



Cooperative Education Report

**Title: Cooperative Report on Commercial Bank of
Nepal
NMB Bank Limited**

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Title: Marketing the pride of Nepal: Goldstar shoes

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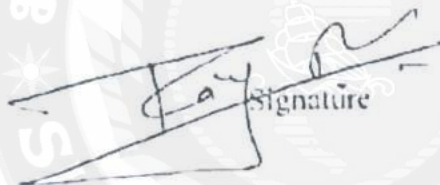
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Abstract

This report refers to work completed during my internship in NMB bank. NMB Bank Limited licensed as an “A” class financial institution by Nepal Rastra Bank in May 2008, has been operating in the Nepalese financial market for over twenty years and is one of the leading commercial banks in the banking industry. The head office of the bank is located at Babarmahal, Kathmandu. It has the largest branch network in Nepal, covering 21 branches inside valley and 59 branches outside Valley.

This report is mainly focused towards Customer Service Department as I was posted in this department for 3 months. These 3 months at the bank helped me to understand the various deposit products of the bank and the working at the front level which helped me understand how banks perform at a basic level. The objective of this report is to build contact with high level management, to understand practical implication of academic knowledge and to know the deposit mobilization of Nepalese banking sector. So, to meet the objective both internal and external source have been used.

I got an insight into the most professionally run industry in Nepal. Working at the front level helped me to understand how banks perform at a basic level and how to deal with the customer. This project also had an intension to help me understand, analyze and present the basic practices in the Nepalese commercial bank. It also helped me to gain an insight of various players in the banking sector and helped to analyze the industry as a whole.

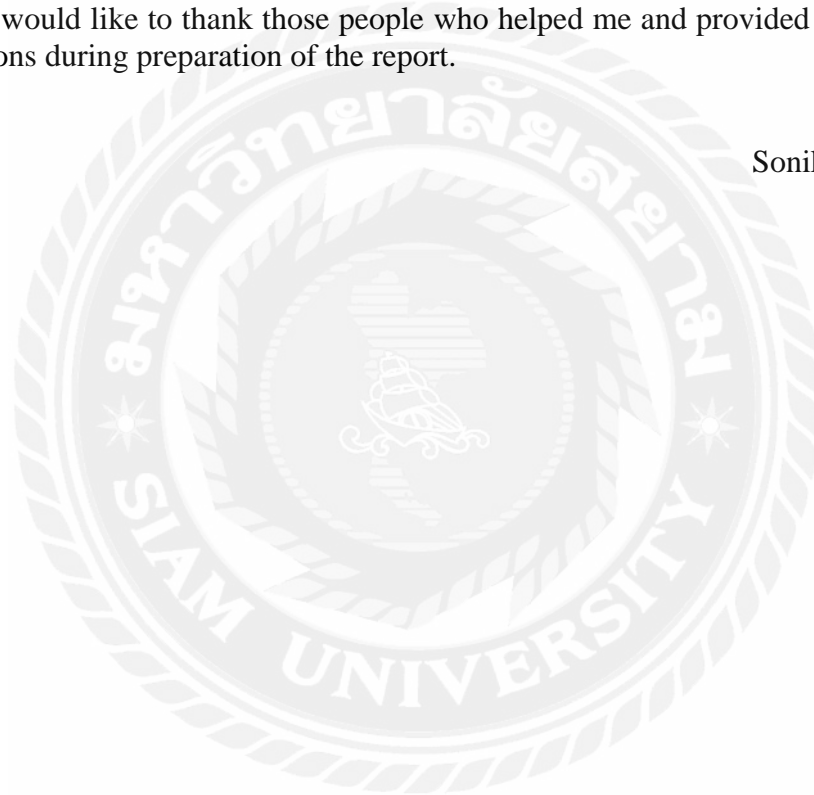
Keyword: Professional/ Practices/ Understand/ Insight

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Chapter 1: Introduction

1.1 Company Profile

NMB Bank Limited is one of the leading commercial banks in the banking industry licensed as an “A” class financial institution by Central Bank-Nepal Rastra Bank in May 2008 which has been operating in the Nepalese financial market for over twenty years. The head office of the bank is located at Babarmahal, Kathmandu. It has the largest branch network in Nepal, covering 21 branches inside valley and 59 branches outside valley. The Branch Operations Department is responsible for supervising the 80 branches network. The Internal Audit Department monitors the work of the branches and regional offices.

In September 2016, the bank signed a joint venture agreement with Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO), the Dutch development bank where FMO became the single largest shareholder of the bank. FMO is the largest shareholder of the bank as it holds 20% of the bank’s share. The alliance with FMO positions the NMB Bank in becoming the market leader in managing environmental and social risks and the leading player in renewable energy and agribusiness.

NMB Bank is the only Nepali bank to have membership of Global Alliance for Banking on values. The Global Alliance for Banking on Values (GABV) is a network of banking leaders from around the world committed to advancing positive change in the banking sector. In March 2017, NMB Bank hosted the 9th Annual Conference of GABV (About Us, 2015).

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.

1.2 Organizational Structure

Organizations need to be efficient, flexible, innovative and caring in order to achieve a sustainable competitive advantage. Organizational structure can also be considered as the viewing glass or perspective through which individuals see their organization and its environment. Below figures shows the NMB Bank Limited Board of Directors and Management Team where major decisions of the bank are taken by the Executive Committee.

Figure 1: Board of Director



Figure 2: Management Team



1.3 Statement of the report

The major importance of this study is to provide information about the purposes of doing internship, the procedures of transaction made in the bank including the customers. It gives the opportunity to be familiar with the real world with the knowledge of overall banking system. It will be useful in identifying the problems and the process of solving them. It helps to use the theoretical knowledge in the practical field, it helps to build the communication skills of student with customer, and it provides the opportunity to know the real world of management.

1.4 Objective of the study

1. To build contacts with high level management.
2. To understand the practical implication of academic knowledge.
3. To know the deposit mobilization of Nepalese banking sector.

1.5 Expected Outcomes

As I am BBA student major in Finance and Banking, the selection of a good organization was very important. Banking sector are more profitable and beneficial for BBA graduates. Therefore commercial banks with diversity in products and better working and learning environment for interns are the best choice for an intern.

My aim of internship was to relate the knowledge that I have learned (technical knowledge) into practical one. As I was in CSD department (Customer's Service Department) so basically CSD motive is to provide all the information about the bank and services that are in bank. In addition, it deal with and help resolve any customer complaints.

Through this internship I have learned how employees deal with and convince the customers in an effective and efficient manner also the document that a bank needed as well as the document that the customer should have while opening account in bank. The banks have to report each and every information to its head office and to the National Bank of Nepal that is Nepal Rastra Bank. I am able to somehow deal with the customers in case of any sort of inquiry about the bank. Working in the organization, however brought self-confidence in me. I am quite able to deal with various aspects of the department. Personally, I got to develop a sense of professionalism within me also talking with managers, meeting deadlines, handling tough customers, working in excessive pressure, being on time and tidy all day, being ethical at all times were few challenges that I learnt to overcome.

1.6 Limitation of the study

During my internship period as I was restrained to few departments, this report does not explain the overall functioning of the bank only the related data of limited departments are available. The report may not have complete information about the other department of the bank as most of the time was spent on CSD therefore there was limited accessibility of annual reports, office records and other published and unpublished source of data. Because of rush there was less interaction and guidance by the staffs to the intern where interns were confined to routine job of the bank and was not able to acquire crucial information of the bank. Similarly, the bank's policy in keeping some matters confidential prohibited from analyzing various vital facts and issues. Updated information was not available as the facts and figure kept on changing in every fiscal year.

Chapter2: Literature review

2.1 Origin of Banking

In the radiant human mind the concept of bank started to emerge right away after the humans were able to understand the use of it and develop money. Though money had made human life much easier than before but ancient human started to realize the complexities that it will create in coming years. Therefore to overcome these complexities and the difficulties that money would generate in coming years the concept of banking emerged in the human mind.

When we look towards the history of bank the word bank is thought to be derived from Italian word “Banco”, Latin word ”Bancus” and French word “Banque” because all these words meant the bench wher would keep money and record it. The Jews of Lambardy were 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 through which a banking term “Bankrupt” were origin. Rome were first to introduce bank with its vast trade network and it extended throughout the Africa, Asia and Europe. Similarly, the other banks were also established like Bank of Barcelona (1401), Bank of England (1594), Bank of Amsterdam (1609) and Bank of Genoa (1407).

Nowdays, banks are referred to as lifeblood for business as well as to the people because they offer many facilities which are useful in our day to day life like travelers cheque, insurance services, pension services and other investments. In 1694 A.D “The Bank of England” was established which introduce the modern banking and history was made. When the first modern English Bank was established banking sector had to experience various ups and down and where in the state of bankruptcy but somehow they persist. In this 21st century world, bank is one of the essential elements of human life and it still exists.

Today, banks are solely oriented business organization which collect deposits and loan lending which helps its customers from various ways as per their ability and convenience with full security. In this busy world the bank has been life support system to human being as they provide quick service and is convenient. But it has also started to affect the existence of citizens as well as the economy of the country. The financial crisis of 2008 was the worst crisis which is the outcome of the inefficient banking practice where the whole bank had to suffer only because of the inefficiency and negligence of a single banking sector. Hence, the country’s economic development also depends on the functioning of banks (Sujen, 2015).

2.2 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 the changes and developments that were going in the banking world. They were still using old method of 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. In 1877 A.D. the histories of banking in Nepal change when Tejarath Adda was established. It used to provide loan to government officials and people against deposit of gold and silver. That was the first step for Nepalese banking sectors to step towards institutional development of banking in Nepal. The changes in the concept of getting loans except goldsmiths and money lenders emerge in Nepalese people mind only after the establishment of Nepal Bank Limited. The history of banking in Nepal dates back to the year 1937 A.D with the establishment of Nepal Bank Limited as the first commercial bank in Nepal. Later in the year 1955, Nepal Rastra Bank Act was formulated for a better banking system and Nepal Rastra bank was established in 1956 as the Central Bank of Nepal. After this date the bank notes were issued by the Central Bank with the signatures of the governors of the institution. After this, the government of Nepal started taking the initiatives of establishing the banks where in 23 January 1966 Rastriya Banijya Bank was established as a fully government owned commercial bank (sujen, 2015).

A sound banking system is important for smooth development of banking system. It can play a key role in the economy. It gathers savings from all over the country and provides liquidity for industry and trade. In 1957 A.D. Industrial Development Bank was established to promote the industrialization in Nepal, which was later converted into Nepal Industrial Development Corporation (NIDC) in 1959 A.D. The banking sector in Nepal has faced many hurdles and hindrances. It has undergone various political conflict and instability. But today it stands more liberalized and modernized. There are various types of banks working in the modern banking system in Nepal. As per the NRB, there are four types of financial institution established in categorized as “A”, “B”, “C” and “D” on the basis of minimum paid up capital requirement which is the unique feature of Nepalese banking industry and there is no such classification of financial institution globally. The Nepalese classification of depository financial institutions according the NRB and their present number, are shown in table 1:

Table 1: Classification of Nepalese Financial Institute

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

2.3 Commercial Banks in Nepal: An Introduction

Commercial Banks are the A“KA” class depository institutions. Nepal Bank Limited was the first commercial bank which was established in 1937A.D. A commercial bank is a financial mediator or institution that provides service such as accepting deposits, providing business loan offering basic investment product. One of the main features of commercial bank is to take the saving of people’s money through different type of accounts. The two most distinctive features of commercial banking are borrowing and lending money in the form of cash such as overdraft, installment loan etc.

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

- They should have the minimum paid up capital of 2 billion.
- There is no limit on resource mobilization
- They can operate nationwide
- They 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 (sujan)

Table 2 Commercial Banks in Nepal

S.N.	Commercial Bank	Establishment (AD)	Joint Venture Partner
1	Nepal Bank Limited	1957	Sole Operation
2	Rastriya Banijya Bank Limited	1966	Sole Operation
3	Nabil Bank Limited	1984	Dubai Bank
4	Nepal Investment Bank Limited	1986	Indo Suez Bank
5	Standard Chartered Bank Limited	1987	Grindlay's Bank
6	Himalayan Bank Limited	1993	Habib Bank of Pakistan
7	Nepal SBI Bank Limited	1993	State Bank of India
8	Nepal Bangladesh Bank Limited	1993	IFIC Bank, Bangladesh
9	Everest Bank Limited	1994	Punjab National Bank
10	Bank of Kathmandu Lumbini Limited	1995	Sole Operation
11	Nepal Credit and Commerce Bank Limited(Previously Nepal Bank of Ceylon Limited)	1996	Bank of Ceylon
12	Machhapuchre Bank Limited	2000	Sole Operation
13	Kumari Bank Limited	2001	Sole Operation
14	Laxmi Bank Limited	2002	Sole Operation
15	Siddharth Bank Limited	2002	Sole Operation
16	Global IME Bank Limited	2013	Sole Operation
17	Citizens Bank International	2007	Sole Operation
18	Prime Commercial Bank Limited	2007	Sole Operation
19	NMB Bank Limited	2009	FMO
20	Prabhu Bank Limited	2009	Sole Operation
21	Mega Bank Limited	2009	Sole Operation
22	Sunrise bank limited	2009	Sole Operation
23	Janata Bank limited	2009	Sole Operation
24	Sanima Bank limited	2011	Sole Operation
25	Agricultural Development Bank	1967	Sole Operation

Chapter 3: Methodology

Collection and sources of data means the methods and sources that are used for getting the necessary information from different units under investigation. The methods of collection of the data depend upon the nature, object and scope of the enquiry.

For the preparation of report different kinds of books are followed. In this report, all the information collected is primary as well as secondary in nature. Almost all the information has been collected from bank website, brochures etc. Mostly all the information is collected from the concerned bank. The data related to the study are collected from the following sources:

Internal sources:

- Employee

External sources:

- Book publications
- Articles from newspaper
- Bank website

3.1 Roles and responsibilities assigned by company

During, this 3 months internship period I was posted to customer service department where I understood about various deposit products and features, facilities of the bank. Working at the front level helped me understand how banks perform at a basic level. This department handles the entire task related to customer care such as account opening/closing, Inquire desk, forwarding query to relative Head of Department (HOD) and making schedule of follow-up, comply the CSD related documents and handle telephone inquire and grievance. Activities that were performed during this internship time were as follow:

1. Opening and providing information related to personal account , corporate account
2. Verifying signature of customers before providing essential information such as: balance checking
3. Solving the queries and problems related to ATM cards and cheques
4. Attracting and suggesting potential customers by answering product and service questions
5. Maintains customer records by updating account information
6. Assisting staff and helping the customers in filling up the various forms like: ATM application form, renewable of debit card application form, fixed deposit form, account closing form, mobile banking form, internet

banking form, safe deposit locker form, cash/cheque deposit slip, counter cheque.

7. Issuing cheque books, ATM cards, account statements and balance certificate to customers
8. Telephone handling and providing information about their account.
9. Performing the other task such as: photocopy, filing, scanning, stamping, KYC updating form fill up, maintaining account opening register, cheque register, account closed register, card issuance, internet and mobile and banking, remittance record, clearing cheque record.
10. Doing various back office work like cheque binding, filing of documents, register entry.



Chapter 4: Result and Discussion

4.1 Contributions of student made during the internship

As I was posted in Customer Service Department, this department handles the entire task related to customer care such as account opening/closing, Inquire desk, forwarding query to relative Head of Department (HOD) and making schedule of follow-up, comply the CSD related documents and handle telephone inquire and grievance. CSD is one of the most important departments of the bank and people judge a company looking at the customer service department. It actually gives the impression to the customers of how the overall company works as 80% of bank work are done through it. Therefore, intern work was to help the customer to fill out different types of forms such as: Account opening form, KYC form, Closing form, Dormant form, Cheque requisition slip, Debit card form, Demat form, C-ASBA registration form, Statement form, Balance certificate form etc. We also have to do various back office work like cheque binding, register entry, answering phone calls, handing out cheques and cards and filling the document.

4.2 Learning process and new knowledge students has received

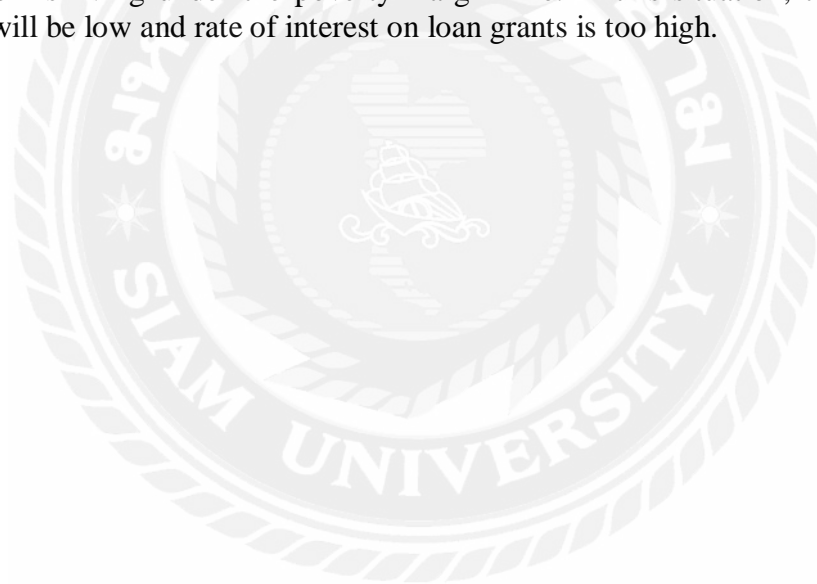
Working at NMB was one of the best experiences that I had. It gave me an insight into banking sector. Intern has obtained insights into career opportunities through interaction, observation and work experience in the organization and also built another step towards success through interpersonal, managerial, communication and entrepreneurial skills gained from this internship period. Being exposed to professional working environment, intern has understood the corporate social responsibility, change the attitude and behavior towards daily life spending. Keeping the account of each and every transaction in file as per the supportive evidence is the most important job in the bank. Along with customer satisfaction, employee satisfaction also plays a great role in the success of the bank.

Meeting deadlines, handling tough customers, working in excessive pressure, talking with managers and executives, being on time and tidy all day, being ethical at all times were few challenges that I learnt to overcome. I got a chance to interact with various level managers at the bank and got to meet people from various sectors such as: Carpet Manufacturing, plastic fabricators which help me to maintain public relation. This helped me to build contacts as well as gave me an opportunity to understand their business. Hence, working in NMB as intern was an experience, which helped us develop ourselves in real time working condition so that we can sell ourselves better in the professional field. Any organization's main objective is to gain profit by minimizing cost. The bank also

focuses on minimizing cost and obtains more profit. I am able to somehow deal with the customers in case of any sort of inquiry about the bank. Working in the organization, however, brought self-confidence in me. I am quite able to deal with various aspects of the department.

As we know that the objective of any business organization e.g. Bank is profit maximization. Deposit mobilization is the key factor to attain this objective, therefore if the bank fails to employ its funds suitably it is not possible to maximize profit.

In context of Nepal, Nepal is one of the developing country that's why the need of the resources for economic development of the country is not more progressive. But we are facing actual problems which are considered that vital financial institution to mobilize domestic resources. NMB Bank is good in performance in course. By knowing the facts of economic situation of the country we need supportive sectors they are banking financial institution. Our basic need is to increase economic development of the country. More than 40% of the total population is living under the poverty margin line. In this situation, the rate of deposit will be low and rate of interest on loan grants is too high.



Chapter 5: Conclusions

5.1 Self-assessment as future professional

Internship has helped me in various ways as my mind is able to take decision easily about my future preferences and goals. Before that I was unable to decide what is right and what is wrong for my career. However, this internship period has able to let go all of the dilemmas that I had to my career decision as whether to enter into a job at the same time do my Master's or to start up or to do Master's degree in abroad right after the completion of my BBA.

This internship has made me realize about the importance of time, if we do right things in right time than only our life would balance. In human mind at once lots of thoughts give birth which tends to overlap with each others. Hence the understanding of timing is very important. Through this internship I suddenly am realizing that we are bound by the limit of time whereas before I thought I have ample of time for everything. This realization of importance of time will no doubt help me in anything I do in the future as for every professional. Finally my dream of being a professional seems to be a leeway and finishing my studies before entering in the business world is important because the things I will learn throughout my studies will help in my career to make decision and also I believed in doing one thing at a time. Therefore I will practice to gain the maximum knowledge from my theoretical studies and add it to in my life and career ahead.

5.2 Comparison of practical learning VS theory

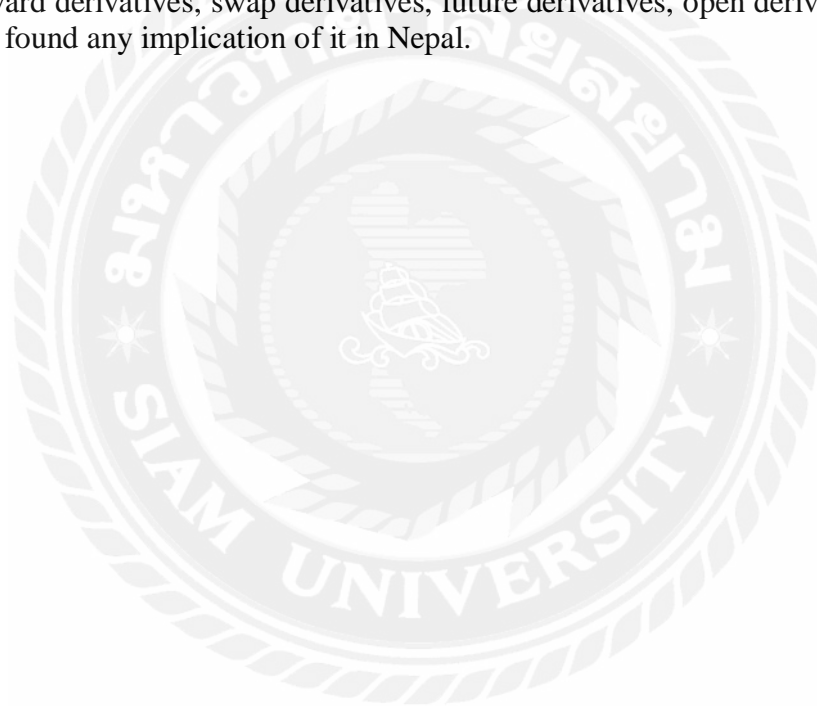
Theoretical knowledge explains how something works whereas practical knowledge shows how it works. The general objectives of internship program are to relate theoretical studies and to implement it on real job experience, to get the outer exposure and to study the entire services provided by the organization.

During the internship period in NMB, the real life job experience was achieved. During the internship period I spent most of the time in CSD where substantial work was done which included preparing cheque, preparing account statements, making overdraft statements etc. This is necessary for a student of BBA in order to learn the practical perspective of real job as they have to compete in the competitive market and should prove themselves. Internship program is a gateway for career development. CSD motive is to provide all the information about the bank and services that are in bank. In addition, it deal and help to resolve any customer complaints.

Through this internship I have learned how employees deal with and convince the customers in an effective and efficient manner also the document that a bank needed as well as the document that the customer should have while

opening account in bank. The banks have to report each and every information to its headquarters and to the National Bank of Nepal that is Nepal Rastra Bank. I also learned about the process of cheques clearance and the information that should provide to the National Bank.

However, I found less matchup with theoretical and practical learning during the work. In theory we get to learn only surficial knowledge but when we get chance to do we actually learn how it is done also as per our theoretical knowledge bank does not provide each and every function and facilities to its customers. In context of Nepal we only have four types of bank i.e. Commercial Bank, Development Bank, Finance Bank and Micro-finance Bank but when we talk about worldwide it has Rural Development Bank, Industrial Bank, Universal Bank etc. We also learn about various types of derivatives that are used in bank like forward derivatives, swap derivatives, future derivatives, open derivatives but I did not found any implication of it in Nepal.



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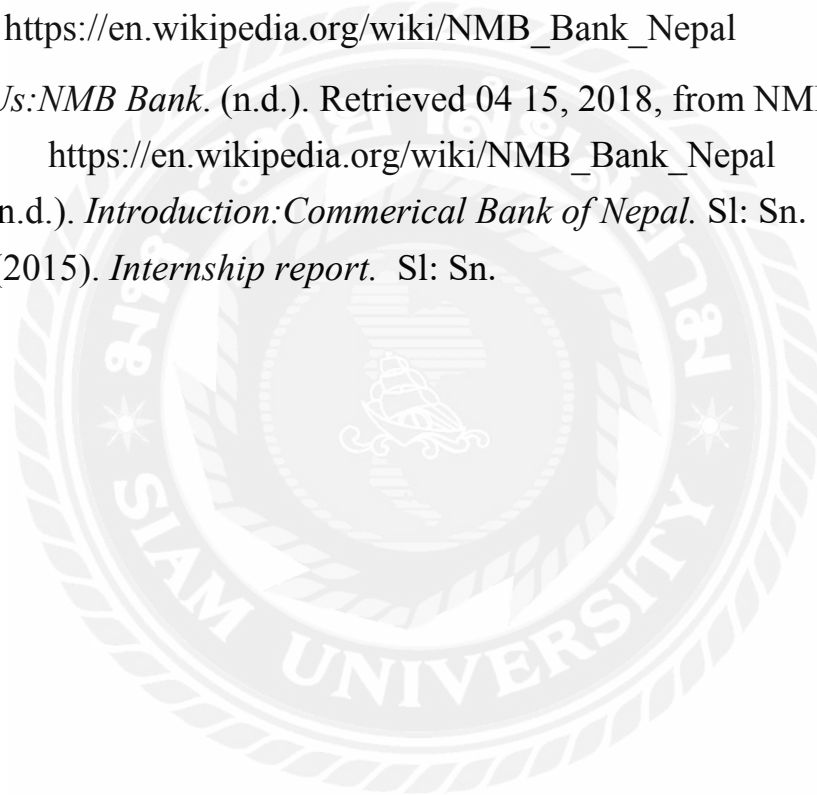
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Rewards

Special interests