

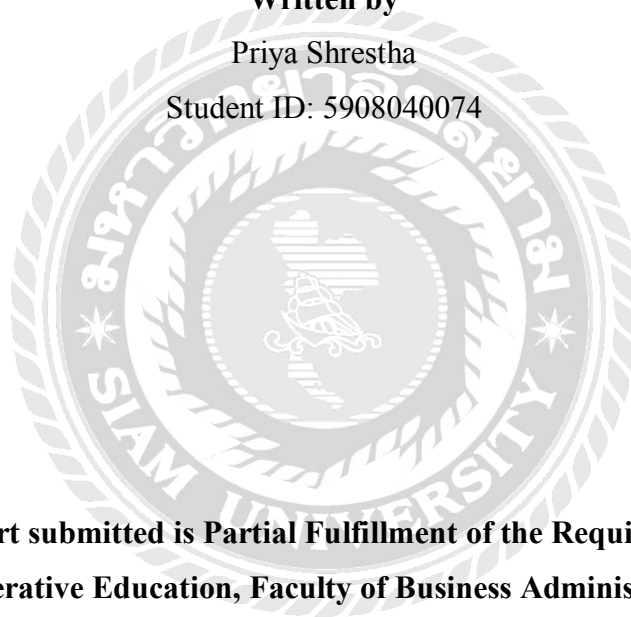


**Cooperative Education Report
Banking Operations of Mega Bank**

Written by

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**This Report submitted is Partial Fulfillment of the Requirements for
Cooperative Education, Faculty of Business Administration**

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Siam University

Title- Banking Operations of Mega Bank

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Department-Bachelor of Business Administration (Finance and Banking)

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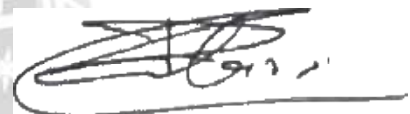
We have approved this cooperative report as a partial fulfillment of the Cooperative education program semester 2/2019.

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Abstract

This cooperative report entitled “Banking operations of Mega Bank” has the goal to study how the banking system operates. Objectives of the study includes: (1)To acquire experience in a real life working environment in the banking industry, (2) To Increase Personal Relationship as well as knowledge in the Industry of Finance and Banking (3) To undergo through the increased level of maturity and understanding of the banking and financial institution business culture, (4)) to know the functioning of different departments at Mega Bank.

With the company, I was assigned to work as an Intern and got to experience different departments. The main responsibilities assigned to me were to digitalize the hardcopy reports on chronic loan files and prepare a draft of the loan proposal. During my internship, it was found that they had huge files of chronic cases and the problem was resolved by the means of practical use of digital synopsis of those cases.

Keywords : **financing, digitalize, chronic files, digital synopsis.**

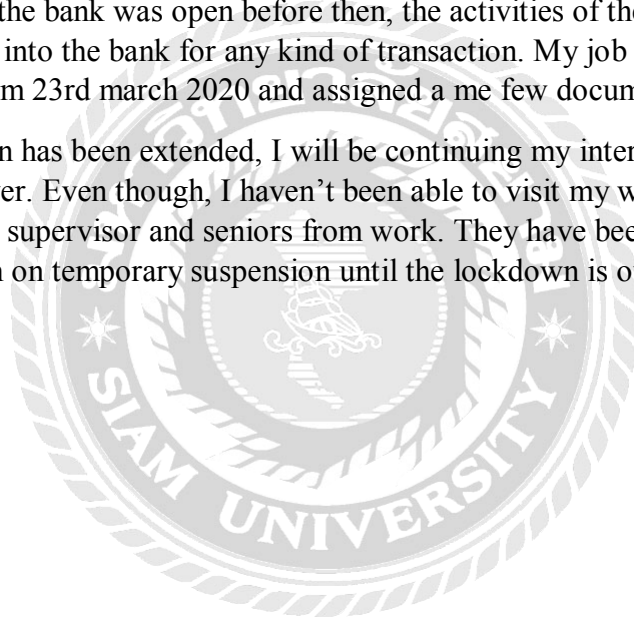
Impact of Covid-19 on this internship

The novel coronavirus disease, which has spread from China to other countries around the globe, has created a huge panic everywhere. In March, the World Health Organization officially declared the novel coronavirus a global pandemic. Since its outbreak, COVID-19 has spread at a rapid rate to more than 981,000 people around the world, according to The New York Times.

To prevent the highly contagious disease, the WHO and the Center for Disease Control and Prevention have recommended social distancing, which means reducing close contact with people. In light of this, governments have taken measures to try and reduce the spread of COVID-19 by implementing lockdowns and travel restrictions.

Additionally, businesses and organizations were requested to apply for work from home policy including my workplace. I had completed 8th week of my internship at Mega Bank before the lockdown. Though the bank was open before then, the activities of the bank have decreased. Not many people came into the bank for any kind of transaction. My job supervisor suggested mework from home from 23rd march 2020 and assigned a me few documents to study.

As the lockdown has been extended, I will be continuing my internship with the bank after the lockdown is over. Even though, I haven't been able to visit my workplace, I am in constant touch with my supervisor and seniors from work. They have been guiding me throughout. I have been on temporary suspension until the lockdown is over.



Acknowledgment

The opportunity to work at a leading Bank has helped me broaden my knowledge of how banking firms operate in Nepal. This report is prepared to showcase my internship experience and knowledge I gained throughout 8 weeks of the internship. I'm grateful to everyone for supporting, teaching, and providing feedback with my report.

I am extremely thankful to KCM College and SIAM University for including this internship as an integral part of the BBA degree. I want to thank the Management for all their precious support for this internship program. This was a great opportunity for a student like me to explore more about the corporate world and understand the inner workings of a leading organization. Likewise, it has been an honor to prepare this report under the guidance of Dr. Parham Porouhan and Mr. DhabupPrasai. I appreciate their understanding and patience during this pandemic throughout the completion of this report.

I would like to extend my thanks to my supervisor at Mega Bank Mr. Tulsi Ram Pokharel, for accepting me as a candidate to work in his prestigious organization as well as shouldering responsibility by assigning me important duties in the workplace. I am also thankful to the entire operations team of Mega Bank for guiding me throughout my internship period, being patient with me, supporting me and providing me with such a broad opportunity to be involved in their work. I believe this internship experience to be fruitful for my future career.



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BBA 2016-2020

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List of abbreviations

ATM: Automated Teller Machine

BLB: Branchless Banking

BOD: Board of Directors

CEO: Chief Executives Officer

CSD: Customer Service Department

EMI: Equated Monthly Installment

KYC: Know Your Customer

NRB: Nepal Rastriya Bank



Chapter 1: Introduction

1.1 Company Profile

The initial concept of establishing a truly inclusive MEGA bank was envisioned by a group of individuals from a diverse range of backgrounds, several years to the formal inauguration of the Bank. These individuals who initially conceptualized the establishment of this institution were propelled by their vision to establish a national level banking institution that would provide the highest levels of professional banking service with a personal touch, throughout the nation, to all Nepalese.

It is the realization of this aspiration that led to the incorporation of Mega Bank Nepal Limited as Nepal's largest A class commercial bank with an authorized capital of Rs.11.50 billion and issued capital of Rs.10.57 billion.

Recognizing that banking activity has been limited to the urban and semi-urban areas of Nepal, Mega Bank has been set up not only to provide better products and services that are currently on offer in the financial sector but also to penetrate and tap the virgin rural market. Currently, the Bank has 111 branches, 29 extension counters and 115 ATMs throughout the country in addition to 119 Branchless Banking (BLB) outlets and 3,000+ Mega Remit agents. Mega Bank offers a wide range of Banking Products and financial services to the Corporates, Mid-Corporates, SMEs, Consumers and Micro Customers through a variety of delivery channels

The Bank is inclusive right from its roots, having been promoted by 1219 promoters spread across 63 of Nepal's 75 districts. The promoters are represented in the Board of Directors, comprising of accomplished personalities from the field of tourism, development, academicians, economists and businessmen.

1.2 Organizational structure

The organizational structure at Mega Bank isn't a complex one which allows easy flow of communication amongst each department. All these departments are interlinked with each other for operations. As shown in the figure, at the top there is Board of Directors (BOD) followed by Chief Executive Officer (CEO). Chief Consumer Banking; Chief Corporate Banking; Chief Operating Officer; Risk, Compliance & Support; Company Secretary & Chief Internal Audit report to CEO Ms. Anupama Khunjeli, while they report to BOD as well.

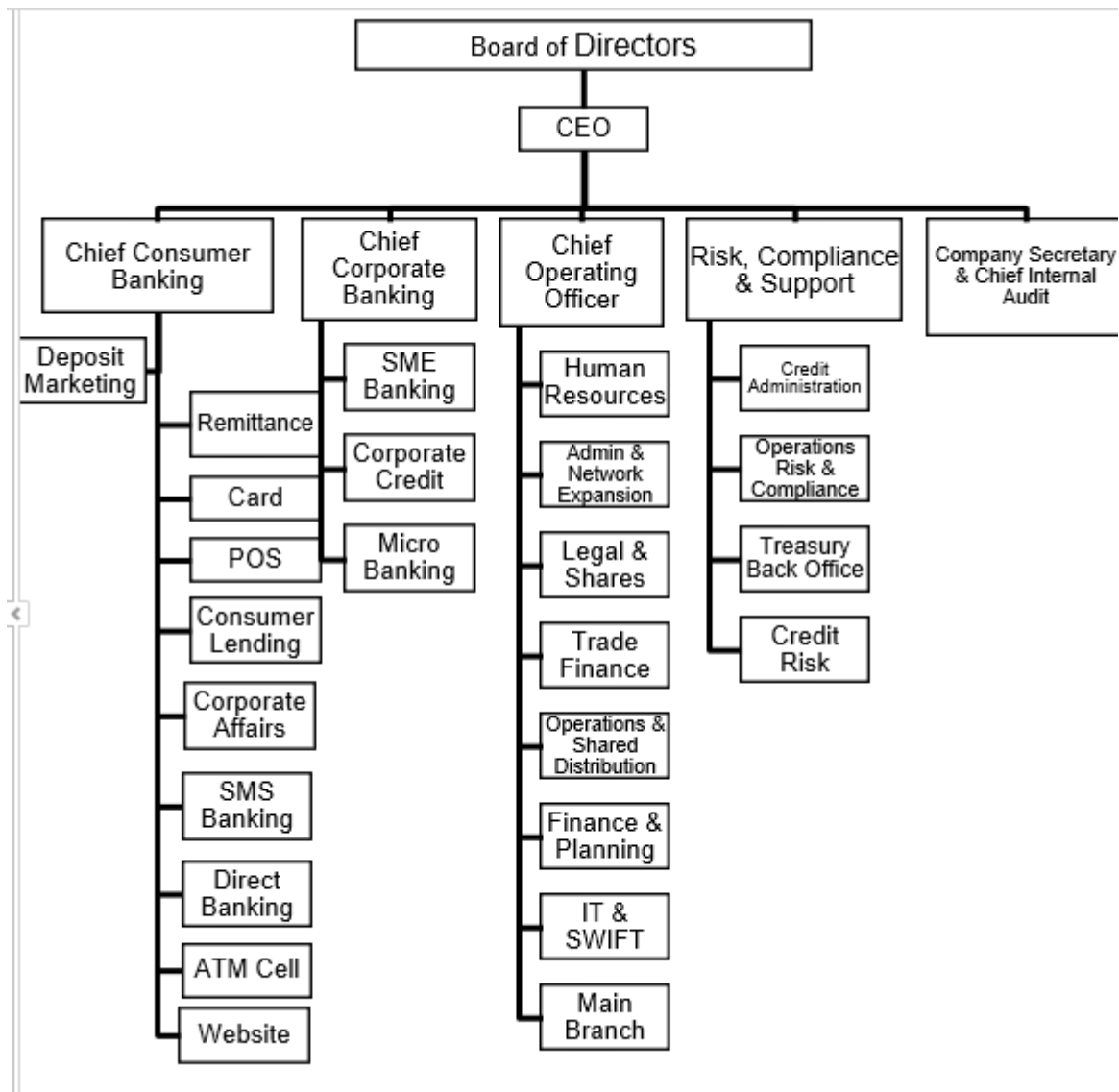


Figure 1: Organizational Structure

1.3 Statement of the report

This Internship is completed as per the requirement of the Business Administration undergraduate program at Siam University. This is a part of the curriculum to complete 14 weeks' internship for a better understanding of the concepts and overall functionality of the corporate industry. This internship also provides the opportunity to develop professionalism among the students and gain experience of working in actual market before completion of the

undergraduate degree. The experience gained by an intern during their internship period will develop them as an elegant professional for their future job prospects.

1.4 Objectives of the study

The main objective of joining as an intern at Mega Bank was to conceptualize the related knowledge gained from courses studied at Siam University, Thailand and Kathmandu College of Management, Nepal at the real-life working environment. This internship was conducted for students to develop themselves as a professional for future full-time employment. During the internship period I had plan to achieve the following goals:

- To acquire experience in a real-life working environment in banking industry,
- To Increase Personal Relationship as well as knowledge in the Industry of Finance and Banking
- To undergo through the increased level of maturity and understanding of the banking and financial institution business culture,
- To know the functioning of different departments at Mega Bank.

1.5 Roles and responsibilities

MEGA, being a huge organization has different departments where different works are carried out and I was able to work on few departments during my internship. As my internship had rotating in nature, I get to experience various department and was assigned different responsibilities accordingly.

Chapter 2: Internship Activities

2.1 Assignments and responsibilities

My supervisor is Mr. Tulsi Ram Pokharel, Senior Deputy General Manager at Mega Bank. He assigned me different departments to explore. I initially started my internship from Customer Service Department where I was supervised by Mrs. Anima Shrestha who guided me through that period.

Customer Service Department is the front desk where customers make first contact with the bank, which serves the customer by providing various kinds of required information about the bank and the services provided by it. The image and reputation of the bank depends upon the effective functioning of this department which gives the first impression among the customers. This is the only department that acts as an interface between the customers and other departments of the bank. The various day to day activities and functions that are performed to support the normal operations of the organization are:

- i) Account Opening Procedure
- ii) Account Closing Procedure
- iii) Balance Enquiry Handling
- iv) Cheque Issuance Procedure
- v) Statement Printing Procedure
- vi) Customer Query Handling
- vii) KYC Update
- viii) Filing and Documentation
- ix) Distribution of ATM cards

Similarly, I got an opportunity to work at the back office of the bank where I got to experience risk management. Vigilant and effective risk management is and has always been a significant success factor in steering the bank's march toward strong profitability and market leadership. Mega Bank employs the risk management role as an essential instrument for achieving its long-term goal.

Mega Bank has successfully created a culture based on modern techniques that allows risk management and business units to create more shareholder value through a better understanding of our Bank and our customers. The Risk Management framework combines core policies, by procedures and process design with oversight and is supported by risk monitoring across the bank. Elements of risk management framework are reviewed and updated in order to align their long-term strategy in the field with lessons learned through the Bank's own experiences and global best practices also kept compliant with the local regulations and international best practices, particularly those relating to implementation of Basel-III.

The department controls the review and administration of lending solutions offered to their clients through a dedicated team of experienced professionals. Specific functions of the department ensuring particular risk management are;

- Preparation and execution of security documents based on credit facility offer letter like loan deed, pledge deed, letter of lien, hypothecation, mortgage deed, etc (signing in all documents by customer and verification of signatures).
- Execution of mortgage at land registration office or registration of vehicle in bank's name at transportation office or pledging of stocks according to loan type
- Ensure that the entire document is obtained and verified with checklist.
- Maintain rate limit input and register the loan, into the system.
- Generate repayment schedule.
- Disburse loan.

- Keep security documents.
- Maintain a proper record of all security documents.
- Monitoring and inspection of stock and inventory and observation of books of customer's accounts periodically according to the nature of loan provided.
- Monitoring of insurance of securities on a regularly.
- Release of securities after full and final settlement of loans.
- Follow recovery processes if the principal or interests on loan aren't paid on time.

2.2 Contributions of the student in detail

During my internship period, I got the opportunity to deal with different types of customers who have different personalities and ways of dealing with other people. The customers I dealt with; some were nice while some were quite aggressive and did not listen to the advice provided to them. My experience of CSD as a whole was very interesting as I got to know many people and befriend other employees who helped me a lot during my internship phase.

Likewise, I mostly focused on studying chronic files and helping them with the digitalization of the cases. I was assigned to create digital synopsis of the chronic cases and study them to understand the credit process. With that on hand, I also assisted in creating credits proposal for few of their clients. This helped me to put my theoretical knowledge into practical use as I was projecting their cash flows and updating their EMI payments. It was a learning phase for me, starting from dealing with different people to learning the banking software.

Chapter 3: Identification of the problems encountered during the internship

3.1 Indicate how you successfully solved during the internship

Bank being a big organization has specific set rules and system which helps on minimizing problems. I didn't face that big of a problem during my internship at the bank. However, there were a few incidents which taught me important lessons. During this internship, the following problems were solved:

- Helped to solve the queries of customers.
- Helped the customers to fill the forms.
- Helped the supervisor in find the files to the department as well as file the documents according to the reference no.
- Helped in finding the discrepancies and informing it to the supervisor.
- Helped to find out the missing documents and non-verified signatures.

3.2 Provide some examples

Problem 1- Work efficiency at CSD

At the beginning of my internship, I wasn't able to communicate with my seniors at the bank which led to confusion while dealing with the customer at CSD. During my internship at CSD, I realize they had a lot of issues providing ATM pin to the customer. As the new card and pin were issued by the card department and send separately, it was time consuming to search for the pin and card separately and provide it to the customer. This created crowd and rush at the CSD counter.

Solution:

I had to inform my seniors regarding the searching pin situation before making any changes in the department. I explained the situation and they all agreed on the problem. I purposed to arrange the pins in alphabetical order. They take new cards and pin twice a week so arranging them won't be an everyday chore. This helped the department find card pins faster and made the workflow at CSD smooth.

Problem 2- Problems related to the Malfunctioning of the ATM Machines and system:

Another problem that the CSD officer should face daily is to manage the angry customer who had to face problems due to the malfunctioning of the ATM. 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.

Solution:

The CSD officer clarifies the actual scenario and apologizes if it is due to the fault of the machine or system otherwise point out the fault of the customer. The CSD has huge customer flow which makes it hard to minimize the errors.



Chapter 4: Learning Process

4.1 What are the things you have learned during the internship?

Working at Mega gave me a great learning experience beyond the classroom. This internship program provided me a degree of practical workplace experience. I got an opportunity to work in the Customer Service Department and observe banking operations, communicate with professionals and, gain knowledge of the department where I worked. Since the internship is mandatory for the management students, I found full cooperation from the bank management. They gave me opportunity to assist them in the various functions of the bank. My main objective was to relate the knowledge that I learned in my college with the real work to know how the course we study in the college does help us in practical work life. The knowledge gained during my internship program will help me in the future career.

The internship period is probably the best time where I got the opportunity to get a deep insight into the workplace environment and at the same time opportunity to utilize our skills which we have learned so far. So, doing an internship at Mega is quite challenging too. Challenging in a sense that when the internship started, first of all, I had to adapt to organizational culture, also I went through the socialization phase which I had learned in human resource management. The three phases are: pre-enter phase is the one where I had a preconceived notion about the working place, I was excited as well as I had fear of what my experience will be like.

Secondly, in the encounter phase, I had to face the real scenario. I tried my level best to fit in the environment as soon as possible. Finally, the third phase is metamorphosis, where I changed myself by getting into the organization culture of Mega. Also, I was able to know some people from many departments as it is interdependent with each other. In the mean course of time, I could inculcate my weakness and transform them into my strength.

Also, I found one organizational culture of Mega, referring to superior as “Didi and Dai” interesting. This makes working with superior more relaxed and forming a bond in workplace becomes easy. Working at Mega made me realize that the employee’s motivation affects one’s performance. Here, employees were provided both financial and non-financial benefits like sabbaticals, training program, etc. As I learned the nuance of on the job training in the classes, through an internship I got the clear essence of the concept. I also learned about the individual, their learning, their reinforcement and attitudes towards work, and job satisfaction. I found that the individual’s personality, value, and perception and motivation and many others like decision making and a person’s behavior group, and in their workplace. I also identify the fact that all the people could not be motivated by the same thing or reward.

Working here I could also relate to the knowledge in leadership. A leader has to work with his subordinates. I observe that the CSD head seemed a little authoritative, however, in a needy situation she was always present to solve the problem. So, it taught me that to become a leader one needs to be flexible according to the situation.

4.2 Details of the related learning process and new knowledge the student has received

This internship has been a good change of pace since it allowed me to learn things through actions rather than just reading theory. The internship helped me understand that there are always alternative methods of doing things and it's important to keep updating oneself with new information. Although the theoretical knowledge that I have learned in college was not fully relevant and applicable in the practical world, however, there were bases of the theory upon which the practical work was done. At the same time, the skills and wisdom that I have developed academically were, very much important and relevant in real work life. There were some differences between the workplace and the comfort of the college, and what we learned about the different organizations in the classroom was not enough to understand the real work place environment. To understand the workplace, several factors must be understood like values, norms, and cultures, etc.

Through the extensive learning environment of Siam University, I have acquired theoretical knowledge in several disciplines which were extremely important and relevant in the real work scenario and the comparison of the academic knowledge in the practical work scenario can be seen from the following examples.

We had learned Financial Accounting which deals with the basics of debit and credit, ledgers, income statement, retained earnings, cash flow, balance sheet and financial ratios etc. In banking, this is very important. The knowledge gained from accountancy helped me to quickly learn the terms of banking. The format of the trial balance, income statement, cash flows and balance sheet are same as we studied. So, it was easy for me understand the financial statements of the bank in a short period.

FIM being another discipline where I had studied about the different aspects of banking, their requirements, the NRB and different technologies that should be known to each finance specialized students. This course has taught me how the bank, mobilizes deposits to give loan to other customers. It also taught how the bank regarding their loan can hamper their creditworthiness of the bank.

This is real in the banking sector that is why MEGA also tries to attract customers to get deposit from them and use them to provide loans. Also, while giving loans MEGA is careful in the 5 C's of customers and gives attention to each factor that may direct for insolvent customers.

Similarly, it provides me enough information on the banking terminologies like single narrower limit, margin call, margin lending, provisions, central banks rule, Basel I, Basel II, categorization of loan as good, substandard, doubtful and bad debt, capital inadequacy ratios and non-performing assets and so on. Though their use was minimum, I could understand the notion of these terminologies. In class, we heard about 35-day notice but during the internship program, I got the opportunity to properly understand the essence of this statement. Also, I got to understand why different banks have different interest rates.

It is not limited to the above-mentioned disciplines only. I understood the value of the network. Networking is important in any business and in banking it is important. Each employee

is given some quota to fulfill and to fulfill those quotas one has to know and influence people to open an account. Thus, the internship of 8 weeks has helped me to gain a good sight of professional life in the banking sector, its advantages and disadvantages as well. Also, this internship has allowed me to understand the theoretical courses that I have undertaken to be understood and implemented in real life.



Chapter 5: Conclusion

5.1 Self-assessment as a professional

This internship program has been fruitful to the students of BBA like me, as they get the chance to gain practical knowledge working in real life situations, which they have been studying in their course. The last 2 months were quite intriguing to do my internship at Mega Bank, Kamaladi. Working with Mega got me an opportunity to deeply analyze various types of customers and methods to handle them and as well some basic banking processes.

Learning and working in a bank in real, is a great experience as I am a finance specialization student and I could relate many of my courses in practical life work. The internship at Mega helped me to expose my ability and make me capable to take initiation in work. At the same time, I am able to adjust to the new environment. Doing internship at MEGA had provided me an opportunity to know and observe the working system, network layout, function of various department and establishing friendly relation with the staff. The staffs were always helpful, cooperative, and encouraging. However, they were very strict about the assigned duties and responsibilities. This has even helped me to work obediently and seriously.

I learned that the theoretical knowledge that we gained in our classroom and the practical knowledge gained at the real workplace different but correlated in a sense of how we utilize that knowledge in the real workplace. Another important lesson is that the things that we learn practically are way more helpful than learning them theoretically. The internship has proved to be a fruitful and practical learning experience which provided me with an opportunity to work in areal professional setting. This helped me to enhance my knowledge and gave a sight as to what skills and qualities I would require to excel in this field. Overall, this internship prepared me for any hardship life has to offer me in the future. This program has helped me built up my confidence. I am thankful to MEGA for providing me with an opportunity to work as an intern and gave a chance to supply my effort to the organization during my internship.

I believe I was able to complete all the tasks assigned to me promptly. I also believe the work I did was relevant and valuable to the company. I was able to overcome the difficulties I initially faces going into this internship and was able to self-motivate myself to work harder. Overall, I think this experience became a platform to apply all that I have learned in class and also build upon it through real practical work.

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