



Cooperative Education Report

Analysis of Credit Department at Siddhartha Bank Ltd.

Written by:

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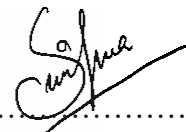
**This Report Submitted in Partial Fulfillment of the Requirements for
Cooperative Education, Faculty of Business Administration
Academic Semester 1/2020
Siam University**

Signing Page

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This cooperative report has been approved as a partial fulfilment of the requirements of the cooperative education program semester 1/2020.

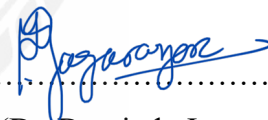
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Credits : 6
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Faculty : Bachelors in Business Administration (Finance and Banking)
Academic Year : 1/2020

Abstract

This project report entitled “ Analysis of Credit Department at Siddhartha Bank Ltd. (SBL)” at Kuleshwor has the goal to examine the Credit Department of a commercial bank. The main objective is to explore new facts and understand realities of how an organisation functions and gain practical experience in the related field. This report aims to provide an overview of the credit department's functions, significance, and procedures. In particular, this report will discuss my fourteen-week internship at Siddhartha Bank Ltd. in the Credit department and Customer Service departments (CSD), which began on August 17, 2020 and ended on November 23, 2020. This internship program is to ensure that the students will get exposure involving real working life, enable students to develop a deeper understanding of the course which they are undertaking and to provide the appropriate work related training to them in the field of their career choice. This further helps students to expose themselves to the real world where they can apply their theoretical knowledge.

While preparing this report it has been tried to reveal the insights of the Credit Department, and CSD of the bank a few recommendations were also prescribed based on the learning and observation. Various activities were performed in the CSD and credit department under the guidance of the supervisors of the respective departments during the internship. During this period of the internship, I have studied various articles online in attempts to understand the department I am working in (websites like Investopedia), loans and how they are processed, Nepal Rastra Bank's (NRB) circulars along with SBL's loan product papers and credit bulletins. This was a chance to develop and focus on improving competencies and skills in my career, which I took full advantage of.

Key Words: *Credit Department, Customer service, Theoretical knowledge, Work-trainings, Exposure, Career Field*

Impact of Covid-19 to my internship performance

Initially, Nepal was under strict nationwide lockdown beginning March 24, 2020, but it was lifted on June 21, 2020, allowing limited local public transportation and the opening of shops and restaurants. However, after a surge of people entering/returning to Nepal from various countries, the cases rapidly increased, and the infection spread to Kathmandu, prompting the government to re-impose a second lockdown for a week beginning August 20th, 2020, which was later extended for three weeks. The pandemic affected everyone in different manner; millions around the world were unable to work, and only those performing essential tasks, such as providing food or electricity, were able to do so.

Considering the threats of the pandemic and banking industry being one of the most risky areas, the company was operating on the alternative days and employees were also working like wise. Participating in a virtual internship has meant adjusting to working online and talking with colleagues over online video conference sites. The outbreak of this pandemic, on the other hand, had a negative impact on my internship experience, as the outside environment had become extremely intimidating. Looking at the positives, I am now able to manage my time better as I multi-task and balance being an intern and a student. Internship opportunity provided by the bank was a great achievement in itself but given the current situation it is fairly not possible for an internee to cover up the whole thing within a short time. The pandemic had an impact on day-to-day operations, but that is the case for almost every company around the world. I would have learned and experienced so much more if it hadn't been for the pandemic.

Acknowledgement

The internship experience with Siddhartha Bank Ltd. (SBL), Kuleshwore, was a fantastic opportunity for learning and professional development. Therefore, I consider myself extremely fortunate to have been given the opportunity to be a part of it. I'm also grateful for the opportunity to meet so many wonderful people and professionals who guided me through this internship period.

First of all, I would like to thank Siam University and Kathmandu College of Management for giving me such a wonderful opportunity to gain such knowledge through this internship program. I would like to express gratitude to Dr. Maria Shrestha, Vice Principal of Kathmandu College of Management, and Ajarn Sumaia Farzana, Academic Advisor of Siam University, for their valuable time and guidance in pointing out flaws in my internship report and providing me with information to make the internship experience easier. I choose this moment to acknowledge their contribution gratefully. I'd also like to thank Dr. Chanatip Sukai, Assistant Coordinator of Co-operative Education Program, for their help in successfully coordinating and supervising the entire co-operative program.

Second, I'd like to thank Mrs. Mahima Aryal, Branch Manager (SBL), for granting me permission to intern at Siddhartha Bank Ltd customer service department and credit department. I'd also like to thank all of the department heads for guiding me throughout the internship and providing me with as much information about the department as possible.

Lastly, I'd like to thank everyone who was involved in assisting me in successfully completing my internship program for their accurate and detailed guidance, which was incredibly useful for my study both theoretically and practically. I hope I can build up on the knowledge and skills I have gained and utilize them to the fullest in the future.

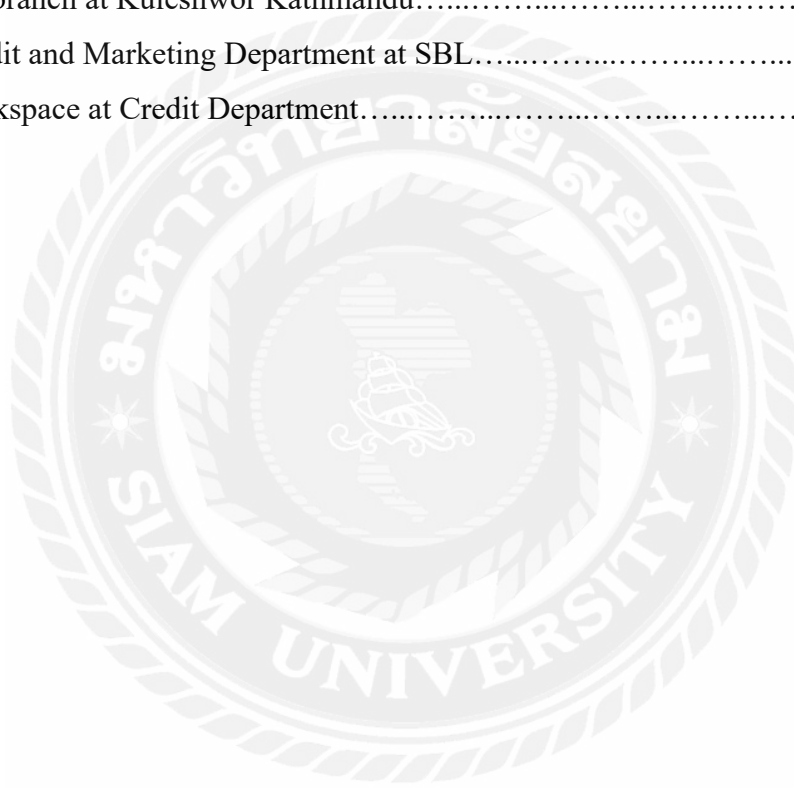
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List of Acronyms

ATM: Automated Teller Machine

CAL: Commercial Agriculture and Animal Loan

CSD: Customer Service Department

CSR: Corporate Social Responsibility

KYC: Know your Customer

NPA: Non Performing Asset

NRB: Nepal Rastra Bank

SBL: Siddhartha Bank Ltd.

SME: Small Medium Enterprises

VDC: Village Development Committee



Chapter 1: Introduction

This chapter comprises the introduction to the report with subtitles like company profile, vision, mission and values of the company, organizational structure, intentions to join the company, strategic analysis of the company, and objectives of the study.

1.1 Company Profile

Siddhartha Bank Limited (SBL), founded in 2002 and promoted by prominent personalities, is now one of Nepal's fastest growing banks. Despite the fact that the promoters come from a wide range of industries, they have extensive business knowledge and share it with the bank in order for it to grow successfully. (Siddhartha Bank, 2012) Within a short period of time, SBL was able to develop a wide range of products and services that better serve its clientele. Since its inception, SBL has consistently increased the size of its portfolio and its profitability. (Siddhartha Bank, 2012) The bank's management has been extremely competent and professional.

SBL has been able to gain significant trust of the customers and all other stakeholders to become one of the most promising commercial banks in the country. The Bank is fully committed towards customer satisfaction. The Bank is completely devoted to the happiness of customers. An indication of the bank's contribution to customer loyalty, as well as the variety and scope of new banking products and services offered. This dedication has enabled the SBL to experience exponential growth year after year. SBL is confident that it will be able to maintain this trust and move even closer to its goal of becoming one of the industry's leading banks. (Siddhartha Bank, 2012)

1.2 Vision of Siddhartha Bank Ltd.

SBL has a vision of being financially stable, operationally efficient and keeping up with technological advancements. (Siddhartha Bank, 2012)

1.3 Mission of Siddhartha Bank Ltd.

By meeting the interests of the stakeholders, SBL wants to be one of the industry's leading banks and also strives to provide maximum customer service by providing innovative goods and by developing and maintaining highly motivated and dedicated employees. It guides all its attempts to press forward with improved earnings. (Siddhartha Bank, 2012) The following mission statement serves as a guide to achieving the bank's vision:

- i. Be one of the leading banks in the industry in terms of profitability, efficiency, and innovative technology
- ii. Utilizing improved technology, strive for total customer satisfaction by providing efficient and diverse financial services
- iii. To achieve superior individual performance and improve organizational effectiveness, nurture a highly motivated and committed team of employees by building a positive work culture
- iv. Be a source of pride for all stakeholders.

1.4 Core Values of the Siddhartha bank Ltd.

The Bank's top priority is to create a continuously growing pool of delighted customers in the country's urban, semi-urban, and rural areas by offering innovative products and developing and retaining highly motivated and committed employees. (Siddhartha Bank, 2012) The core values of SBL are:

- i. Customer focus
- ii. Shareholder prosperity
- iii. Employee growth
- iv. Economic welfare

1.5 Organizational structure of Siddhartha Bank Ltd.

For the bank's day-to-day operations to operate smoothly, the organization must be divided into various departments, branches, and sub-branches. Every organization has different staff in each section to perform tasks in a systematic manner in order to achieve the best outcomes. As a result, a designed and efficient organizational structure is required for a business entity for the systematic intent, delegation responsibility, and level of responsibility for each function. (Siddhartha Bank, 2012)



Figure 1: Logo of Siddhartha Bank Ltd.
Source: Website of SBL

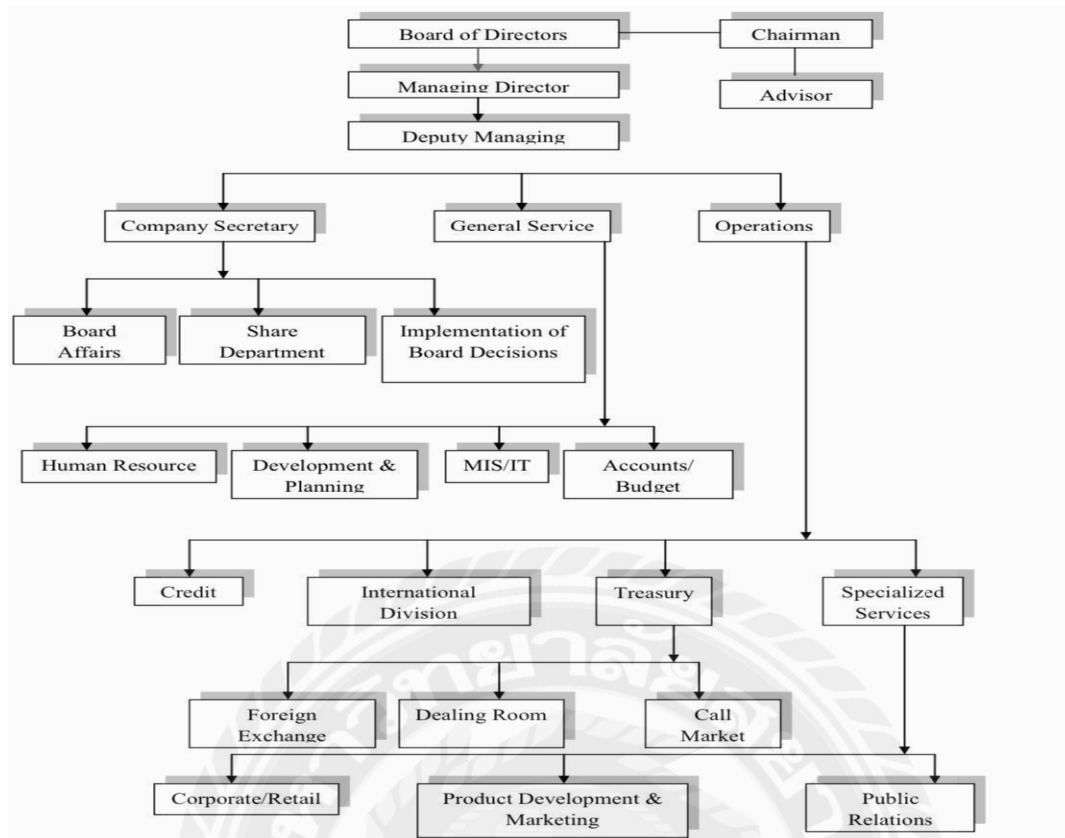


Figure 2: Organizational structure of Corporate office

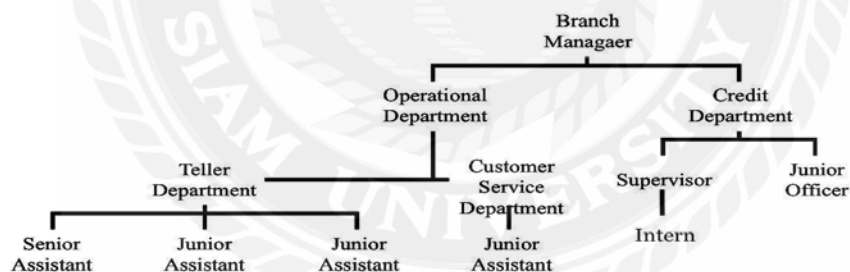


Figure 3: Organisational structure of Branch office

1.6 Intentions to join Siddhartha Bank Ltd.

As a student of Bachelor of Business Administration (BBA) in Banking and Finance, I am entitled to carry out an internship in any organization which makes up the complete curriculum for a full-fledged BBA degree that is designated for the seventh semester according to the university. The utmost motive of the program is to provide exposure to the students and make them familiar with the real-world situation. An internship program allows

you to learn about the organization, give a deeper understanding of it, and obtain a more balanced perspective on it, which is why it should be chosen based on your personal aspirations and related fields of specialization. Choosing an organization for an internship program is always a difficult task. Following discussions with various teachers and faculties, SBL, one of Nepal's growing commercial banks, was chosen for the unique set of benefits it provided.

To be more precise, I decided to intern at SBL because banks are the most prominent users of management and finance, which would help me convert my theoretical knowledge into practical fields. SBL has proven and carved itself out to reach out to people and make a difference to their lives through various products and services to help them to look up to a better future. I aspire to understand the credit management aspects of commercial banks and its importance. I also seek to extend my knowledge on how commercial banks work in the real-world situation and demonstrate the ability to adopt a professional role from the environment and the people I worked with. By building strong social networks with the staff and professionals at the company, I want to encounter the problems and solutions while dealing with the situations and broaden my perspective by learning different aspects and its importance.

1.7 Strategic Analysis of Siddhartha Bank Ltd.

Strategic analysis of the company involves various research of the organisation's environment/ industry. Strategic analysis plays a vital role in an organisation's decision making and its operations. Organisation's objectives and goals are fulfilled with the help of strategic analysis, planning and implementation. Strategic analysis must be conducted periodically since the environment of the industry keeps changing constantly. In order to function successfully in the industry, the organisation must improve the areas that are not doing well and need improvement. It is important to think about how positive changes need to be implemented.

1.7.1 SWOT analysis of SBL

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

Strengths: Organisational strengths are usually derived from its financial, human and other resources. SBL provides a comprehensive range of banking products and services to a diverse set of clients and customers, offers a wide range of products and services to meet the needs of its customers and offers a variety of deposit schemes aimed at high, middle, and low-level customers. SBL has a wide network of branches commercially available in rural and urban areas. It uses the latest technology (i.e., mobile banking, internet banking, ATM cards, Dollar card).

Weaknesses: They are the lacking elements that disable an organisation to achieve its goals. Customers are attracted towards other financial institutions that provide higher interest rates than the commercial banks. Given the pandemic and economic downturn, customers are attracted towards other financial institutions that provide higher interest rates than the commercial banks. The greatest impact on banks as a result of Covid-19 is related to their loan portfolios, where many borrowers across various sectors are experiencing a significant drop in their income, making it difficult to repay their obligations in a timely manner.

Opportunities: Organisational opportunities are an area that may be generating higher performance. It has the potential to increase the organisation's strength. SBL should not be slow to technological changes or it will fail to meet the needs of the younger generation. As a result, technology has become the foundation of every department in the bank. SBL has developed services such as internet banking, mobile banking, and so on to assist their customers in any way possible. Digital banking offers convenience, some things can be easily handled electronically than in-person. Additionally, the emphasis is on improving regulatory compliance and asset quality. Large network of branches in rural areas, because the majority of people in rural areas do not have a bank account and are therefore deprived of banking services. Investing in national-level projects such as tourism and hydropower.

Threats: Organisational threats are the area that makes it difficult for an organisation to perform at a higher level. It has the potential to hurt and even destroy an organisation. With SBL offering more online options, it also increases the risk for data breaches. SBL can make sure that their own platforms are heavily protected against hackers. Political instability is a major threat for any industry in the country. Nepal currently has 27 commercial banks, 19 development banks, 21 finance companies, and 76 microfinance institutions. SBL faces stiff competition not only from other banks, but also from alternative finance firms such as mutual funds and insurance companies.

1.7.2 Porter's Five Forces

According to Porter's approach, an organization is most sensitive to the level of competition within its industry. Five basic competitive forces determine the level of competition. An organization must carefully scan the task environment to determine the importance of each task to its success:



Figure 4: Porter's Five Forces

Threat of new entrants: Banking regulation needs the approval of the banking regulator Nepal Rastra Bank (NRB) before setting up a new bank, so the threat of new entrants is low.

Threat of substitute products and services: Non-financial competitors pose the greatest threat of substitution to the banking industry, not rival banks. There is a threat of payment method substitutes, and the industry's loan volume is relatively high. For example, electronics, car dealers, and more tend to offer preferred financing on these items. Many such non-banking companies frequently offer lower interest rates on payments than the consumer would receive from a traditional bank loan. SBL offers a diverse range of products and services that have proven to be popular with customers. However, the threat of substitutes is high, as customers' interest in alternative payment methods has grown.

Buyer bargaining power: Buyers have an impact on an industry because they can negotiate lower prices, better quality, or more services. Nonetheless, SBL has been able to meet the majority of customers' needs by providing high-quality products and convenient services. SBL provides various services like Personal banking: saving deposit, fixed deposit, branch banking, current deposit and call deposit, Corporate banking: business loan, trade finance and

bank guarantee, and Small-medium enterprise: home loan, vehicle loan, education loan, personal loan, loan against fixed deposit receipt.

Bargaining power of suppliers: The banks have to meet many regulatory criteria set by NRB like maintaining the capital needs. Banks' primary resource is capital, and the industry's four major sources of capital are customer deposits, loans and lending, mortgage-backed securities, and loans from other financial institutions. By utilizing these four major suppliers, the SBL can be sure that they have the necessary resources required to service their customers' borrowing needs while maintaining enough capital to meet withdrawal expectations.

Major Competitors: Because the banking sector is the main source of economic development and expansion, competition in the banking industry is increasing. Because of the large number of public, private, international, and cooperative banks in the country, such as Everest Bank, Standard Chartered Bank, and Nepal Bank, competition is fierce.

1.7.3 PESTEL Analysis

It is an approach to examine six important factors that affect an organization. Banking professionals should always pay attention to the variables listed below, their change, the extent and variability, and the potential impact on business operational activities, and then develop an alternative approach to counteract any negative impact and capitalize on any positive impacts and opportunities.

Political Factors: Political factors have a significant impact on an organisation which includes national policy, political stability or instability in international markets, trade regulations, taxation, employment law, environmental legislation, trade barriers, and other factors. Financial institutions must be ready to respond to current and future regulation and change their marketing strategies accordingly. However, on the advice of the prime minister, the President of Nepal dissolved the House of Representatives on December 20, 2020, resulting in a very unstable administration in Nepal. The abolishment of the House of Representatives and the call for elections have created political instability, which will have an effect on the economy, which has already been badly affected by the Covid-19 pandemic. The government, which is struggling to create resources to support the rehabilitation of the Covid-19 impacted areas, would have to spend a lot of money on staging the elections, which puts Nepal at risk of being a victim of heavy debt in the future.

Economic Factors: Economic factors have a big influence on how a company runs its operations and how profitable it is. Consumer and business disposable income, interest rates, exchange rates, inflation, and economic expansion are all issues to consider. Covid-19 has impacted negatively on the global economic and banking systems as a result of the current pandemic. Damaged business transaction, which will have an impact on how banks lend in the future. The recent decrease in interest rates indicates market liquidity. Remittance income will be at an all-time low as a result of the global economic crisis, which is creating job losses.

Social Factors: The areas that involve the population's shared views and attitudes are known as socio-cultural aspects. Increase in population, age structure, health awareness, and employment rate are among these causes. The entrepreneurial trend has been picking up steam in recent years, with online business being one of the most appealing options for many young people and families. There is a transition in the business environment, as seen by the increasing number of women in business. SBL provides a customized credit facility called Siddhartha Mahila Udhymshil Karja supports women-owned and operated small businesses. For example, agriculture, small - scale and cottage industries, service industry, and other value-added companies.

This has a debt ceiling of Rs. 1.5 million and a sale maximum of Rs 5 million. Youths are more drawn to the productive sector like agriculture businesses, and tourism enterprises as a result of the new ideas, and they are also drawn to digital transactions. As we can see , mobile phone adoption has reached a tipping point. SBL also offers a Commercial Agriculture and Animal Loan (CAL) facility, which is an interest-free loan sanctioned in favor of farming businesses to finance their funding needs. Its goal is to provide various financed and non-financed financial assistance to commercial agriculture and livestock businesses.

Technological Factors: The technical field is continuously evolving, and this has had an impact on how we promote our products. Marketing and management are affected by technological variables. COVID-19, a recent pandemic, has taught the financial industry why it should embrace digitization, as digital transactions are another draw for young people. The banking industry needs to change its approach by going digital if it wants to keep the younger generation as customers. As a result, SBL has been under constant pressure to improve customer service, either to cut operating costs or to remain competitive in the market by

implementing modern technologies. With the recent trend of digitalization, digital transactions, online customer service, and so on, research and development on digital or mobile technologies, as well as automation, are now important considerations for the SBL. Further, adaptation of new technology always comes with a package i.e., risk factor. Thus, SBL needs to focus on both adaptation of technology as well as managing the risk associated with these technologies.

Environmental Factors: Clients are gradually insisting that the things they buy be ethically sourced and, if feasible, from a sustainable source. As a result, SBL is active in a variety of CSR practices, as well as the CSR element of the surrounding system, which is becoming increasingly popular these days. The SBL needs to adopt environmentally friendly technology and also should be pressured to fulfill responsibility towards the society. It should come up with a concept of Green financing and promotion of green banking and responsible banking 24×7 banking.

Legal Factors: Legal considerations include safety and security, equality of opportunity, advertising standards, consumer rights and laws, product descriptions, and product safety. A banking employee must be well-versed in existing rules and regulations, as well as any legal changes and their implications for banking operations. Banks should give priority to sectors such as agriculture, hydropower, and tourism when making loans. SBL should comply with the policy of the NRB such as easy credit to women, youth and deprived communities. Cyber Security related law to protect from the technological and associated risks. Client protection and consumer laws.

1.8 Objectives of this Co-operative study

Internships are necessary to gain real experience and develop our corporate skills. The internship's overall goal is to get sufficient expertise about the organization's operating system. It is also a platform to show the ability to mold the theoretical knowledge learned throughout the BBA program as per the requirements. This research aims to provide an insight into how the banking industry actually works and to know the overall position of this industry. The following are the internship's major objectives:

- i. To gain a practical understanding of real-world working conditions
- ii. To relate the theoretical learning with the real-life situation
- iii. To understand the function of Credit department at SBL

- iv. To get better understanding of the activities carried out by the credit department by means of interaction, observation and working experience

Chapter2: Internship Activities

During the fourteen weeks period of internship at SBL, I was placed in different departments except cash under the supervision of operation in-charge. During the internship, various activities were carried out in various departments under the supervision of the respective department supervisors. But special focus was on the Credit Department. During this period of the internship, I have studied various articles online in attempts to understand the department I am working in (websites like Investopedia), loans and how they are processed, Nepal Rastra Bank's (NRB) circulars along with SBL's loan product papers and credit bulletins.

2.1 Job description and responsibility

The followings are the job descriptions and responsibilities:

2.1.1 Customer service Department (CSD)

i. Account opening (personnel and corporate) and account closing

- Provide scheme details for new account opening and assist the customer in filling out the form, checking the required documents, and verifying the photocopy with the original documents. For verification, the account opening form is sent to the CSD in charge and the branch manager. Similarly, when it comes to account closure, we first ask the customer why they want to close their account and then try to persuade them not to by suggesting alternative services. If the customer wishes to close the account, an account closing form is provided, and it is cleared by all departments 'without any objections.' Inform the customer of the charges levied and collect any belongings related to the account, such as a cheque book, ATM card, or pass book, if any. Finally, the account is closed by handing the customer cash after deducting the account closing charge.

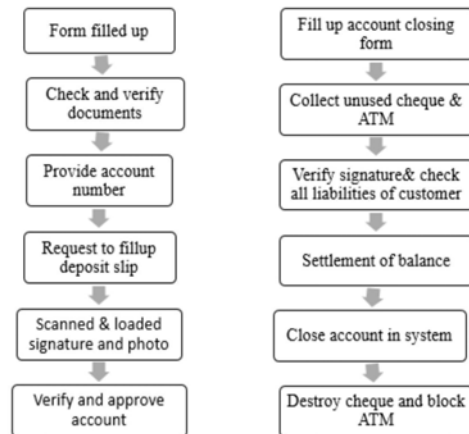


Figure 5: Procedure of account opening and closing

ii. Issuance of ATM card

- ATM cards are only given to account holders because they are considered highly confidential and secure from the perspective of SBL. It is provided after signing to register and completing the application form and confirming receipt.



Figure 6: Procedure of issuance of ATM cards

iii. Issuance of cheque book

- Cheque books are strictly handed over to the account holder only after the cheque disbursement register has been signed in person by the account holder. The cheque requisition slip, on the other hand, can be collected for the bearer; the account holder is not required. The minimum balance required to issue a cheque book for a savings account is Rs. 3,000, and Rs. 5,000 for a current account. Once the cheque book is completed, it must be entered into the cheque book issue register and rechecked before being handed over to the recipient.

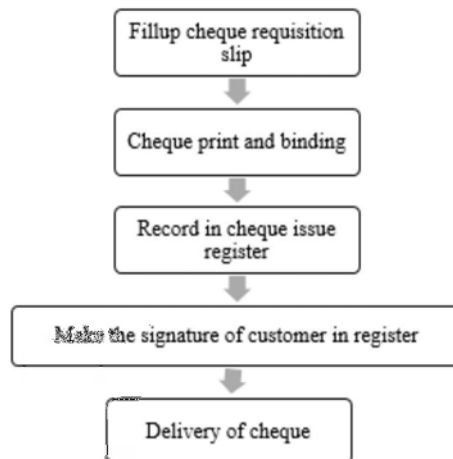


Figure 7: Procedure of cheque book issuance

iv. Balance inquiry and other information about products to the customer

- CSD provides account holders with details about their accounts, as well as deposit and withdrawal dates. This information is only available to the account holder; however, if the account holder is unable to visit, his or her representative may obtain the balance by bringing the account holder's written and signed application.

v. Issuing of account statements and bank certificates

- The customer requests account statements in order to determine the transaction record. An account statement only provides information to the account holder or the bearer of a previously issued account statement signed by the account holder. If an individual or a company is traveling abroad, a bank certificate is issued. The bank certifies the account holder's transactions and balance for the concerned embassy. The balance certificate proves that the person has a specific balance on the SBL account.

2.1.2 Credit Department

- i. Assistance in preparing Credit Applications
- ii. Assistance in Security Documentation
- iii. I compiled a checklist of original documents and other required paperwork while providing the loan.
- iv. In the documents, I filled in missing customer information.
- v. Accompany Relationship Managers to client meetings and visits for signing required documents

- vi. The procedure of checking the name and address of SME customers, the limit, and the area of property in the mortgage deed with that of the customer's land ownership certificate was observed.

2.2 Analysis of Activities Performed

I was assigned to the bank's Credit Department for four weeks during my internship to learn about the credit loan process and the documents that are needed to obtain credit allocation to customers. The Credit Department primarily oversees the various documents required for loan processing, prepares necessary legal documents on behalf of the bank, analyzes the various risks associated with the loan, and functions to mitigate such default in the loan.

2.3 Introduction to Credit Department

Lending money is one of a commercial bank's primary functions. The selection of a borrower is the most important and critical job for a banker during the lending process. Credit is a bank's most significant department. Credit Departments within banks have become increasingly complex driven by the demands of regulation and the business environment. The level of sophistication has accelerated in recent years as SBL have developed credit departments with enhanced responsibilities. Distinguishing the roles precisely between risk assessment, lending decisions and monitoring functions to increase the performance and soundness of loan portfolios, SBL has introduced a system of credit risk assessment and lending procedures. Specific responsibilities of the credit department include evaluating and rating lender credit risk, establishing and managing lender credit risk limits, evaluating credit risk transactions and approving, rejecting, or modifying them as appropriate. This department's performance maintains a significant impact over SBL's profit. This department's failure may lead to huge losses or even bankruptcy for SBL.

2.3.1 Credit Procedures

The main objective of credit procedures should be to establish a solid knowledge of the bank's clients and their businesses in order to truly know them.(Nepal Rastra Bank, 2010) SBL should develop procedures that obtain important issues such as the borrower's industry/business, macroeconomic factors, the purpose of credit, the source of repayment, the borrower's track record and repayment history, the borrower's repayment capacity, the proposed terms, conditions, and agreements, the sufficiency and validity of collaterals, and

appropriate loan verification Before granting a credit facility, SBL should evaluate the customer/risk transaction's profile. (Nepal Rastra Bank, 2010) This could include:

- i. The borrower's credit rating is evaluated (macroeconomic factors, industry and firm specific analysis)
- ii. The credit's purpose and the source of repayment
- iii. The borrower's credit history / repayment history
- iv. Borrower's ability to repay and other sources of income
- v. Credit agreement terms, conditions, and covenants
- vi. Reliability in the past and projected projections; the borrower's expected future cash balance
- vii. The sufficiency, enforceability, and liquidity of collaterals
- viii. Approval from the relevant authorities

SBL does not provide loans spontaneously. They go through a number of steps during the loan approval process. The loan is only disbursed after all terms and conditions of the approval have been met and all security documentation has been completed.

2.3.2 Legal Documents required for loan disbursement

- i. Copy of 'Lal Purja'
- ii. Land tax receipt
- iii. Char Killa from ward office
- iv. Approved map/certificate of building from municipality or VDC
- v. Citizenship certificate of the owners of the property
- vi. Company registration certificate (in case the customer is a company)
- vii. Income tax registration of company
- viii. Copy of the minimum government land rate



Figure 8: Process of disbursement of loan

2.4 Contributions as a Co-op student in the company

Corporate houses and internship programs are created to help freshers gain and share knowledge, allowing them to learn from others and better understand the world. My contribution to the organization was to learn, to do a good job, and to avoid becoming a liability. As an intern I completed all the tasks given to me to the best of my ability, and offered help as much as I can. I was helpful within the scope of what was assigned. I used to make sure that all the tasks and activities are carried out as per the planning and reported to my supervisor accordingly. For example, all related documents from the clients' file were scanned and photocopied and uploaded to the company's backup system, while the photocopied documents must be compiled in the files. While working in the Customer service department for four weeks, I was expected to bring new accounts in the company. Eventually, by taking initiative and successfully completing my task, I attempted to sell the SBL's products through phone calls to various organizations, and after following up with interested customers, I brought in three new bank accounts. I filled in the missing information of clients in the documents and managed and organized all the security documents.

Some credit information gathering was best learned through the internship experience. I observed the process of verifying documents such as SME customers' names and addresses, the limit and area of mortgaged property in the mortgage deed provided by the customer. Accounting and financial analysis articles and materials were reviewed to widen credit understanding and as an additional aid for career planning. I had a wonderful experience working at SBL. Interns can evaluate their understanding of Nepal's banking sector and how it should be managed by working in the Credit Department, in particular. This internship program was extremely beneficial in terms of understanding, analyzing, and interpreting the Nepalese banking industry and the role of the commercial bank in Nepal.

Chapter 3: Learning Process

This chapter contains the learning process used and knowledge acquired by the student during the internship period.

3.1 Identification of Problems encountering during the Internship

Problems and organisation are terms that are non-detachable. In performing day to day activities of the organisation, one needs to tackle various problems and challenges. While dealing with such problems, appropriate managerial skills need to be used to solve the problem in an effective and efficient way.

3.1.1 Pandemic outbreak

Considering the threat of the pandemic, before lockdown, we had to be there at the office everyday but due to lockdown the assigned tasks were operating with the constraints of the internet, by working alternative days and working from home has been the most important. In the initial phase of internship, I was assigned to learn and describe different products and services SBL offered along with its features and interests. Transparency from my supervisor and helpful feedback and guidance had made a significant difference for me while working from home.

3.1.2 Challenges faced

Certainly, the real-world working environment and practical exposures differ significantly from the theoretical aspects we learned in class. Adjusting to the workplace and its culture can take time and is subjective according to an individual. I was also hesitant to ask questions and queries. Being a reserved person, adjusting to the environment took me a little time.

3.1.3 Time limit

There's also a time limit. Observing the entire business operations and producing a fruitful result takes a significant amount of time, so the time limit is a critical limitation. As a result, with only fourteen weeks of work experience, it was impossible to organize the report with rigorous and in-depth information. Throughout my internship, I saw several customers who were dissatisfied with the services provided due to the lengthy wait time. We had to keep a social distance because of Covid-19, so there was a long waiting line. Work overload challenges were also caused by the CSD's insufficient number of employees.

3.1.4 Company clauses

Due to the confidentiality provisions within the company, more detailed versions of information that could have made the study much broader on all aspects could not be collected, and general information was only obtained to a greater extent.

3.2 Indicate how you successfully solved the problems. Provide some examples

Despite the difficulties, I did my best to counteract in order to deal with the situation properly. As a result, I dealt with the issues by discovering the following solutions:

3.2.1 Worked from home

Because the lockdown required all of us to maintain social distance, and the organisation was closed down for a couple of weeks I worked from home. I communicated with my supervisor and senior staff via phone calls and emails. Since I was assigned to CSD in the initial phase of the internship, in the initial phase of internship I was assigned to learn and describe different products and services SBL offered along with its features and interests.

3.2.2 Developed skills

Because I am a reserved person, it took some time for me to adjust to my new surroundings, but I eventually developed social skills. Informal interactions and communication among coworkers contributed to the job's monotony and the creation of a pleasant atmosphere. I learnt to have an open mind to incorporate new knowledge and ideas which can help me develop personal and professional skills and understanding to become a better person.

3.2.3 Made effective use of the time allotted

Despite the fact that time was a major constraint, I made every effort to learn new things. I enjoyed almost all of the tasks that were assigned to me. My colleague in the CSD department was able to work smoothly as I assisted her by handling the customers who had queries and helped filling out forms who didn't know how to read and write. My task was also to manage and organize paper documents. This made it easier for my colleague to take out the documents when she needed, as it was well organized by me. I also had to contact the customer to inform them that their debit cards had arrived at the bank. I also had to contact the customer about various issues, such as requesting various documents, completing the Know Your Customer (KYC) form, and so on. My supervisor, the department heads, and the rest of the staff were all very helpful and cooperative.

3.2.4 Intensive analysis of accessible information

Even though brief information about the respective research topic was available, I relied on my supervisor and senior staff to interpret more details. In the beginning of the internship, I was assigned jobs like assisting in filing and indexing. Since it was just a learning process, I continued doing my task and simultaneously understanding the products offered by the SBL clearly and also checking NRB circular and website regularly to see if any new circular is published and report it on. Whenever I discovered something significant, I would write it down in my diary and try to learn more about the subject. While working in CSD, I was following up with interested customers via phone calls and sharing online brochures with potential clients for new account openings. When I discovered errors in the account opening form, I used to notify the customers. There was one instance of a customer being on a blacklist due to an illegitimate source of income, which precluded him from opening an account at SBL.

3.3 What have you learned from Co-op studies

Every action is taken with the purpose of accomplishing goals in mind. The Co-op study assisted us in analyzing and understanding how we should direct our actions. It also helped in understanding the organizational environment and culture. It essentially assisted in responding to the question of how to obtain our specific goal. Along with these, many small and large lessons were learned, which broadened the intern's knowledge and brought work maturity. As a result, I received the most exposure to what it is like to work in real life during fourteen weeks of the internship, with the knowledge learned in the Co-Op studies. The Co-op program provided the experience that will be useful in building a platform and preparing for the future.

3.4 Recommendation for the company

With reference to the preceding conclusions, the following recommendation can be made:

- i. The Credit Department has limited manpower which is why the head of the department is always busy. The company needs to recruit new employees for effective and efficient operation
- ii. The bank should frequently allow the intern to use banking software under the supervision of other staff.

3.5 How you applied the knowledge from coursework to the real working situation

Knowledge gained in class differs greatly from practical knowledge. A chance to learn and experience doing new things practically in the workplace at SBL was an amazing learning opportunity. Internships allow you to learn in an environment where you are supervised by a professional in the field and have the chance to attain your own goals by learning new skills that will benefit your academic, career, and self growth. In order to adapt in a different environment, you surely need socializing skills which will make your life in the workplace easier. I was able to develop my communication and interaction skills to get acquainted with co-workers and perform and complete the task at predetermined time, handling the work flows effectively and efficiently coordinating activities. Achieving sense of accomplishment by contributing to an organisation.

Working in the customer service department taught me some marketing skills, such as persuasive speaking skills, which I used when approaching customers for new account openings. Another factor is self-control and patience. For instance, there was one situation where an elderly woman complained that she did not receive an IPO share because the bank mistyped her name. To understand their point of view and make them understand yours, you must exercise a great deal of self-control, patience, and empathy in these situations.

Working in the Credit Department increased my knowledge of Nepal's banking sector and proper management by exposing me to a variety of task-related activities. Certainly, working in an organization and practical exposures differ significantly from the theoretical aspects we have learned in class. Working in a credit department did teach me about credit risk. When a bank is exposed to loss as a result of a borrower failing to honor their contracted debt obligation on time, this is referred to as credit risk. In general, the types of risks that credit transactions may contain differ to varying levels, all of which must be specifically understood by the credit organization in relation to how they will impact the credit portfolio. A systematic framework across all relevant credit areas is required to manage the risks associated with providing debt services.

I also learned about how covid had affected SBL's asset quality. As a result of the Covid-19 impact on asset quality, SBL's gross non-performing asset (NPA) level increased to 1.6% as of mid-July 2020, up from 1.4% when last rated in April 2019. Higher NPA levels follow the Covid-19 impact on borrowers' repayment capacity. Concerns arise not only from the asset quality impact on the general borrower profile, but also from the significant addition

of an unseasoned credit portfolio in SBL's books in the last two to three years. (ICRA Nepal, 2020) Increased NPA levels and relatively low provision cover of 54% as of mid-July 2020 have resulted in a weak solvency profile with NPA/Net worth of 6% as of mid-July 2020, ranking among the lowest. The impact of Covid-19 on the borrower's repayment capacity increased SBL's delinquency level. The delinquency rate based on accrued interest receivables was 9% in mid-July 2020, a significant improvement from 17% in mid-April 2020. (ICRA Nepal, 2020)

Non-performing assets are debt obligations in which the borrower has repeatedly failed to make previously agreed-upon interest and principal payments to SBL. As a result, the SBL receives no income from the non performing asset in the form of principal and interest payments. The increase in SBL's non-performing assets is due to external factors, specifically Covid-19. Many businesses were shut down as a result of the lockdown, and most borrowers did not have enough income to make the payments, resulting in late payments and an increase in the NPA level, which impacted the bank's asset quality, profitability and capital which was lowest to Rs. 9.79 billion. And according to NRB each bank is required to keep its minimum capital of Rs. 8 billion.

Subject	Topics Applicable	Usage in working situation
114-303 English Usage for profession	Corporate communication and culture	Interactions with coworkers and learning to work effectively in teams and as individual
132-310 Credit Management	Credit process, selection, credit ratings, credit risk	Understanding loan requirements, documentation and disbursement procedure
132-308 Financial institutions Management	Regulations and guidelines of financial institutions	Banking practice guidelines and how they affect the institution's operations
132-409 Risk and Insurance Management	Financial institutions are exposed to various types of risk	learning various types of risk and its impact on asset quality

Table 1: Applying coursework to work situation

In the continuous learning process, where most importantly you learn from others, I learnt to have an open mind to incorporate new knowledge and ideas which can help me develop personal and professional skills and understanding to become a better person.

3.6 Special skills and new knowledge you have learned from this Co-op Studies

I am still exploring my options and specific industry I would like to be involved in. This internship has exposed me to the banking world but more than that it has also helped me in personal growth. While preparing and managing security documents, one must study and pay close attention to details. This internship has helped me be more focused and be detail-oriented than I was ever before. I had never imagined I would actually like, what people call a 9-5 job, at a bank. This internship has helped me be more open to the option of working in a bank being a finance and banking student. As it is a full-time internship, I have learned time-management as well, doing the right things at the right time and managing time, not just for the internship but also for myself and other engagements. I learned by observing and also getting involved, where I have the permission to, which has ultimately led me to believe banking could be something I'd like to consider as a career in the future.

During this internship period I got a great opportunity to learn that has practical implications in my career building. The direct and indirect learning and work getting involved in various departments at SBL provided me with experience. Socializing with those around me, dealing with work colleagues or a senior, and making the workplace a friendlier and better place to work are all important in the organization. It has been a great internship experience filled with learning, gaining knowledge and activities that will be really helpful in my career in the future. All the employees and the staff in the organisation play an equally important role towards achieving the objectives, mission and the vision of the organisation. Therefore, it is important to coordinate with every department in order to facilitate smooth functioning and maintain a healthy atmosphere in the organisation.

All of the lessons learned cannot be expressed in a written form because much knowledge is related to realization rather than new knowledge. It has undoubtedly added new insights to the knowledge base by assisting in the proper application of theoretical knowledge acquired as well as contributing to the expansion of tacit knowledge. Nonetheless, the following are the important lessons learnt:

- i. Customers are the main drivers of any financial institution, and they should be pleased by offering quality services, which rely primarily on quality services and a pleasant personality of the staff
- ii. Learned how to use a photocopier and scanner to copy and scan documents as part of the bank's documentation process
- iii. Learned about the bank's various products and how they work
- iv. Recognized the significance of cooperation, coordination, and interconnection among a bank's various departments for smooth operation
- v. Learned how to communicate with and deal with customers of various classes
- vi. Familiarized with the institutional culture and values of the corporate world
- vii. Acquainted with the CSD's and Credit Department's working procedures.

Chapter 4: Conclusion

This chapter includes the highlights of the co-op studies at SBL, self-assessment, limitation of the internship and the recommendation for the college.

4.1 Summary of highlights of your Co-operative studies at SBL

My internship period of fourteen weeks provided me with wonderful opportunities to know about the professional banking world.

- i. I learned the reality of a professional organisational setting. Most importantly, the responsibilities, completion of tasks and importance of time management and developed interpersonal and communication skills
- ii. Learned about the CSD and credit department's basic activities and operations
- iii. Learning from such experienced and cooperative staff made my internship at SBL more manageable, and the intern was able to develop and represent as a member of the bank
- iv. Learned how to use a photocopier and scanner to copy and scan documents as part of the bank's documentation process
- v. Learned about the bank's various products and how they work
- vi. Recognized the significance of cooperation, coordination, and interconnection among a bank's various departments for smooth operation
- vii. Learned how to communicate with and deal with customers of various classes

viii. Familiarized with the institutional culture and values of the corporate world.

4.2 Self-assessment as a professional

This internship experience at SBL has taught me to recognize the difference between academic understanding and real-world circumstances. The importance of dedication to one's work and making personal sacrifices during office hours. Honesty, faith, time management, and punctuality all were used to boost efficiency and performance. It has helped me to gain faith in myself, companionship and interpersonal skills. This experience made me realize my strength and weakness, which enabled me to hone my strengths and turn my weaknesses into strength. For instance, being a reserved person, I learnt the importance of adapting to a new environment and learnt to have an open mind to incorporate new knowledge and ideas which can help me develop personal and professional skills and understanding to become a better person.

The coaching, opportunities and lessons I have obtained have been insane and I am a completely different person. This meaningful experience has helped me adjust in an office-like environment and through observation and participation, I learned a lot about running an organisation. I learned on hand that in order for any organisation to run smoothly, delegation, fluid communication and accountability for one's respective duties is very important among other things. The world today is a small place with all the technological inventions and development of the internet. Choosing SBL for my internship experience enabled me to new ideas, people, culture, languages and lifestyles. Moreover, in this modern fast-paced competitive world, theoretical knowledge can only take one so far.

I want to step outside my comfort of my surroundings to discover, learn and grow from all the limitless opportunities. The possibilities are endless and there is still so much to learn, be and do.

4.3 Limitation of Co-operative studies

The internship opportunity provided by SBL was a significant accomplishment in and of itself. However, it is unlikely that an intern will be able to cover up everything in a short period of time. Despite lots of opportunities prevailing for the internship and, because limitations are a part of any progressive system, there were few limitations which restricted they are:

- i. Fourteen weeks' time period is too short to gain much banking knowledge and know the company well
- ii. Interns are strictly prohibited from gaining access to the system
- iii. Restricted access to various sections and information as a result of the SBL's private policy for confidentiality maintenance has reduced the scope of exposure in it
- iv. Because the intern is limited to a few departments, only data from those departments is available
- v. Given the pandemic situation and rush banking hour it was quite difficult for me to collect the information from the respective person.
- vi. Because it is limited to this branch and its departments, it does not provide a complete picture of the organization or the banking industry as a whole
- vii. This report may not be applicable to other similar organizations.

However, ignoring the limitations mentioned above, it has been best tried to gain adequate information from the office assistance of Kuleshwor Branch and sincerely performed the task.

4.4 Recommendation for the college

Students who are undertaking the BBA- Finance & Banking degree in Kathmandu College of Management in partnership with Siam University are required to undergo industrial training at one of the corporate houses for a period of fourteen weeks prior to graduating. Students are allowed to make their own choices to enter any organisation to do their internship. After working in a professional setting, I realized that it is very different from what we learn in theoretical studies. The following are the recommendation for college:

- i. When students were having difficulty and unable to find an organization for an internship during a pandemic like COVID-19, colleges should assist them in finding an organization
- ii. A 14 weeks' time period for an internship is insufficient to gain much knowledge and know the company well.

Annexure



Figure 9: SBL branch at Kuleshwor, Kathmandu



Figure 10: Credit and Marketing Department



Figure 11: Workspace

Name of the Job Supervisor	Mrs. Mahima Aryal
Email Address	mahima.aryal@sbl.com.np
Contact Number	+9779841718703
Job Position	Branch Manager of Kuleshwor branch SBL

Table 2: Supervisor details

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