

## **CHAPTER-II: ORGANIZATIONAL ANALYSIS**

### **2.1 Background of the organization**

#### **2.1.1 Introduction to Pokhara Branch**

NMB Bank Limited, one of the top commercial banks in the banking sector, has been active in the Nepalese financial market for more than 20 years and was granted an 'A' class investment license by Nepal Rastra Bank in May 2008.

Nederlandse Financierings-Maatsschappij voor Ontwikkelingslanden (FMO) and the Bank have a joint venture agreement in which FMO is the largest shareholder and owns 13.69% of the Bank's shares. The Dutch development bank, Nederlandse Financierings-Maatsschappij voor Ontwikkelingslanden (FMO), became the Bank's single largest shareholder when the two parties inked a joint venture agreement in September 2016. The partnership with FMO puts NMB Bank in a position to dominate the market for social and environmental risk management as well as agricultural and renewable energy.

NMB Bank was awarded 'Bank of the Year 2017', 'Bank of the Year 2018', 'Bank of the Year 2020', and 'Bank of the Year 2021'. In the same year, for the first time in the history of Nepal, the bank was awarded the title of 'Bank of the Year 2021 Asia' by the Banker, Financial Times London.

At the moment, it is being marketed by prominent business enterprises in collaboration with the Employee Provident Fund of Nepal and the youthful Lian Reality in Malaysia. In Nepal right now, it is among the top merchant (investment) bankers. It also holds the top spot among the current finance businesses in terms of net worth, market capitalization, deposits, profitability, and risky assets. Retail and commercial banking services are offered through its 202 branches nationwide (NMB, 2022).

### 2.1.2 Main offices

The head office of NMB Bank Limited is located at Babarmahal, Kathmandu. NMB Bank Limited has 202 branch all around Nepal. It has 187 ATM counter. The number of branches located in each provinces are as follows:

Koshi Province: 30 branches

Madesh Province: 27 branches

Bagmati Province: 51 branches

Gandaki Province: 38 branches

Lumbini Province: 32 branches

Karnali Province: 4 branches

Sudur Paschim Province: 20 branches

### 2.1.3 Capital Structure

Table 2.1: Capital Structure

S.N.	Details	Amount(Rs)
1	Core Capital (Tier 1)	24,763,725
2	Supplementary Capital ( Tier 2)	7,960,652
3	Total Capital Fund	32,724,377

Source: Annual Report of NMB Bank (2023/24)

Table 2.2 Profit and Loss Account

Particulars	Current Year (023/024)	Previous Year (022/023)
Interest income	6,006,630	6,794,097
Interest expenses	4,039,494	4,936,308
Net interest income	1,967,136	1,857,789
Fees and commission income	520,872	446,174
Fees and commission expenses	95,817	107,868
Net fee and Commission income	425,055	338,306
Net interest, fee and commission income	2,392,191	2,196,095
Net trading income	68,298	61,477
Other operating income	28,197	8,075
Total operating income	2,488,686	2,265,647
Impairment charge/(reversal) for loans and others	1,117,615	269,226
Net operating income	1,371,071	1,996,421
Operating expenses		
Personal expenses	656,222	615,828
Other operating expenses	425,248	450,524
Depreciation & Amortization	86,004	85,300
Operating Profit	203,597	844,769
Non-operating income	2,960	1,724
Non-operating expenses	40,231	52,538
Profit before income tax	166,326	793,972
Income tax expenses		
Current tax	104,165	302,193
Deferred tax expenses/(Income)	(32,844)	(48,236)
Profit for the period	95,004	540,016

Source: Annual Report of NMB Bank (2023/24)

## **2.2 Objective of the Organization**

### **VISSION**

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

### **MISSION**

- a. Assisting customers in reaching their financial stability.
- b. Cooperating collaboratively with local and international partners to support and advance sustainable socioeconomic development.
- c. Be responsible for positive environmental and social impacts.
- d. Promoting self-reliance through financial products for real economy.
- e. Creating an innovative climate within the organization, utilizing the skills and potential of staff.
- f. Delivering banking products and services to create a delightful customer experience

## **2.3 Products and Services of NMB Bank**

The NMB offers products and services that meet the needs of its customers. The facilities have expanded by the customer's growing needs. NMB wants to offer a wide range of adaptable and innovative products and services. The bank has consistently worked to offer customer-focused products to meet the changing needs and expectations of its customers. Any Branch Banking Services (ABBS), ATM cards, various segment-targeting deposit schemes, loans, advance facilities, 365-day banking, SMS banking, e-banking, remittance facilities, and many more are among the services it offers to its customers.

### **Deposits:**

Deposit is the main source of fund for NMB Bank. Customers deposit money for the safekeeping of their funds, which they can retrieve at any time. NMB offers a variety of deposit schemes that fit the interests of the customers. It offers different deposit products like current account, call account, fixed deposit, and normal savings accounts. The deposit schemes NMB has been offering are as follows:

### Saving Deposits:

NMB provides valued banking services and appropriate accounts to all. Quarterly interest payments are made to these accounts. Savings account minimum deposits vary depending on the savings strategy and begin at zero balance. Free bank statements, balance certificates upon request, and other complimentary services are offered to depositors. The following are some of the different schemes offered by saving deposit with their interest rate:

Table 2.3.1 Saving Deposit with their Interest Rate:

Saving Deposit	Interest Rate (% per Annum)
NMB Go- Green Saving Account	3.50%
NMB Amulya Bachat Khata	3.00%
NMB Premium Super Talab Khata	4.50%
NMB Ujyalo Pension Bachat	4.50%
NMB You-Wah! Digi Saving	3.00%
NMB Jestha Nagarik Bachat Khata	3.00%
NMB Video Account Opening	3.00%
NMB Mahila Bachat Khata	3.00%
NMB Student Saving Account	3.00%
NMB General Payroll Account	4.00%

### Current Account:

NMB offers current account services designed to meet the needs of modern businesses. A current account is a type of non-interest-bearing account specifically tailored for business professionals who frequently engage in banking transactions. This essential banking service is complemented by trade services, payment solutions for both domestic and international operations, and credit services to support business diversification. NMB provides free checkbooks, account statements, balance certificates, and unlimited options for deposits and withdrawals.

### Call Account:

A call deposit account is a type of demand deposit account that offers several advantages, including the ability to earn interest while allowing unlimited withdrawals and deposits. With no fixed maturity period and quick access to funds, this account provides flexibility for an unlimited number of transactions. NMB also offers an attractive interest rate on call deposits, making it a compelling option for savers.

### Fixed Deposit:

NMB offers a fixed deposit option that allows depositors to place a certain amount of money into their account for a specified period. Depositors can obtain a loan of up to 90% of their total deposit amount. If the deposit is withdrawn before the maturity period, a specific percentage, as outlined in the agreement, will be charged by the bank and returned to the customer. This option is available to both individuals and businesses. Customers can choose the interest rate for the tenure starting from 3 months. The interest amount is transferred to a savings account every quarter.

Table 2.3.2 Effective Interest Rate on Fixed Deposit

Fixed Deposit	Individual	Institution
Up to 1 Year	3.00%	-
Above 1 Year to 2 Year	4.00%	3.00%
Above 2 Year to 3 Year	4.50%	3.25%
Above 3 Year to 5 Year	5.00%	4.00%
Above 5 Year	6.00%	5.00%
Manyajan Muddati (1 Year)	3.00%	-
Saral Muddati Bachhat Khata (3 months)	3.00%	-
NMB Janmabhumi Muddati Khata (Remittance)	Plus 1% on above individual FD rates	-

## **Loans:**

### **1. NMB Sulav Ghar Karja (Easy Home Loan)**

People wishing to buy, build, expand, or renovate their homes are the target audience for this loan. For a specific time, it provides a fixed interest rate, guaranteeing stability in the payments. Following the predetermined time frame, the loan's interest rate changes to a variable one. The candidate must have a steady source of income and be a Nepali national between the ages of 25 and 65. Applications are accepted from salaried workers, independent contractors, company owners, and remittance earners.

### **2. NMB Electric Auto Loan**

This loan is intended for people and companies who wish to purchase electric four wheeler in order to promote environmentally friendly transportation. With a loan duration of up to seven years, it provides competitive interest rates beginning at 8.89% annually. Citizens of Nepal between the ages of 20 and 65 may apply. Companies that have a solid financial history and have been registered in Nepal for at least two years are also qualified.

### **3. NMB Kheti Karja**

The NMB Kheti Karja digital loan product is intended for farmers who participate in agri-tech platforms and is rapid, paperless, hassle-free, and collateral-free. Eligible for this loan are individual Nepalese farmers who have been validated by the agritech company, are doing business on the agritech application site, and have an account with NMB with a verified KYC status. It provides farmers with the immediate financial assistance they need to buy input goods.

### **4. NMB Fixed Rate Home Loan**

One of the greatest products available in the housing loan market is the NMB fixed rate house loan. For the purchase of residential property and buildings, including building construction, we provide home loans. This loan is available to people of all genders, those between the ages of 25 and 65, those who are salaried, have remittance income, are self-employed professionals, or are businessmen with Nepali nationality.

### **5. NMB Pre-approved Home Loan**

Because the loan amount is pre-approved based on the applicant's financial profile, it provides a simplified process for house building, remodeling, or purchase. It speeds up the

home loan application procedure, enabling prompt decisions. People who earn a steady income, such as business owners and salaried staff can apply.

#### 6. Education Loan

Students seeking higher education in Nepal and overseas are supported by this loan. Tution fee, housing and any associated costs are covered. Students and their guardians can better manage repayments with flexible repayment choices. Students from Nepal or their parents may apply. The age limit is 18 to 50 years.

#### 7. Land Purchase Loan

This financing facilitates the purchase of residential land by individuals. It provides adjustable interest rate and repayment plans according to the loan amount and term. Applicants must be Nepali nationals between the age of 25 and 65 and have a steady source of income. The property needs to be used for residential purpose.

#### 8. Loan Against Fixed Deposit

Customers can obtain loans against fixed deposits (FDs) from the bank or other financial organizations. It may provide funding up to 90% of the deposit's value, and the tenure is up to a year or until the FD's maturity date, when it may be extended per the client's needs and the FD's validity duration.

### **Remittance**

NMB Bank Limited created the remittance service Sulav Remit, which provides tools for international money transfers. Numerous overseas banks and foreign exchange firms have remittance business relationships with NMB Bank Sulav Remit. Nepalese living overseas can use Sulav Remit to send money to any of these banks and exchange businesses.

### **Locker**

The Safe Deposit Locker offered by NMB Bank Limited gives you a convenient and secure location to store your valuables. You can store your valuables, including jewelry and essential documents, in a safe deposit locker that is appropriate in size. Because this facility is provided in as many places as possible, customers are free to select the branch of their choosing. The safety of your lockers is guaranteed by the double key lock and unique number assigned to each locker. We provide a variety of locker sizes to meet your needs.



#### Requirements for Safe Deposit Lockers:

1. An account in NMB Bank Limited.
2. 2 photographs of each person operating the locker.
3. Copy of citizenship of each person operating the locker.
4. Download application form for locker

Table 2.3.3 Range of locker sizes

Locker Type	Height(in inches)	Width(in inches)	Length(in inches)
1	4.92	6.88	19.37
2	6.25	8.26	19.37
3	4.92	15.43	19.37
4	7.44	10.35	19.37
5	6.25	16.69	19.37
6	12.63	8.26	19.37
7	10.94	13.85	19.37
8	7.44	20.86	19.37
9	12.63	16.69	19.37
10	15.9	20.86	19.37

#### Cards

NMB offers a variety of cards that facilitate our transactions. People typically have very hectic schedules and don't have time to wait in line to deposit or withdraw money. NMB has discovered a solution and provides a range of card choices.

##### Debit Card:

To meet your daily payment and cash needs, the NMB Debit Card functions as an electronic check that gives you direct access to your bank account. It is a substitute for cash and checks that allows you to withdraw cash from ATMs or pay immediately when you buy products and services from retailers (POS Outlets). More than 400,000 ATMs and 2.5 million Point of Sale (POS) terminals in India and Nepal are now more widely accessible thanks to the NMB Bank Visa Debit Card.

#### Credit Card:

As an electronic check, the NMB Credit Card allows you to withdraw cash from ATMs or pay for goods and services from merchant establishments. The cardholder receives a line of credit and a revolving account from the bank, from which they can withdraw funds for cash advances or to pay merchants.

#### NMB Bank Visa International Card:

The NMB Visa International Card is a useful travel companion. It enables you to spend money at the current exchange rate anywhere in the world. Instead of carrying cash, use plastic money that has a secure PIN-based chip to protect your funds. Avoid any unexpected costs throughout the transaction.

#### Prepaid USD Card:

Prepaid USD Card is a type of prepaid card that is used for making various international online payments for goods and services from various International E-commerce platforms. This card can be issued to individuals and organizations having a PAN certificate.

#### **Mobile Banking**

When a form is completed, NMB mobile banking is activated, and the money will be taken out of the savings account. This digital mobile banking system is easy to use, safe, and convenient. eNMB, the new mobile banking app from NMB Bank Limited, allows all current retail banking clients to do their banking while on the go. With NMB Bank Limited's Mobile Banking Service, you can use the application or SMS keywords to access a variety of services 24/7. Because NMB Mobile Banking enables banking from any location without requiring a bank visit, it guarantees convenience for our clients. Using the Mobile Banking Service, you can perform:

- i. Inquiry-based transactions such as balance inquiry, transaction history, transaction alert, forex rate inquiry.
- ii. Other transactions such as transfer, utility payment, merchant payment, third party payment

#### Transaction Limit:

#### Merchant Payment and QR

- i. Per Transaction Limit: NPR 100,000
- i. Daily Limit: NPR 300,000
- ii. Monthly Limit: NPR 10,00,000
- iii. Transaction Count: 10

#### Fund Transfer and Connect IPS

- i. Per Transaction Limit: NPR 200,000
- ii. Daily Limit: NPR 300,000
- iii. Transaction Count: 10

#### Wallet Transfer

- i. Per Transaction Limit: NPR 50,000
- ii. Daily Limit: NPR 200,000
- iii. Monthly Limit: NPR 1000,000
- iv. Transaction Count: 10

#### **Other Services:**

- i. QR Merchant Payment
- ii. DEMAT
- iii. NMB Calendar
- iv. Online Payment
- v. SWIFT/ Flywire
- vi. Sale/ Purchase of Foreign Currency
- vii. Extension Counter
- viii. Branchless Banking

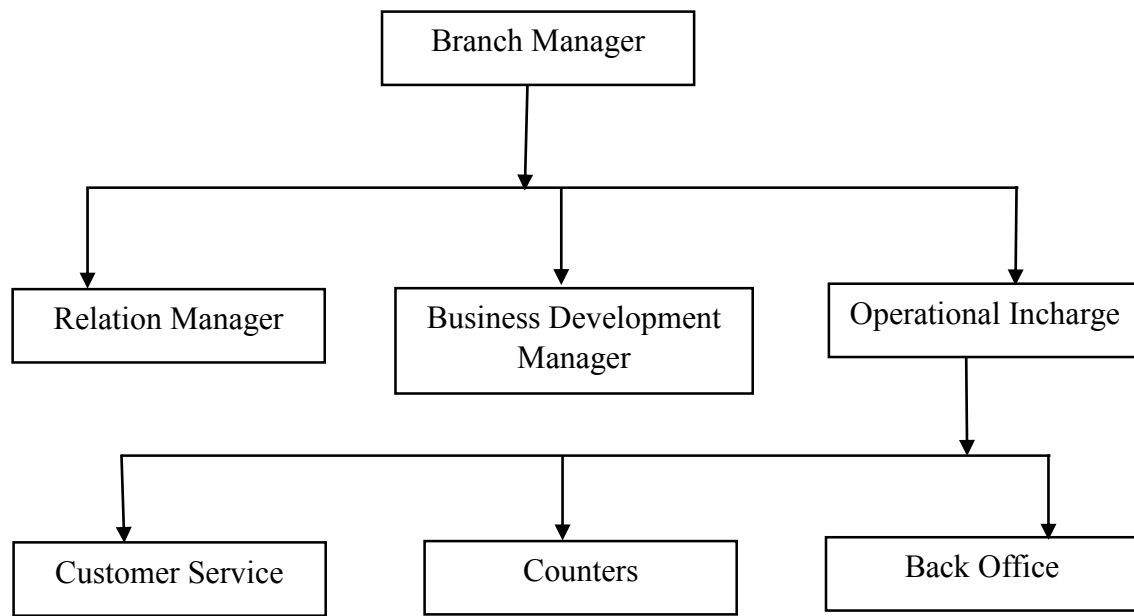
## **2.4 Organizational Structure**

An organization's official job arrangement is known as its organizational structure. Rules, roles, and obligations are a few examples of these activities. The way information moves across tiers of the organization is also determined by its organizational structure. NMB's organizational structure was created to facilitate the smooth operation of the company and

to guarantee communication integrity and transparency. The organizational structure of Pokhara Branch of NMB Bank is shown below:

Figure 2.4.1

#### Organizational Design and Structure



## 2.5 SWOT Analysis

The first step in creating a strategic plan or mission for the future is evaluating the organization's existing state. To obtain a competitive edge, the firm must examine its potential strengths. It aids in forecasting potential possibilities to seize potential benefits and advantages for expansion and advancement. SWOT analysis includes the organization's external elements, such as opportunities and threats, as well as its internal factors, such as strengths and weaknesses.

Strength:

- i. Building strong CSR.
- ii. Positive relationships with customers and employees.
- iii. Strong brand name and image.
- iv. A robust and balanced management team.
- v. A good working environment.
- vi. Large branch network.

Weakness:

- i. Customers are attracted towards high interest rate.
- ii. Many people are still unaware about banking services.
- iii. Dealing with different staff's mentality is quite challenging.

Opportunities:

- i. Introduction of innovative products and services.
- ii. Invest in new sectors and projects.
- iii. Increase E-banking, mobile banking and online services.
- iv. Market expansion opportunities.

Threats:

- i. Cyber security threats.
- ii. Technological disruptions.
- iii. Intense competition.
- iv. Change in preference of customers.

## **CHAPTER-III: ANALYSIS OF ACTIVITIES DONE AND PROBLEM SOLVED**

The intern was allocated only to the customer service department for the duration of the internship. The intern mostly learned by quickly asking department employees questions and paying attention to their everyday tasks.

### **3.1 Activities Performed in Customer Service Department**

An essential link between the bank and its customers is the Customer Service Department. Whether a consumer decides to do business with the bank is greatly influenced by the way this department engages with them. Typically, CSD serves as the first point of interaction for a customer. This department is crucial because it answers questions about the bank's financial services, hears complaints from customer about the quality of the services offered, and effectively addresses their concerns and questions while providing actual support. During the internship at NMB Bank, the intern had performed the following activities at the Customer Service Department:

- i. Account Opening
- ii. Account Closing
- iii. KYC Update
- iv. Photocopy
- v. Distribution of Debit Card
- vi. Printing and Providing Cheque Books
- vii. Responding To Phone Calls
- viii. Filing and Record Keeping

#### **Account Opening**

New customers usually visit the Customer Service Department (CSD) to open accounts. Customers can open different kinds of accounts by signing a contract called an account opening form provided by the bank. This form collects customer and bank information. The account holder must be present during the new account opening process. The process of opening account:

1. Fill up the account opening form and collect necessary document.

2. Create and enter details into system (KYC detail).
3. Scan and update the signature card.

For opening an account, customers have to fulfill the following documents:

For Individual Account:

- i. Photocopy of Citizenship
- ii. Photocopy of National Identity Card
- iii. Passport-size photos
- iv. Nominee's details and ID photocopy
- v. One photo of the nominee's

For minors:

- i. Guardianship to be verified with related documents.
- ii. Birth certificate of the account holder.

For Proprietorship Account:

- i. Sole proprietorship declaration
- ii. Photocopy of Citizenship, National Identity Card (NID)
- iii. PAN number, Stamp
- iv. Registration certificate copy and tax clearance
- v. MOA and AOA
- vi. Photo of the owner

For Corporate Account:

- i. PAN number and registration
- ii. Tax clearance and Stamp of company
- iii. MOA and AOA
- iv. Photocopy of Citizenship, National Identity Card (NID)
- v. Photos and KYC of all the shareholders
- vi. Minute of the company

### **Account Closing**

This is another key responsibility in account operations. People close their bank accounts for a variety of reasons, including dissatisfaction with ineffectiveness delayed services, and increased competition.

The account closure process is explained as follows: To close an account, customers must fill out a form and state the reason for the closure. After submitting the form to CSD, it is verified with multiple departments to confirm that the customer is not actively using any bank services. The customer is told to return all account-related goods, including their ATM card and checkbook. Finally, the account is closed.

### **KYC Update**

Customers fill out Know Your Customer (KYC) forms to help the bank and themselves with banking procedures. KYC forms are mostly used to collect additional customer data for future use. Every customer was contacted and asked to come to the bank since they hadn't updated the KYC paperwork. KYC paperwork was given to customers once they arrived. Information was entered into the system when the forms were completed and verified by the operation in charge.

### **Photocopy**

Throughout the internship, the intern made copies of documents such as the customers' NID, citizenship certificate, FD receipt, balance certificate, and other documents requested by the bank's employees.

### **Distribution of Debit Card**

The form must be completed when creating an account to issue an ATM card, although if the consumer hasn't used the service at that time, they are free to do it whenever they choose. The forms are gathered and sent, together with the account holder's information, to the corporate office for the issue. The relevant branch receives the ATM cards that are manufactured by the corporate headquarters. The fee for ATM is deducted from the balance of the respective customers.

### **Printing and Providing Cheque Book**

New customers receive a cheque book the next day after creating an account. Existing customers need to fill out the cheque requisition form. The cheque books are ready to demand upon the demanded number of leaves in the checkbook. When supplying a cheque book, ensure the customer's signature is correctly verified and all relevant records are maintained.