

# CHAPTER 1: INTRODUCTION

## 1.1 Company Profile

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

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

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

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

**Vision**

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

**Mission**

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

## 1.2 Organizational Structure

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

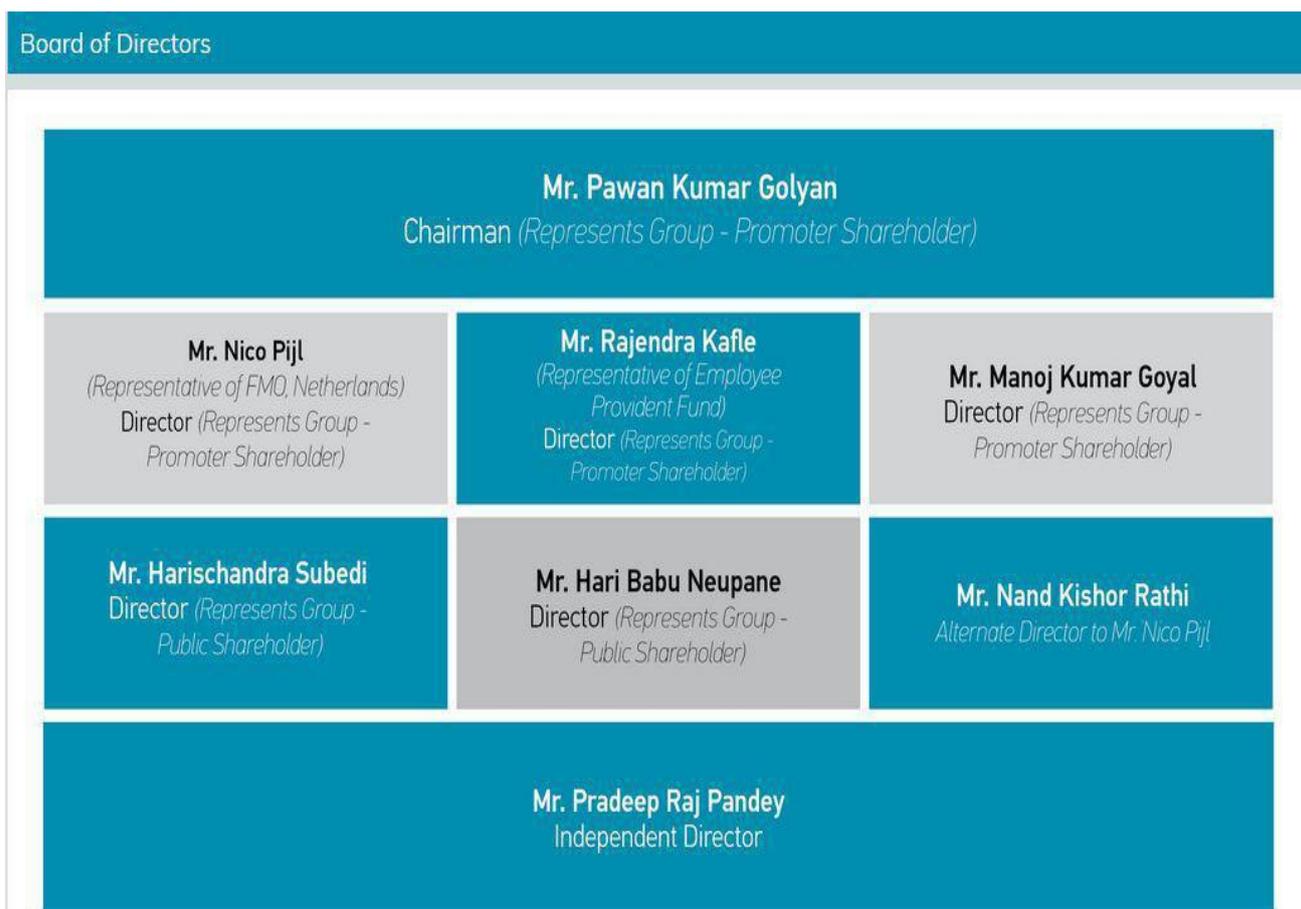


Figure 1: Board of Directors

The Executive Management Team of NMB is shown below:



Figure 2: Management Team

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

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

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

### **1.3 Statement of the Report**

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

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

### **1.4 Objectives of the study**

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

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

## **1.5 Expected Outcomes**

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

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

## **1.6 Limitation of the study**

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

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