly to discover the VIPs that are the Values, Interests and Personalities. I will first discover whether I am flexible working hours or not, how important is my work-life balance for me. Similarly, talking about the interests, I need to eye on my future fulfillment and find out the most fulfilling and enjoyable thing I like the most. And lastly, talking about the personality I need to first discover whether I prefer to lead or follow the leader, whether I prefer to work as a part of a team or alone etc.

After discovering my VIPs and knowing my values, interests and personalities, the other assessment I would do as future professional is to review my accomplishments to uncover skills to my success. So, I need to find or discover my key abilities, talents and strengths, whether I prefer to communicate in writing verbally. Also, I will also discover my transferable skills such as organizational skills, communication, writing and problems solving skills which can be applied in all the companies in which I will be working in the near future.

5.2 Comparison of Practical learning vs theory

Theoretical knowledge and practical learning goes hand on hand because once you have theoretical knowledge about something then you can easily put it into practical learning. But if you do not have theoretical knowledge then it gets really hard for you to learn things practically as you will not have any basic knowledge about the certain topic or certain work.

Some of the comparison between Practical learning and theory are that while starting a business, everyone should have theoretical knowledge before knowing about it practically because theoretical knowledge is the base knowledge you need to know before launching the company and to know on how to target the customers. Theoretical knowledge is essential for a person to start a company in order to know how to make projections of profit, losses and growth. But on the other hand, along with these theoretical knowledge, practical learning guides you with the steps which are involved in achieving the goals.

Another comparison between practical learning and theory is that in theoretical knowledge, theory is only about the assessments and just the basic knowledge on some topic or work due to which you will not have skills regarding that work. Whereas, in practical learning, you will get the skills by putting the theory knowledge into practice due to which our working abilities will be improved and you will be a desirable employee because you will be having good skills over work which will make your work efficient and effective.

Regarding career preparation, if you have a theory knowledge about many things but you do not have any practical skills with you then having a good career is really very hard because before choosing an employee every company looks forward in having skilled employee in their company. Therefore, having a practical learning along with theoretical knowledge is very important as you will be able to prepare well for your career and you will get opportunities in different work fields as well.

Thus the above described are some of the comparisons between practical learning and theory which everyone should have idea about and even I have learned about the differences between the theoretical and practical learning along with their pros and cons. I believe that you have learned nothing until you are capable of applying it in the real world.



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Bibliography



Name-Surname:Kanchan K.C.

Student ID:5708040034

Email: kanchan2018@kcm.edu.np

Department: Finance and Banking

Faculty: BBA

Address: Tinkune, Kathmandu, Nepal

Rewards:

Special interests:



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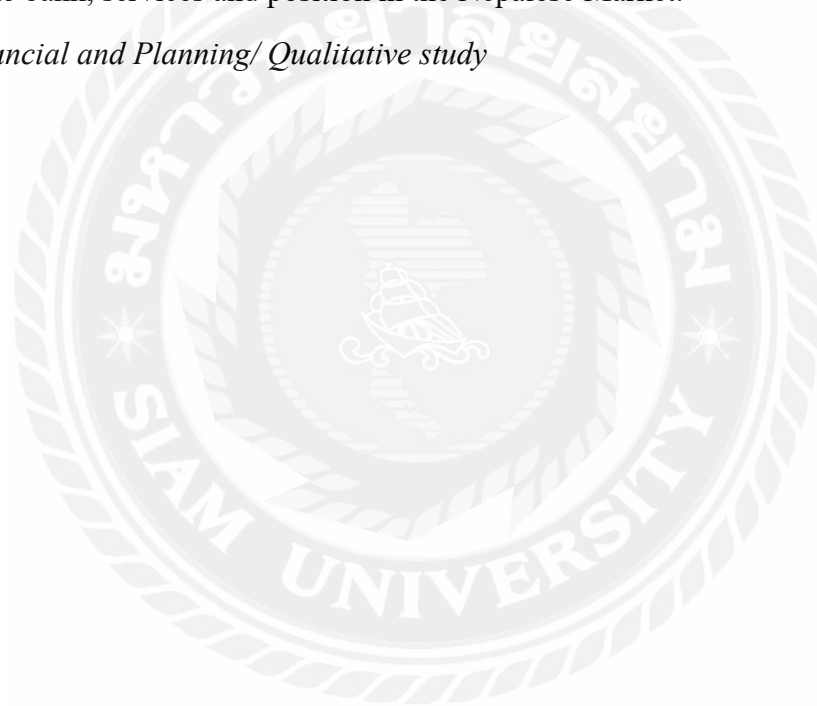
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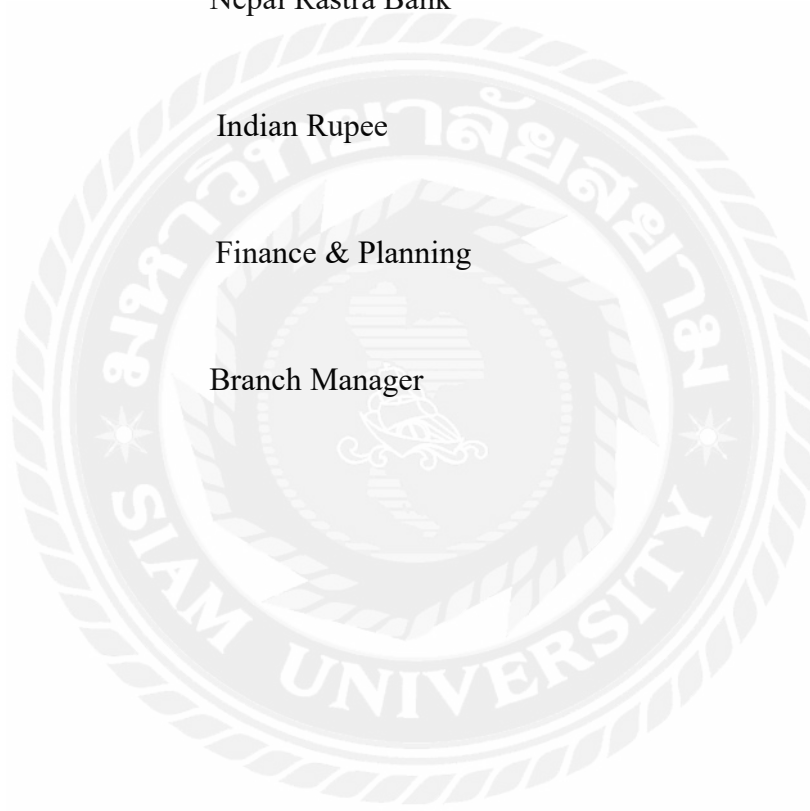
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ABBREVIATIONS

FMO	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden
BBA	Bachelor of Business Administration
NRB	Nepal Rastra Bank
INR	Indian Rupee
F&P	Finance & Planning
BM	Branch Manager



CHAPTER 1: INTRODUCTION

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NMB Bank LTD. Provides personal and business products and services which includes savings account, fixed deposits, recurring deposit, and loans; Home loan, Auto loan, Education loan, loan against a fixed deposit, Medical emergency loan, etc. Apart from these services and loans, it also provides locker service, visa card discounts online banking like E-banking, mobile banking, etc. NMB Bank also has Priority Banking and Bancassurance.

Vision

Building communities through responsible banking, preferred by all stakeholders, enabling customers and clients achieve their financial goals thus contributing towards prosperous Nepal.

Mission

- Helping clients and customers to achieve financial security
- Strengthening and promoting sustainable socio economic development by working actively with local and international stakeholders
- Being responsible for bringing about positive environmental and social impacts
- Promoting self reliance through financial products for real economy
- Creating an innovative climate within the organization, utilizing the skills and potential of staff.
- Delivering banking products and services to create delightful customer experience



1.2 Organizational Structure

Organizational structure is a system used to define a hierarchy within an organization. It identifies each job, its function and where it reports to within the organization. This structure is developed to establish how an organization operates and assists an organization in obtaining its goals to allow for future growth. The structure is illustrated using an organizational chart.



Figure 1: Board of Directors

The Executive Management Team of NMB is shown below:

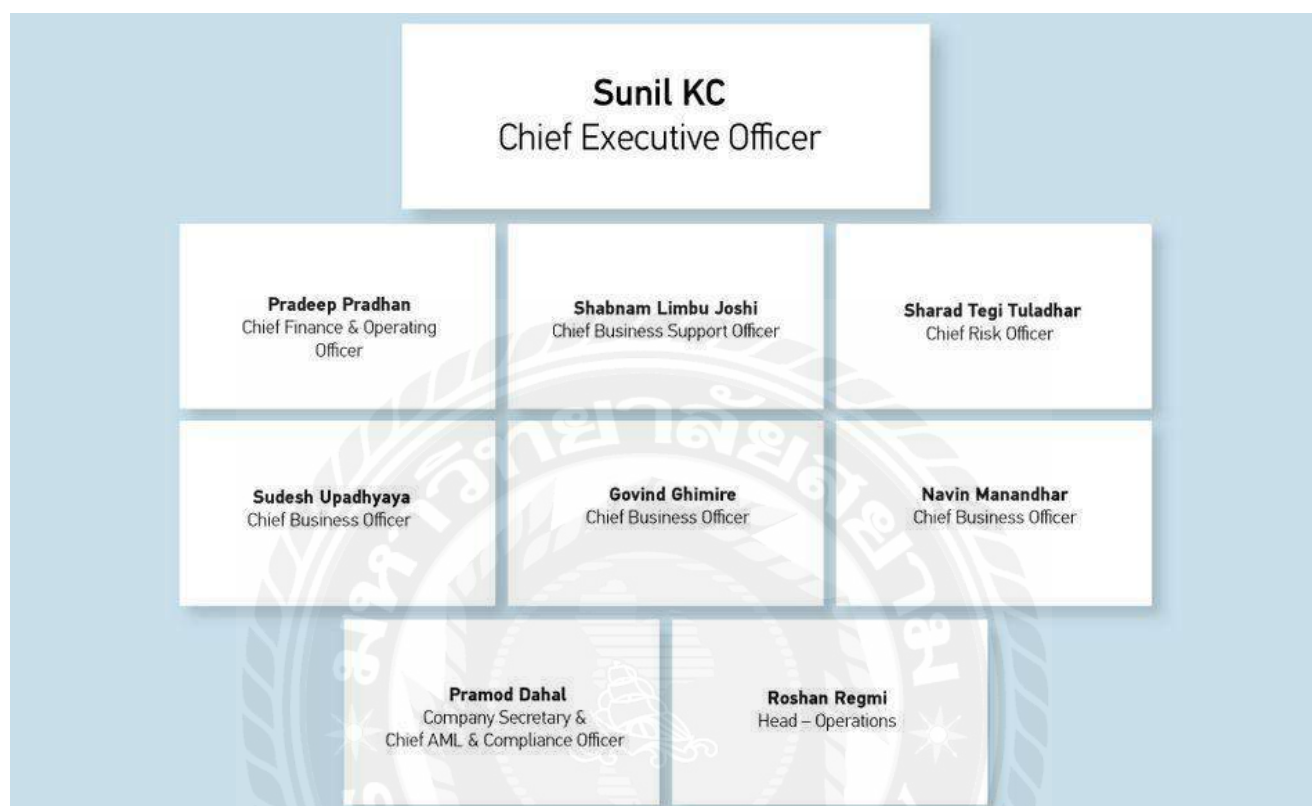


Figure 2: Management Team

According to the Fiscal Year 2015/16, NMB has 39.99% of Public owners and 60.01% are promoter owners. Similarly, the Current Shareholdings of NMB is categorized as shown below:

- FMO-Netherlands 20.00 %
- Employees Provident Fund 8.07 %
- Yong Lian Realty, Malaysia 6.16 %
- Others 65.77 %

NMB Bank Ltd. has 104 branches all over the Nepal and it has 81 ATM booths.

1.3 Statement of the Report

My main purpose of this internship was to learn about the theoretical learning and the practical learning about the Finance & Planning and its role in a bank. This internship has cleared my visions about the differences between the theoretical learning and practical learning about the function of F&P and its role in a bank. Not only that, I had many objectives that I wanted to fulfill before doing my internship and I had expected some outcomes/ results after my internship was finished. Indeed, some of my objectives were fulfilled and I got good results as well but despite that I clearly got to know about the role of F&P in a bank and how much the function of an F&P department makes difference in a bank.

I had the theoretical knowledge about the F&P department, its functions and the roles of it in a bank but I rarely had the practical learning and skills to work in a F&P department and how it really works in a real life situation and how do banks deal with it. The major purpose of this report is not only to learn new things and gain practical skills but is also to bring out the fact that in every practical learning has the back of theoretical learning. Theoretical learning is the backbone for practical learning because if you do not have theoretical learning about anything then it is almost impossible for you to work practically because you should have a basic knowledge about what the work is about. If I also did not had any theory knowledge about the F&P then doing this internship would be a very difficult job for me and I would not be able to learn anything. Thus, I think doing an internship and putting your theoretical knowledge on practice is a must for every students.

1.4 Objectives of the study

While joining NMB Bank Lt., I wanted to learn as much as possible mainly about the Finance & Planning department and how does it function. I wanted to put the theoretical knowledge that I had learned during lectures into practice and to analyse the results. It will help us build our career. It is the period when we will be able to groom ourselves and become ready to join the real world. During the internship period, I had planned to achieve the following goals:

- To learn more about what happens in the banking sector and compare it to the theoretical knowledge obtained in the lectures
- To learn about the role of Finance & Planning in the Bank.
- To learn as much as possible about the settlements of the expenditures and the process of Daily Reporting to the Central Bank.

1.5 Expected Outcomes

Doing my internship in Finance & planning department has been more beneficial for me as I did my BBA majoring Finance & Banking. Thus, I have many expected outcomes among which some of them are as follows:

1. One of the expected outcome is to gain practical and more knowledge on the process of petty cash and advance payment settlements and their major role in the accounts section of Finance & Planning department.
2. Another expected outcome is to know the process of daily reporting to the central bank and the how the Indian currency is reported at the bank.
3. The third expected outcomes would be to know the amount of dollars a banks sells to the customers and its impact.
4. Fourthly, the main expected outcome would be the function of Finance and Planning department as a whole and its role in the bank.

1.6 Limitation of the study

While doing my internship at NMB Bank, I got to learn many things from the staffs and seniors about how does the Finance & Planning Department works and its role in the bank. I also got to learn new things and have practical knowledge about the things I had learned in theory during my lectures. There were somehow some limitations that I found while doing my internship and they are:

1. Selective tasks were only given to me such as the corrections while settling down the expenses of the company and excel entries but I was not accessed to the system of the company which was a slight disadvantage for me.
2. Restricted access to company's information resulting.
3. Repetitive work was there because I was accessed to only specific works to be done.
4. Resulting in poor centralized flow of information.

CHAPTER 2: Literature Review

2.1 Related Theories

Hinterhuber and Liozu Theory: Through the research on 2014, Hinterhuber and Liozu explained advance payments as “innovation in pricing may be a company’s most powerful—and, in many cases, least explored—source of competitive advantage” where it can jointly increase the customer satisfaction and profits of the company.

In their theory, they have also discussed about innovation pricing relying over the Advance Payments Systems (APS) where companies predict customer’s future consumption over the longer period which usually happens to be a year and derive a series of uniform, smaller advance payments over that period. Systems like these have increased in the European countries and the US utility markets have expanded their real estate (expenses paid in advance) and the credit market.

This theory also says that APS requires exact consumption measures at the end of the period only and they potentially decrease operating cost. Similarly, the Hinterhuber and Liozu theory also states that the APS can be adopted by the companies that offer recurring services and which wants to do payment in time. With this study, Hinterhuber and Liozu have investigated whether the customers prefer refunds or extra payments by examining their attitudinal and behavioral reactions to both types of sequences, in the form of changes in price awareness, the likelihood of recommending the company, and the probability of churn and switching tariffs.

In this theory, firstly they have presented three theoretical lenses to derive distinct hypotheses about customers’ preferences for advance payment sequences: prospect theory, mental accounting, and the value of sequences. Secondly, their findings of customers’ positive reactions to small refunds and negative reactions to large refunds can be best described by the silver lining principle, derived from prospect theory and the value of sequences. This article is the first to confirm the predictions from these theories with large scale field studies and to reveal the consequences of customers’ preferences, beyond choices on key success measures such as price awareness, likelihood of recommendation, and tariff switching.

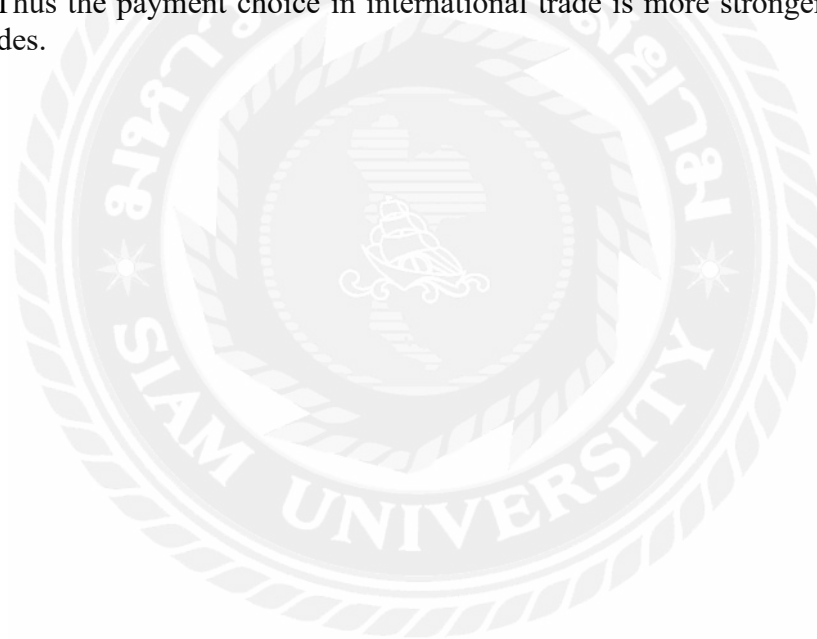
Schmidt-Eisenlohr Theory: This theory is about the payment choices in international trade which had evidences from Cross-country Firm Level Data. In this theory, Schmidt-Eisenlohr shows theoretically how firms trade off the difference between financing costs and enforcement across countries while deciding about the contract.

In this theory, it states that if the Cash in Advance or Advance Payment is chosen, then the importers will finance the transactions and a problem of moral hazard will arise on the side of the exporters. Whereas, the Post-delivery payment implies the reverse. Therefore, the payment contracts can be a way to overcome the institutional impediments to the trades for the firms.

The optimal payment contract choice therefore depends upon the relative financing costs and the probabilities of contract social control of the buyer and the seller, respectively. In the case where the buyers and sellers are in the same country, the differences only reflects firm level variations in access to finance and contract enforce ability. But if the buyers and sellers are located in different countries, then the choices are also affected by country level variables. Therefore, country level characteristics have larger influence on the payment contract for international sale than for domestic sales.

The Cash in Advance corresponds to a full prepayment by the buyer. Which means the buyer pays the amount to the seller before the delivery of the product. The seller defaults on the contract, but the seller is forced to deliver the goods to the buyers anyways.

Thus, the optimal payment contract choices depend on the relative financing costs. Not only that, it also depends on the probabilities of contract enforcement of the buyers and the sellers. The differences only reflects the firm level variations in access to finance and contract if the buyer and seller are in the same country. For international sales, they have larger influences on the payment contract than that from the domestic sale due to country level characteristics. Thus the payment choice in international trade is more stronger than that from the domestic trades.



CHAPTER 3: Methodology

3.1 Roles and Responsibilities assigned by company

I did my internship at the Finance and Planning department which has 3 sections: Accounts section, Reporting section and the Management Information System (MIS). I worked under Accounts Section and Reporting section where I was given some activities to be completed.

Accounts Section:

1. Scrutinization of bills and preparation of petty cash and advance payments batches for accounting entry.

In accounts section, I as given the responsibility of scrutinizing/ checking the bills of petty cash or advance payments in order to create batches for the accounting entries. While checking the bills of petty cash and advance payments, there were certain things I had to look upon. All the expense calculations and the bills of petty cash and advance payments are sent to the finance and planning department of the head office where all the expenses are centralised and the batches are created.

So, while scrutinizing the bills of petty cash, the total bill should not exceed Rs. 500, it should be signed by the Branch Manager (BM) and by OIC of the branch. Similarly, the date should be of until the Fiscal Year and almost all the bills should be pan bill. After all these main things are checked, the batch transactions should be made in the Excel sheet in order to settle the amount. In the batch transaction, the Branch code and the main code should be coded which can be found in the bank's system named PUMORI. Every branch has different code so we should be very careful while creating batch because if wrong branch code is entered then the amount will be settled for another branch.

Similarly, while scrutinizing the bills of advance payment, the bill amount is more than Rs. 500 and sometimes it can also be upto Rs 100,000, it should be signed by the Branch Manager (BM) and by OIC of the branch. All the bills in advance payments should be pan bills and they should be original copy, second copy or bills without pan numbers will not be accepted and the settlement of the advance payment amount will be stopped for the time until the branch sends the original copy pan bill. Like that of petty cash, after all the criterias are fulfilled in scrutinizing the bills, then batch transactions are created in order to settle the advance payments amounts.

2. Updating Purchase Register and Manager's Cheque:

Purchase Register is updated after the batch transactions of the cash settlements of the vendors are printed and signed by the head of the Finance & Planning department. Purchase register is usually updated of those vendor's whose amount of more than Rs 100,000 has been settled of a year. Purchase Register is all about recording the transactions of those vendors whose amount is exceeding 1 lakh.

Reporting Section:

1. Preparation of Daily INR Report:

The other activity I did during my internship is under the Reporting section where I did the Daily INR Reporting. In Daily INR Reporting we keep the records of the amount of INR that the Indian bank holds everyday. It is basically about checking the total amount of INR that is the Indian Rupees which helps us to know the inflow and outflow of the Indian Rupees. The inflow and outflow of the INR and the total amount of INR that the bank holds is known by the closing figure/ closing amount of the previous day. The daily INR report which are prepared by the bank are sent to the central bank of Nepal i.e. Nepal Rastra Bank.

2. Preparation of Payment Against Passport Facilities Report:

The Payment against Passport Facilities (PPAT) Report helps the bank to know the amount of dollars the customers has bought from the bank and for what purposes. Most of the customer's purpose of buying dollars from the bank is mainly for vacations and travels over different countries or for the students flying abroad. While selling the dollars to the customers, the total amount of dollar that a customer can get from the bank at a time is \$2500 only. The limit for the selling of the dollar for the customer is \$2500 and it should not increase more than \$2500. According to what I found while preparing the PPAT Report is that many customers buy \$2500 and many customers who are going abroad for studies have been going to Australia and the other customers who are going vacation are going to Thailand or Singapore. After the PPAT report is prepared, it is sent to NRB.

3.2 Project Details

I got a lot of opportunities regarding work during my internship and I also got to learn a lot about the practical learning about the Finance & Planning department. I got lots of works assigned by my supervisor, where I completed my works on time and helped solve the problems that raised in their own work as well. No, there were not special projects/ assignment given to me during my internship period while working at NMB Bank Ltd.

CHAPTER 4: RESULTS AND DISCUSSION

4.1 Contribution made during internship

The interns get opportunities to learn new things and also to contribute some knowledge they have gained in the past. Even I got to learn different things and got to gain new knowledge on works assigned and also to contribute my knowledge on the related works.

During my internship, I have made lots of contributions at the workplace but some of the contributions I made during my internship are that I contributed my theoretical knowledge I had about Finance and Planning and tried to use it during the practical work I was given. I always looked forward in asking questions regarding the work I was given as I wanted to have more practical knowledge about the function of the department and the works I was given to. I also helped the staffs with their work when needed and completed all my given tasks on time.

Similarly, I worked professionally and made good relationship with all the staffs and seniors as well because making connections and good relationships with the staffs and senior level staffs is always a plus point for any individual. Not only that, I too gave some suggestions to some of the problems that the staffs were dealing with and gave my opinion when needed.

4.2 Details of related learning process and new knowledge received

Talking about the learning process during my internship period, I got to learn a lot of things from the staffs and the supervisor himself. My learning process in this internship went really smooth and it was productive as well as effective. During this internship period, I not only got to have knowledge about the works I was assigned to, in fact I also got to learn about other things from my supervisor and the staffs.

One of the most important thing I have learned from my internship is the new skills on fulfilling the tasks of the company and the knowledge on how the system of the company works while doing tasks. Another thing I learned or got from this internship is knowing new people and people from finance field such as senior employees, department heads, managers etc.

One of the knowledge I gained during my internship is about the financial process of the bank and how it works. Despite of having theoretical knowledge about the financial process, I did not had enough practical knowledge about the financial process that takes place in the bank. Since I worked in a bank which is a working environment where all the staffs need to work professionally due to which I have learned a lot of things about being professional and how to present you professionally.

CHAPTER 5: CONCLUSIONS

5.1 Self – assessment as future professional

The self- assessment for me after working in this workplace is mainly to discover the VIPs that are the Values, Interests and Personalities. I will first discover whether I am flexible working hours or not, how important is my work-life balance for me. Similarly, talking about the interests, I need to eye on my future fulfillment and find out the most fulfilling and enjoyable thing I like the most. And lastly, talking about the personality I need to first discover whether I prefer to lead or follow the leader, whether I prefer to work as a part of a team or alone etc.

After discovering my VIPs and knowing my values, interests and personalities, the other assessment I would do as future professional is to review my accomplishments to uncover skills to my success. So, I need to find or discover my key abilities, talents and strengths, whether I prefer to communicate in writing verbally. Also, I will also discover my transferable skills such as organizational skills, communication, writing and problems solving skills which can be applied in all the companies in which I will be working in the near future.

5.2 Comparison of Practical learning vs theory

Theoretical knowledge and practical learning goes hand on hand because once you have theoretical knowledge about something then you can easily put it into practical learning. But if you do not have theoretical knowledge then it gets really hard for you to learn things practically as you will not have any basic knowledge about the certain topic or certain work.

Some of the comparison between Practical learning and theory are that while starting a business, everyone should have theoretical knowledge before knowing about it practically because theoretical knowledge is the base knowledge you need to know before launching the company and to know on how to target the customers. Theoretical knowledge is essential for a person to start a company in order to know how to make projections of profit, losses and growth. But on the other hand, along with these theoretical knowledge, practical learning guides you with the steps which are involved in achieving the goals.

Another comparison between practical learning and theory is that in theoretical knowledge, theory is only about the assessments and just the basic knowledge on some topic or work due to which you will not have skills regarding that work. Whereas, in practical learning, you will get the skills by putting the theory knowledge into practice due to which our working abilities will be improved and you will be a desirable employee because you will be having good skills over work which will make your work efficient and effective.

Regarding career preparation, if you have a theory knowledge about many things but you do not have any practical skills with you then having a good career is really very hard because before choosing an employee every company looks forward in having skilled employee in their company. Therefore, having a practical learning along with theoretical knowledge is very important as you will be able to prepare well for your career and you will get opportunities in different work fields as well.

Thus the above described are some of the comparisons between practical learning and theory which everyone should have idea about and even I have learned about the differences between the theoretical and practical learning along with their pros and cons. I believe that you have learned nothing until you are capable of applying it in the real world.

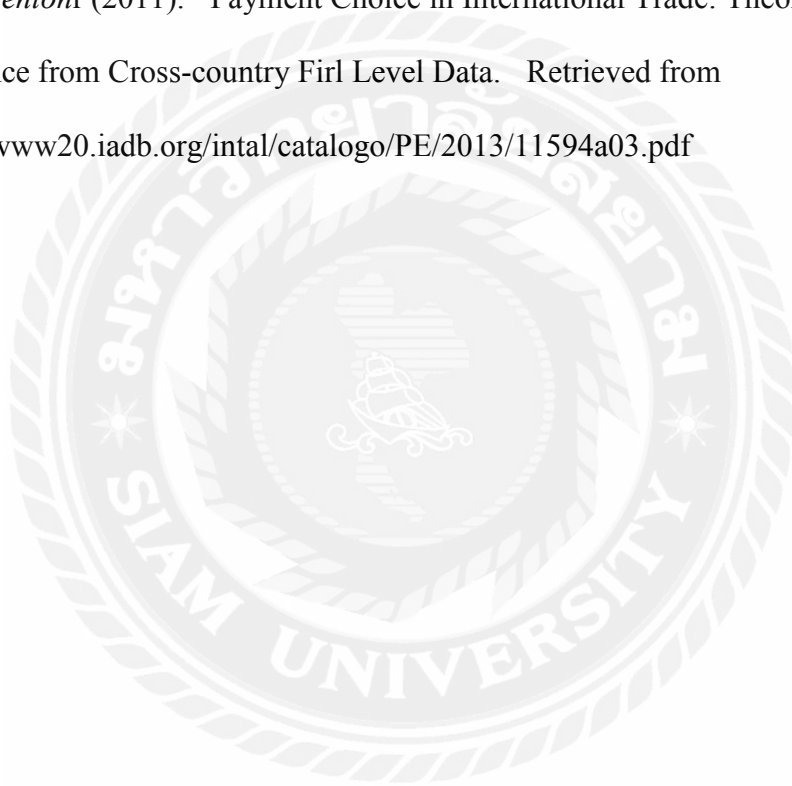


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Bibliography



Name-Surname:Kanchan K.C.

Student ID:5708040034

Email: kanchan2018@kcm.edu.np

Department: Finance and Banking

Faculty: BBA

Address: Tinkune, Kathmandu, Nepal

Rewards:

Special interests: