

A Journey Through Unveiled: Customer Satisfaction with Service Quality in Nepali Commercial Bank

Santosh Kumar Karna¹ and Suresh Kumar Sahani^{*2}

¹Department of Management

Rajarshi Janak University, Janakpurdham, Nepal

Email: santosh20200.sk@gmail.com

^{*2}Department of Science and Technology

Rajarshi Janak University, Janakpurdham, Nepal

Email: sureshkumarsahani35@gmail.com

[Corresponding author:sureshkumarsahani35@gmail.com](mailto:sureshkumarsahani35@gmail.com)

Abstract:

The purpose of this paper is to evaluate the customer satisfaction of the banks sector in Nepal, based on customer perception regarding service quality. This is an empirical study using mainly primary data collected through a well-structured questionnaire. The method of study validity and reliability testing of questionnaire using a classical survey by authors. The questionnaire has been personally administered on a sample size of many bank customers in Mirchaiya bazar, Siraha, Nepal. This paper makes a useful contribution as there are only a few studies dealing with the assessment of service quality in banking sector of Nepal. The finding based on different independent variables (service quality, customer loyalty, and security) showed that all these variables influenced consumers satisfaction in Nepal banking sector.

Keywords: Customers behavior, banking sectors, service quality, and etc.

Introduction:

Input-output analysis delves into various aspects of economic dynamics. It explores the relationships between producer and consumer surplus even in unconventional market conditions where demand may be positive, but supply is negative (Sahani, 2023). Sahani's work indicates that even in such scenarios, there exists untapped value for both producers and consumers, underscoring the resilience and complexity of economic systems. This insight is not only intriguing but also carries significant implications for economic policies.

Another study was done by the help of input-output analysis to study the international pricing of risk within the global capital market (Sahani et al., 2023). Sahani and his colleagues underscore the role of input-output analysis in unravelling the complex relationships between different sectors of the world economy and illuminating the channels through which risk is transmitted across borders. These findings bear relevance for international financial regulation, as understanding the dynamics of risk transmission can inform policies aimed at curbing financial contagion. Furthermore, input-output analysis is applied to the realm of non-linear science, where it uncovers the intricate interactions within non-linear systems, providing predictive insights into their behaviour (Sahani & Prasad, 2023). Sahani and Prasad's work highlights the adaptability of input-output analysis as a versatile tool for understanding complex systems beyond traditional economic domains. Turning our attention to Africa, input-output analysis is instrumental in dissecting the employment and job creation challenges faced by the youth in African countries (Sahani, 2023). Sahani's research identifies critical sectors like agriculture, construction, and trade as significant contributors to youth employment. Addressing the challenges in these sectors becomes imperative for fostering economic growth and harnessing the demographic dividend of Africa's youthful population (see [5-15]).

Definition

Bank is a monetary institute, which accepts deposits and provides loan facilities. Bank is an organization where primary functions are concentrated with accumulation of ideal money from general public and advancing loan to individual, trades, industries, business sectors etc. Bank is necessary for various purposes that are economic development, capital formation, price stability, control on interest trade etc. Bank encourages saving habit among the public. Bank mobilizes small saving amount and invest them into productive sectors. Bank is, therefore, known as dealer of money. At present context bank is not only confined to accepting deposits and disbursing loan. In addition to this a bank may be engaged in different types of functions such as remittance, exchange currency, joint venture, underwriting, bank guarantee, discounting bills etc.

Commercial banks play very important role in mobilizing the resources in any developing country by removing the habit of hoarding developing the banking habit among the people, collecting the small scattered resources in one bulk and utilizing the in further productive purpose and rendering other valuable services to the country.

The main function of the banks is to accept money spread in the general public as deposit and utilize the collected resources properly. General public deposit their savings for safety and they also get interest in advancement. Deposit, is the savings of people or even of industrialists, which is not required for them in the very moment, which is accepted, by banks and later on they get interest.

Deposit accounts are also one of the important sources of bank's funds; in order to attract customers the banks offer attractive facilities to different types of deposit account holders. In order to avoid miniature expenses of our daily life among society banks has been providing sound interests because of the hard global competition and they need deposit like raw materials in production process (see [1-4]).

Banks are providing different types of deposit account to the general public taking consideration of their different financial status.

- Saving Deposit Account
- Current Deposit Account
- Fixed Deposit Account
- Other Deposit Account

Origin and Development of Commercial Banks in Nepal:

Almost all people like to save some money if they have no urgent need of money. They may be able to use the money which they save. People who need money deposit it in bank and others who need money borrow it from bank. The borrowers pay interest to the bank and make a profit. The bank of Venice was the first public institution established in 1157 A.D. The famous bank "Bank of Amsterdam" opened in 1609. Bank England established in 1694 A.D.

The commercial banks in India established by the British called "Exchange Banks". In England the commercial bank used to be referred to as the joint stock banks and in London it has been called as clearing bank.

In context of Nepal, the institutional form of commercial banking activities has been performed at the first instance by "Tejarath Adda" during the period of Rana Prime Minister Ranadip Singh during the series of development. "Nepal Bank Limited" as the first organized banking institute, started its operation from 30th Kartik 1994 B.S. Afterwards "Nepal Rastra Bank" "Rastriya Banijya Bank" played a significant role in rapid development of banking sector.

Although we have various types of banks, only "Rastriya Banijya Bank" a commercial bank, is considered here for the purpose of study. Being a commercial bank, it is the heart of Nepalese financial system. At present, this bank is operated under "Commercial Bank act. 2031."

All the details of commercial banks in Nepal on the basis of name, year established, head office, links etc are given below:

S.N.	Name of Commercial Bank	Year of Establishment A.D.	Head office	Links to Related Bank
1	Nepal Bank Limited	1957	Kathmandu	www.nepalbank.com.np
2	Rastriya Banijya Bank Limited	1966	Kathmandu	www.rbb.com.np
3	Nabil Bank Limited	1984	Kathmandu	www.nabilbank.com
4	Nepal Investment Bank Limited(Previously Nepal Indosuez Bank)	1986	Kathmandu	www.nibl.com.np
5	Standard Chartered Bank Limited(Previously Nepal Grindlays Bank Limited)	1987	Kathmandu	www.standardchartered.com.np
6	Himalayan Bank Limited	1993	Kathmandu	www.himalayanbank.com
7	Nepal SBI Bank Limited	1993	Kathmandu	nsblco@nsbl.com.np
8	Nepal Bangladesh Bank Limited	1993	Kathmandu	www.nbbl.com.np
9	Everest Bank Limited	1994	Kathmandu	www.everestbankltd.com
10	Bank of Kathmandu Limited	1995	Kathmandu	www.bokltd.com
11	Nepal Credit and Commerce Bank Limited(Previously Nepal Bank of Ceylon Limited)	1996	Bhairawa	Nccbank.com.np
12	Lumbini Bank Limited	1998	Narayangrah	www.lumbanibank.com
13	Nepal Industrial and Commercial Bank Limited	1998	Biratnagar	www.nicbank.com.np
14	Machhapuchre Bank Limited	2000	Phokara	Machbank.com
15	Kumari Bank Limited	2001	Kathmandu	www.kumaribank.com
16	Laxmi Bank Limited	2002	Birjung	www.laxmibank.com
17	Siddharth Bank Limited	2002	Kathmandu	www.siddharthabank.com
18	Global Bank Limited	2007	Birjung	Globalbanknepal.com
19	Citizens Bank International Limited	2007	Kathmandu	Ctznbank.com
20	Prime Commercial Bank Limited	2007	Kathmandu	Eprimebank.com
21	Bank of Asia Nepal Limited	2007	Kathmandu	Boanepal.com
22	Grand Bank Nepal limited	2008	Kathmandu	www.dcbl.com.np
23	NMB Bank Limited	2009	Kathmandu	Nmb.com.np
24	Kist Bank Limited	2009	Kathmandu	Kistbank.com
25	Mega Bank Limited	2009	Kathmandu	Megabanknepal.com

26	Sunrise bank limited	2009	Kathmandu	Sunrisebank.com.np
27	Janata Bank limited	2009	Kathmandu	Janatabank.com.np
28	Commerz and Trust bank limited	2010	Kathmandu	Ctbanknepal.com
29	Civil Bank limited	2010	Kathmandu	Civilbank.com.np
30	Century commercial bank limited	2011	Kathmandu	Centurybank.com.np
31	Sanima Bank limited	2011	Kathmandu	Sanimabank.com

Role of Commercial Bank in Economic Development:

The main objectives of commercial bank are to mobilize the resources for productive use after collecting them from scattered resources. Its role in economic development is very immense. It brings about greater mobility of resources to meet the emerging necessity of the economic. The essence of commercial banking is the financial intermediation between the ultimate savers and borrowers. In other words in other words the bank's main function is to act as middlemen between savers and investors and as bank like any other firm is in business to make profit for its shareholders. It makes its profit mainly from the differences of interest on deposits and linings. Commercial banks have become the hearts of financial as they hold they deposits of millions of people, governments and business units make funds available through their leading and investing activities to individual, business firma and government. So, the commercial banks are the most sophisticate institutions for capital formation.

The major problem in almost all under development countries like Nepal is Lack of capital formation and their mobilization. Capital plays a very vital role in the modern productive system. Production without capital is almost impossible. With the growth of technology and specialization, capital has become more sophisticated in nature and scope. In such countries the commercial banks have to take more responsibility and responsibility and should act as development bank due to the lack of other specialized institutions.

The important of bank in economic life is greater. Through Nepal is small and poor country, it has sufficient natural resources, to utilize those resources, capital is most important. This commercial bank accumulates dispersed savings one fold.

Banks today can be very rightly interpreted as the king of business world and promoter of economic activities. The rate of the country is greatly determined by active role of commercial banks. Loan is needed to rapid economic development of the country. Banks provides facilities to their customers by other services also such as remittance of fund, purchase and sale of bills, supplying of timely credit, issuing of credit cards and other market information. This service helps to run the business and other economic activities rapidly as well as smoothly.

Thus, these features of commercial banks play a very immense role in the development process of a country.

Banking services of RBB.

RB Bank including Mirchaiya branch has been providing so many services to its customers. It main banking function is as follows:

- a. Accept deposit
- b. Provide loan and advance
- c. To invest certain portion of funds in govt. securities and treasury bills.
- d. Credit creation such as issue of L.C.
- e. Exchange of foreign currency
- f. Agency functions/Investment advice
- g. Long and short term financing

Banking Technology of RBB.

RBB has adopted computerized system in some of its branches. It has own accounting system. However comparing with other commercial banks, RBB's technology seems to be somewhat weak.

RBB Mirchaiya has been adopting its traditional Ledger accounting. Computer is only used for data processing and typing letters, telex and fax machines are also used to some extent.

Needs of RB Banks

Realizing that RBB established in 1994 B.S. alone was not able to extend adequate services to the country in term of commercial banking. RB Bank was set up in 2022 B.S. as fully government owned commercial bank. As time passed the banking service and financial activities spread to both urban and rural areas. At that time in 2025 B.S. a branch RB Bank was wet up at Mirchaiya with a view of performing following activities:

- a. Capital information
- b. Availability of credit
- c. Regional balance
- d. Safe custody of wealth
- e. Exchange of foreign currency
- f. Promotion of trade and industry
- g. Transfer of funds

Focus of the Study:

RBB holds the highest position in the banking field of Nepal. It has occupied a broad rage i.e. trade, commerce, industry, agriculture etc. So, financial analysis of this bank is essential for everyone.

Mainly the analysis in this study can show the "Liquidity position" of RBB city office Mirchaiya. What is liquidity? What is its important? Why is it managed? How much Liquid assets are available with firm? Are the main subject matters of the study?

Area of Study

The present study deals with Financial Position of SBI Bank. It covers the area and activities of SBI Bank Ltd. This study shows the organizational structure of RB Bank. This study covers the criteria of different loan providing. Total expenditure and income, Deposit Collection, % of loan on deposit, Interest rates on deposit collection, Loans and advance, Interest on loan and advance, Reserves and Funds of RB Bank and Growth rate of RB Bank.

Issues to be Addressed

After 2046 B.S. privatization and liberalization policy is adopted by the Government of Nepal. Due to that policy, in these days commercial banks, developments banks and financial companies are operating with highly competition. The fast growth of such organizations has made pro-rata increment in collecting deposit and their management. They collected the huge amount from public but couldn't allocate in new investment sectors. The increasing rate of liquidity has pulled in a downward trend in cash management. It has ensured bad impact on interest to the depositors, lower market value of shares.

A very unhealthy activity is happening in the banking business. After the loan is provided by the bank, regular inspection and monitoring are not made to know whether the debtor has used the loan in productive or not. Due to This reasons, there is great amount of unrecovered bank loan. Banks only depend upon the direction and guidelines of Nepal Rastriya Bank but they don't have clear view and have not formulated their own organized cash management.

The main focus of this study will be towards the financial position of RB bank. This study basically deals with the following issues of Nepal RB banks.

- a. Are the available fund properly utilized or not?
- b. How financial management is related with other functional areas?

- c. What is the financial position of the banks?

Objective of the study:

The main objective of this study is to have deep knowledge about the subject chosen i.e. liquidity position. Besides it has also been prepared to fulfill the requirement for prescribed. "Field work study" under BBA level examination to assist the main objective we have following objective.

- a) To study the liquidity position of RRB.
- b) To identify the problems of RBB Mirchaiya.
- c) During the study period in RB Bank Mirchaiya, I feel that bank has been facing some internal and external problems.

Internal problems:

- i) Management problems
- ii) Banking technology problem
- iii) Service Quality problem
- iv) Staff Behavior problem

External problems:

- i) Sluggish economic growth
- ii) Banking Law and rules
- iii) Political instability
- iv) Scattered market (difficult to control)
- v) To access resources

Table No. 1

Ownership classification of depositors of RBB Mirchaiya for Ashadh 2062

Depositors	Deposit amount	% covered by depositors
Municipality & V.D.C.	4,855	0.94
Rastriya Beema Sansthan	723	0.14
Govt. Corp.	9,266	0.80
Finance Company	673	0.13
Commercial Bank	446	0.09
Individual	4,98,616	96.73
Other's	868	0.17
Total	5,15,447	100%

- a) Among all the depositor, individuals have covered highest percentage i.e. 97.53% and other's have covered only 0.07%

NEED OF STUDY

The field work is mainly based on as directed by P.U. in partial fulfillment requirement for the degree of Bachelor of Business Administration. An elective course has been designed with the view to develop our knowledge in related project theoretically as well as practically. Hence, the main purpose of the study is to enable us in changing our theoretical mind for practical use. Further purpose is as follows:

- To know the problem of bank.
- To know about banking operating system RB Bank.
- To suggest bank administration whether it is sound or not.
- To facilitate the investors investigation of bank liquidity for their investment

ORGANIZATION OF STUDY

In the beginning some preliminary pages have incorporation which contain acknowledgement, list of abbreviations, table of contents, list of figures etc.

a) **First Chapter:** ‘introduction’ containing background of the organization or project, overall and specific objective, project

structure, objective of study, Need or significant of study, Limitation of study, field procedure and research methodology.

b) **Second Chapter:** ‘presentation and Analysis Data’ is the main body of the field report which includes transactions of project.

1. Presentation of Data/ figure, tables, charts, graph, etc.
2. Analysis of data/ figures by using some tools (e.g. accounting, financial and statistical tools)

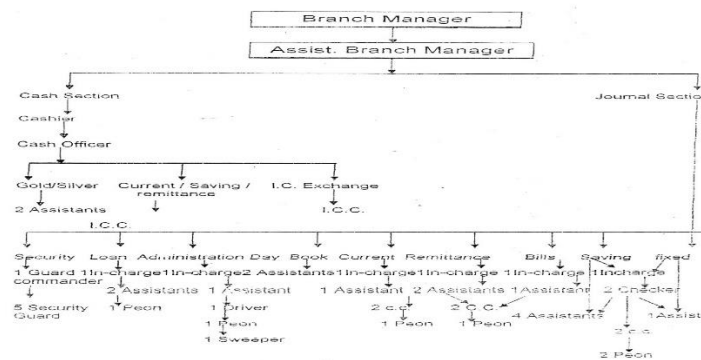
c) **Third Chapter:** ‘Summary and Conclusion’ includes summary of finding conclusion and recommendation in concise form.

Organizational Structure of RBB Ltd.:

The organizational structure and staff placement of RBB City office branch, Mirchaiya presented in appendix.

The following list shows the rank wise placement of staff involved in RBB Mirchaiya.

	Rank	No.
Branch Manager	8	1
Assistant Branch Manager	7	1
Cashier	6	1
Assistant accountant officer	6	1
Senior assistant	5	1
Assistant	4	5
Cash counter (C.C.)	4	17
Gold/Silver testing	4	9
Security guard	3	1
Security guard	2	1
Driver (Vehicle)	3	1
Peon	1	1
Peon	1	1
Sweeper	1	1



With the aim providing the best facility to its customer, it has started its activities which barking office with total of 51 working in RBB city office Mirchaiya.

Limitation of the study:

The limitation of the fieldwork study is as follows:

- a. The study is concerned with only a branch of the institution.
- b. The study only examines the liquidity position of RRB.
- c. The data available from secondary sources are not far from limitation.
- d. Unavailable of sufficient data and resources also limit the study.
- e. It is only partial requirement to the fulfillment of BBA program held under PU.

The Procedures of Field Report Writing

My field work started with the oriented class taken by related subject teacher. He provided us a general guideline for conduction field work. After that topic of field work was selected. It was approved by the Course Instructor.

Letter of introduction based on topic selection was received from campus after receiving that authorized letter. I visited and viewed the Nepal RB Bank Ltd Where I consulted the branch manager to collect the necessary data & information. This report was prepared in 3 copies it was presented in the DCMS College. Since this Field Report comes to an end.

Methodology of the study:

a) Primary information:

Questionnaires + Interview

During the research period I held interviews with some of officers & staffs, the brief of the interview is as follows.

Questions of Brach Manager, RBB Mirchaiya.

1. How do you select your staff?
 - First of all, those applications are chosen who have high education, good knowledge about their job, smart looking and open minded. Then we inquire their qualification and experience by the means of written exam and interview. Generally staffs are appointed by central office by offering vacancies and they are posted to different branches where they are needed.
2. How do you motive your staff?
 - We motive our staffs by their promotion, increasing in salary, providing different facilities like loan facilities, insurance facilities etc.
3. What are the present problems facing by your branch?
 - Scattered market size, mushrooming of financial institutions, bad loan, and sluggish economic growth are the problems facing by our branch.

Questions to administrative officer

1. How do you present the liquidity position of your branch?
 - I think the liquidity of our branch is in good condition. We have availability of sufficient liquid money that id collected from customers.
2. But more liquidity is the symptom of sluggish economics growth, what do you say about it?
 - It is not wrong to say that excess availability of liquid assets is the symptom of sluggish economic growth, but in a competitive market those banks loss their reputation and trust that are not able to make current payment to account holders and loan taker.
3. Your branch has been suffering from loss during past a few years do you think demobilization of liquid money (assets) is responsible for it?
 - I think it is responsible to some extent but there are also other causes like low interest rate, bad loan, weak management, other constraints from central office etc.
4. What strategies are you going to apply to eradicate there weakness?
 - Now we are going to follow the policy of de-investment in unproductive sector, under this policy, deposits are accepted from a branch and they are invested in other regions were they can be mobilized efficiently.

Questions to In-charge of Statistical department

1. How do you manage statistics of your branch?
 - We have different formats for every section. Data from every section is presented in that formats and finally they are send to regional supervision office.
2. What are the relevant problems with your section?

- Scattered unmanaged data, small number of staff in our section unavailability of computerized system etc.

Question to customer

1. Are you satisfied with opening bank a/c here?
 - Yes I am satisfied
2. Why do you prefer this bank than others?
 - Because, it is a govt. owned bank which is trustable and there is low change of being involvement of this bank.

b) Secondary data and information

- I. Balance sheet of RB Bank Mirchaiya (2055-2062)
- II. Data from published reports and bulletins of concern area.

Data, Presentation and Analysis

Meaning of Financial Position

Financial position is the status of the assets, liabilities & owners equity of an organization, as reflected in its financial statement. It is used in investments to reflect what someone or a company holds. A subjective measure of how well a firm can use assets from its primary mode of business & generate revenues. This term used as a general measure of a firm's overall financial health over a given period of time & can be used to compare similar firms across the same industry or to compare industries or sectors. Financial position show actual historical data about the financial transition of from. It measuring the results of a firm's policies & operations in momentary terms these results are reflected in the firm's return on investment, return on assets, value asses etc

Financial statements are the written details of income, expenditure, profit and loss of all organization for a given period service. Financial position shows an actual historical data about the financial transaction of a firm.

In a bank, a financial statement represents a systematic summary of banking transaction, starting annual cash on flows and outflow and earnings. They reflect the financial position of a bank. They may be different types of financial statements prepared to reflect the financial position of a bank. Among them, important statements are given below:

1. Balance Sheet
2. Income statement

1. Balance Sheet:

The balance sheet is the report of condition, which shows the actual position of assets, liabilities and net worth. Basically, balance sheet and income statements are the most important reports for a commercial bank it is a list of assets, liabilities and equity capital (owner's funds) held by or invested in the bank on my given date. Because banks are simply business firms selling a particular kind of products the balance sheets identify must be valid banks just like any to the business firms.

Assets= Liabilities Equity Capital

2. Income Statement:

The income statement is the report of income which shows the cash income & expenditure for a given period. The income statement of a bank indicates the amount of revenue received and expenses incurred over a specific period generally assets included on balance generate most of operating revenues. While liabilities generate most of banks operating expenses.

Measure of Financial Position:

The financial position of any company is very important tool to ascertain the financial position of the business. In other words, we can say that financial activities of a business to different of parties conversed.

The other important objectives of financial position are as follows: -

=> Management can get a lot of information from the financial position which is very important for decision making.

=> The information related profitability and operation cost are also provide by financial statement. The financial position of a business is shown by his financial position.

=>With the help of financial position a financial institutions can get important information at the time of taking decision regarding sanctioning of loan.

In order to assess financial position of any company calculation of some is an important and useful technique to check of on the efficiently of an organization. The management can arrive at important decision by using different types of ratio analysis.

Criteria for Financial Analysis:

Financial analysis is used as an index or yard sticks for evaluating the financial position to performance of the firm. As a technique of analysis and interpretation of financial statements, it helps in decision making and also helps to make quantitative judgment about the financial position and performance of the firm.

The important aspects of ratio analysis can be listed as follows:-

=> Ratios are useful for understanding the financial position of the business; investors, bankers, creditors etc. use the ratio to analyze the financial statement of the company

=> Ratio gives an exposure to the trends to make future plans.

=> Financial analysis helps in tabulation information of past years for analyzing the financial performance that is used in financial planning & forecasting.

=> Financial analysis helps to understand the changes in the financial conditions of the business over years.

Statement of Balance Sheet and Income of RBB, Branch Mirchaiya, Siraha for financial year 2067/2068

Table No.2

Balance Sheet of RBB,
For financial year 2067/068

Liabilities	Amount	Assets	Amount
Authorized Capital	55,00,00,000	Cash in hand	19,23,47,645
Issued capital @100each	45,27,00,000	Cash at NRB	1,09,85,14,874
Paid up capital @ 100 each	4,52,70,000	Cash at bank	8,40,05,976
Reserve fund	31,35,45,255	short term loan	69,60,000
Debenture & Bonds loan	18,00,00,000	Investment	4,05,03,15,210
Deposit Liabilities	9,79,98,45,287	Loan Borrowing Bills	6,80,12,07,615
Bill Payable	1,06,05,984	Fixed assets	12,05,86,705
Proposed & o/s dividend	11,12,67,754	non funding Assets	54,36,640
Income Tax Liability	-	other assets	20,58,36,190
other liability	69,45,46,575		
Total Amount	12,56,52,10,855		12,56,52,10,855

**Income Statement of RBB
for the fiscal year 2067/068**

S.no.	Particulars	Amount
1	Interest Income	75,38,12,787
2	Interest Expenses	(35,20,32,682)
	Interest Income	40,17,80,105
3	Commission & Discount	6,82,68,459
4	Other opening Income	3,29,18,412
5	Exchange Income	2,03,74,350
	Operating Income	12,15,61,521
6	Employee Expenses	(6,19,24,655)
7	Other operating expenses	(11,35,62,168)
	Contingency loss before operating Income	34,78,54,793
8	Provision for contingency Losses	(6,03,75,765)
	Operating Income	–
9	Non-operating Income & Losses	28,74,79,028
10	Provision for contingency losses return	–
	Regular Business Income	28,74,79,028
11	Abnormal Business Income & Expenses Profit after including all business return	28,74,79,028
12	Employee bonus provision	(2,58,68,528)
13	Provision for Income Tax	–
	Current Year	(8,09,58,412)
	Last year	(10,56,081)
	Income and Loss	17,95,96,007

Statement of Balance sheet and Income of RBB, Branch Mirchaiya, Siraha for financial year 2068/2069.

Table No. 3Balance Sheet of RBB.for the financial yrs 2068/069

Liabilities	Amount	Assets	Amount
-------------	--------	--------	--------

Authorized Capital	600000000	Cash in hand	259347645
Issued Capital @100 each.	529800000	cash at NRB	1139514873
Paid up capital @100 cash	51800000	cash at bank	154104976
Reserve fund	444808301	short term loan	669600000
Debenture & Bonds loan	300000000	Investment	4200515220
Deposit LiabilitiesBills Payable	13802444988	loan borrowing bill	9801307676
Proposed & o/s dividend	15805995	fixed assets	152080805
Income tax liability	114666658	non funding assets	7436642
Other Liability	763558645	other assets	158007880
	15959284687	total amount	15959284687
	12595319788		12595319788

**Income statement of RBB,
for fiscal yrs 2068/069**

S.N.	Particulars	Amount
1	Interest Income	903411137
	Interest Expenses	(401397351)
	Interest Income	502013786
3.	Commission & disoucnt	88163454
	Other opening Income	48902381
	Exchange Income	23073780
	Operating Income	662153401
6.	Employee Expenses	(70924675)
	Other operating expenses	(143562167)
	Contingency loss before operating Income	44766559
8.	Provision for contingency losses	(70465665)
	Operating Income	-
9	Non operating Income & losses	2959467
10	Provision for contingency losses return	-
	Regular Businesss Income	380160361
11	Abnormal Business Income & Expenses	-
	Profit after including all business return	380160361

Employee bonus provision	(34560033)
--------------------------	------------

Statement of Balance sheet and Income of RBB, Branch Mirchaiya, Siraha for financial yrs. 2069/070 (Table-4)

**Balance Sheet
for financial year 2069/070**

Liabilities	Amount	Assets	Amount
Authorized Capital	1,00,00,00,000	Cash in hand	534996751
Issued capital @100each	7,29,80,0000	Cash at NRB	1178198197
Paid up capital @ 100 each	518000000	Cash at bank	578225606
Reserve fund	683515266	short term loan	-
Debenture & Bonds loan	300000000	Investment	4984314586
Deposit Liabilities	18186253541	Loan Borrowing Bills	13664081664
Bill Payable	26776480	Fixed assets	170097452
Proposed & o/s dividend	68146323	non funding Assets	-
Income Tax Liability	15278110	other assets	222660004
other liability	1634604580		
Total Amount	21432574300		21432574300

**Income statement of RBB,
for the fiscal year 2069/070**

S.no.	Particulars	Amount
1	Interest Income	1144408308
2	Interest Expenses	(517166241)
	Interest Income	627242067
3	Commission & Discount	117718162
4	Other opening Income	67967525
5	Exchange Income	28404544
	Operating Income	841332298
6	Employee Expenses	(86118226)
7	Other operating expenses	(177545649)
	Contingency loss before operating Income	577668428
8	Provision for contingency Losses	(89695764)
	Operating Income	487972659
9	Non-operating Income & Losses	1315211
10	Provision for contingency losses return	11686657
	Regular Business Income	500974527

11	Abnormal Business Income & Expenses	795224
	Profit after including all business return	500179303
12	Employee bonus provision	(45470846)
13	Provision for Income Tax	-
	Current Year	(144368164)
	Last year	(13931012)
	Income and Loss	

Sources: RBB, Branch Office, Mirchaiya, Siraha.

Evaluation of financial position of RBB, Branch office Mirchaiya, Siraha

The bank has incurred assets, liabilities, income and expenses for different financial year are given above. The financial position of RBB, Branch, Mirchaiya, Siraha measure under the financial ration

- a. Liquidity ration
- b. Current ratio
- c. Debt ratio
- d. Return on Assets
- d. Return on Assets (ROA)
- e. Earnings per share (EPS)

Liquidity position of RBB, Branch office, Mirchaiya, Siraha for financial year 2067/068 to 2069/070

Liquidity means the ability if a firm to pay short term obligation it measures the ability of a firm to meets if short term obligation and reflect short term financial strength/ solvency of a firm the liquid assets and current of a firm represents those assets which can be in the ordinary course assets of business, converted win to cash within a short period normally not exceeding. One year current liabilities can be defined as liabilities. One year current liabilities can be defined as liabilities which are short term maturing to be meet with in a year.

Liquidity Assets= cash in hand+ cash at NRB+ short term collectively

Current liabilities= Bills payable + proposed & outstanding dividend + Income tax liability + other liability.

For Financial year 2067/068

$$LR=LA/CL$$

$$LA= 192347645+1098514874+84005976+69600000$$

$$= 1444468495$$

$$CL=10605984+111267754+0+694546575$$

$$= 816420313$$

$$LR= \frac{1444468495}{816420313}$$

$$= 2.76:1$$

For Financial year 2068/069

$$LR=LA/CL$$

$$LA= 259347645+1135914873+151976+69600000$$

$$= 1470004494$$

$$CL=15805995+114666658+0+763558645$$

$$= 897031298$$

$$LR= \quad 1470004494$$

$$\quad 894031298$$

$$= 1.64:1$$

For financial year 2069/070

$$LR=LA/CL$$

$$LA= 534996751+1178198194+678225606+0$$

$$= 2391420554$$

$$CL=26776480+6816323+15278110+1634604580$$

$$= 1683475493$$

$$LR= \quad 2391420554$$

$$\quad 1683475493$$

$$= 1.42:1$$

Interpretation:

The standard ratio of liquidity is 1:1, the bank should be maintained the liquidity ratio for financial strength. The RBB has occurred in financial year 2067/068 is 1.76:1, in financial year 2068/069 is 1.42:1 and in financial year 2069/070 us 1.42:1, which shows the bank should be maintained the liquidity ratio. the liquidity ratio of RBB is higher ratio then standard ratio of bank. bank should decrease liquid assets to earn more profit by invest in short term period.

Current ratio of RBB, Branch office, Mirchaiya, Siraha for Financial year 2067/068to 2069/070

Current ratio means the ability of a firm to pay, short term obligation. It measure the ability of a firm to meets it short term obligation and short term financial strength/solvency of a firm the liquid assets and current assets which can be in ordinary course of a business, converted into cash within short period normally not exceeding one year. Current liabilities can be defined as liabilities which are short maturing to be meet with in a year.

This year shows the relation between current assets & current liabilities. The current ratio is calculated by dividing current assets by current liabilities.

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$\text{Current Assets} = \text{Cash in hand} + \text{cash at RB} + \text{Cash at bank} + \text{short term collective fund} + \text{Non banking assets} + \text{other assets}$$

$$\text{Current Liabilities} = \text{Bills payable} + \text{proposed \& o/s dividend} + \text{Income Tax liabilities} + \text{other liabilities}$$

For Financial Year 2067/068

$$\text{Current Assets} = 192347645+1098514874+84005976+6960000+5436640+205836190$$

$$= 1593101325$$

Current Liabilities = 10605984+111267754+0+694546575

= 816420313

Current Ratio = $\frac{1593101325}{816420313} = 1.95:1$

816420313

For Financial Year 2068/069

Current Assets = 259347645+1139514873+15404976+669600000+7436642+178007850

= 2408011968

Current Liabilities = 15805995+4114666658+0+763558645

= 894031298

Current Ratio = $\frac{2408011968}{894031298}$

894031298

= 2.69:11

For Financial Year 2069/070

Current Assets = 53499651+1178198197+678225606+0+0+222660000

= 2614080558

Current Liabilities = 26776480+6816323+15278110+1634604580

= 1683475493

Current Ratio = $\frac{2614080558}{1683475493}$

1683475493

= 1.55:1

Interpretation:

Higher the current ratio, better the liquidity position for many times of business 2:1 is considered to be an adequate ratio. If the current ratio of a firm is less than 2:1. It means the firm has difficulty in meeting its current obligations. the current ratio of Nepal Investment Bank Ltd. for financial year 2067/068 and 2069/070 is not satisfactory. But the financial year 2068/069 current ratio is better and it has maintained the standard ratio.

Debt-Equity ratio of RBB, Branch Office Mirchaiya, Siraha for financial year 2067/068 to 2069/070

The relationship between long term debts and owners equity is known as Debt-equity ratio. It is a popular measure of the long term financial solvency of a firm.

Debt- equity ratio= $\frac{\text{Long term Debt}}{\text{Share- holder's equity}}$

For financial year 2067/068

Debt-equity ratio= $\frac{\text{Debenture}}{\text{Paid up capital + Re serve Fund}}$

$$= \frac{180000000}{452700000 + 313545255}$$

$$= 0.2349$$

$$= 23.49\%$$

For Financial year 2068/069

$$\text{Debt - equity ratio} = \frac{300000000}{518000000 + 444808301}$$

$$= \frac{300000000}{962808301}$$

$$= 0.3115$$

$$= 31.15\%$$

For Financial year 2069/070

$$\text{Debt-equity ratio} = \frac{300000000}{518000000 + 683515266}$$

$$= \frac{300000000}{1201515266}$$

$$= 0.2496$$

$$= 24.96\%$$

Interpretation:

Debt-Equity ratio = the large share financing by the creditors as compared to that of owners. It indicates the margin of safety to the owners. The creditors prefer low debt-equity ratio of financial year 2069/070 is satisfactory compared to financial year 2068/069, but it is not better than the financial year 2067/068.

Return on Assets of RBB, Branch Office, Mirchaiya, and Siraha for financial year 2067/068 to 2069/070

This ratio establishes the relationship between net profit & total assets. This ratio is called profit to assets ratio. It is also called profit to assets ratio. It is shown in percentage.

$$\text{Return on Assets} = \frac{\text{Net Profit} + \text{after tax} + \text{Interest}}{\text{Total Assets}}$$

For financial year 2067/068

$$\text{Return on Assets} = \frac{179596007 + 4017804105}{12565210855}$$

$$= \frac{581376112}{12565210855} \times 100 = 4.62\%$$

For financial year 2068/069

$$\text{Return on Assets} = \frac{237290936 + 502013786}{15959284687}$$

$$= \frac{739304722}{15959284687} \times 100$$
$$= 4.63\%$$

For financial year 2069/070

$$\text{Return on Assets} = \frac{296409281 + 627242067}{21432574300}$$
$$= \frac{923651348}{21432574300} \times 100$$
$$= 4.30\%$$

Interpretation:

This ratio measures the profitability of all financial resources invested in the firm's assets. Higher ratio implies that the available source tools are employed efficiently. It seems that ROA of financial year 2069/070 is not ideal compared to financial year 2064/067 is not ideal compared to financial year 2067/068 and 2064/065 and 2068/069.

The return on shareholders' Equity of RBB, Branch Office, Mirchaiya, Siraha for financial year 2067/068 to 2069/070.

The ratio shows the relationship between the net profit after tax and shareholders' funds.

The formula for finding out this ratio as under:

$$\text{Return on Shareholder's} = \frac{\text{Net profit after tax}}{\text{Share holder's equity}}$$
$$= 23.43\%$$

For financial year 2067/068

$$\text{Return on shareholders} = \frac{237290936}{962808301} \times 100$$

For financial year 2068/2069

$$\text{Return on Shareholders} = \frac{296409281}{1201515266} \times 100$$
$$= 24.66\%$$

Interpretation:

This ratio indicates how well the firm has used the resources contributed by the owners. It is good for the firm to be the return of investment high. The return on shareholders' equity for financial year 2069/070 seems to be ideal and better than that of financial year 2067/068 and 2068/069

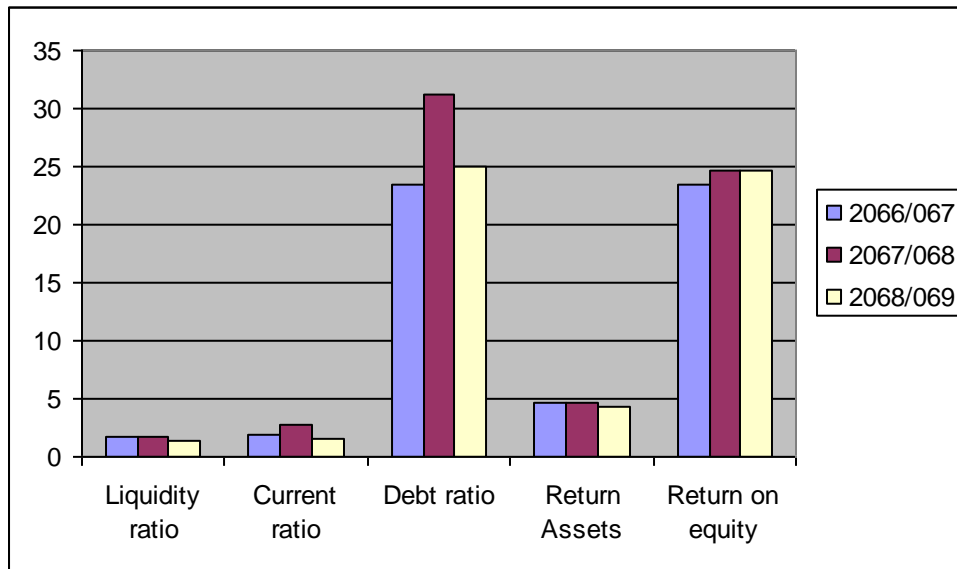
Statement of Evaluation of RBB, Branch Office, Mirchaiya, Siraha for financial year 2067/068, 2068/069 & 2069/070

Table No. 4

S.N.	Particulars	2067/068	2068/069	2069/070
1	Liquidity ratio	1.76	1.64	1.42

2	Current ratio	1.95	2.69	1.55
3	Debt ratio	23.49	31.15	24.96
4	Return Assets	4.62	4.63	4.3
5	Return on equity	23.43	24.64	24.66

Graph No:-1



Conclusion

This paper deals in summary and conclusion of this study of "Financial position of RBB, Mirchaiya". The financial statement of five year i.e. 2064/065 to 2068/069 has been examined for the purpose of study. Based on the findings of analytical tools some conclusions have been derived for the financial yeas which are as follows:

- i) Deposit investment ratio is favorable but is too much higher than required standard. The excess liquidity is also responsible for low profit.
- ii) Current riation shows the strong liquidity position but it indicates the lower mobility of current assets which is not good for a financial institution.
- iii) The ration of different deposit to total deposit shows an excellent result because current deposit is negligible comparing with fixed and saving deposit.
- iv) Cash and bank balance has been rising by per F.Y. which creates a hopeful situation.
- v) Rate of profitability is low which is painful, but it is the out come of maintaining more liquid assets as ideal than required standard.
- vi) These are not any question mark with respect remittance.

With the help of above analysis we can conclude that the liquidity position of RBB, Janakpur is not satisfactory.

Besides there mathematical tools, I have used "SWOT" analysis which also indicates a sufficient but ineffective liquidity. Here SWOT means:

S - Strength W - Weakness

O - Opportunity T - Threat

Strength

During my study period, I found RBB Mirchaiya Strengths are as follows:

- a. It has a moderately strong financial position
- b. Large market size
- c. Large number of account holders.
- d. Sufficient number of staff.

Weakness

- a. It has not computerized system
- b. Radio modern is not introduced in branch.
- c. It has a rented building.

Opportunity:

Having good financial existence, this bank has not got any reasonable exportation opportunities.

High competition, scattered market size, sluggish economic growth, political instability wrong policies of NBB, bad loans, mushrooming of financial institution are the threat for this bank.

B) Suggestion & Recommendation:

There are some suggestions and recommendation which are derived from the study:

As per Available Facts:

- i) Since the liquidity from the view of profitability is not satisfactory the bank is suggested to utilize its total assets effectively to earn adequate profit because immobilized assets are also responsible for low profit.
- ii) To increase the efficiency of staff, the management should provide on the job and off the training.

As per SWOT Analysis

High competition, scattered market size, sluggish economic growth, bad loans are the prevailing problem of the bank. Hence, the management should make their strategies according to these external factors.

As per Comparison:

Newly established banks are overtaking RBB, so precaution must be made on time. Not only this, adequate publicity and advertisement should be made to inform and attract customers and people. Modern technology should be instated for the casters to rapidly work.

References:

- [1] Ahmed Freed (2012). Customer Satisfaction With Service Quality in Iraqi Conventional Banks, the Case of Salah Al Din Banks.
- [2] Albro (1999). Satisfied Customers More Likely to Buy Others Bank Products, Study Finds, ABA Bank Marketing, Vol.31, 9, 54.
- [3] Wan, W.W., et al. (2005). Customer Adoption of Banking Channels in HongKong, International J. of Banking Marketing, Vol.23, 3, 255-272.
- [4] Zahediasl, A.G. (2012). Normality Tests for Statistical Analysis: A Guide for Non-Statisticians, International journal of Endocrinology Metabolism, 486-489.

[5]Sahani, S.K.2023.The Effective Theory of Producer and Consumer Surplus; Positive Demand, Negative Supply, Central Asian Journal of Mathematics Theory and Computer Sciences,Vol.4,Issue 8,70-76.

[6]Sahani, S.K. et al.2023.The International Pricing of Risk; An Empirical Investigation of the World Capital Market Structure, American Journal of Science and Learning Development,Vol,2,No.7,49-65.

[8]Sahani, S.K. and Prasad, K.S.2023.Study and Analysis of Input| Output Analysis to Non-Linear Science,ACCST Research Journal,Vol. XXL,No.1,22-30.

[9]Sahani, S.K.2023.Youth on Employment and Job Creation in African Countries; Opportunities, Challenges, Characteristics Determinants and Performance of Self-Employment Among Them the Youth in African Countries, Central Asian Journal of Mathematics Theory and Computer Sciences, Vol.04,No.7,27-41.

[10]Sahani, S.K. et al.2023.Economic Insights Unveiled: A Journey Through Input-Output Analysis in Non-Linear Mathematics, MIKAILALSYS Journal of Multidisciplinary Science, Vol.1,Issue 1,240-259.

[11]Sahani, S.K. et al.2023.Unraveling the Interdependence of Input and Output Analysis in Business Sector; A Case Study, International Journal of Education, Management, and Technology, Vol.1,Issue 1, 27-45.

[12]Sharma, S., Sahani, S., Chaudhary, B., Sahani, K., & Sah, N. (2023). Asan, The Traditional Market of Kathmandu Valley: Analyzing Market Trend and Consumer Buying Behavior of Such Market.EDUMALSYS Journal of Research in Education Management, 1(2), 215-226. <https://doi.org/10.58578/edumalsys.v1i2.2048>

[13]Sah, P., Sah, R., Sahani, S. K., & Sahani, K. (2024). Study and Analysis of Education System in Nepal and Its Challenges Along with Its Solution. *Mikailalsys Journal of Advanced Engineering International*, 1(1), 33-42. <https://doi.org/10.58578/mjaei.v1i1.2792>

[14]Karn, P., Sahani, S. K., & Sahani, K. (2024). Study and Analysis of Some Practical Life Uses and Applications of Exponential Function. *Mikailalsys Journal of Advanced Engineering International*, 1(1), 43-56. <https://doi.org/10.58578/mjaei.v1i1.2793>

[15]Sah, K. K., Sahani, S. K., Sahani, K., & Sah, B. K. (2024). A Study and Examined of Exponential Function: A Journey of Its Applications in Real Life. *Mikailalsys Journal of Advanced Engineering International*, 1(1), 23-32. <https://doi.org/10.58578/mjaei.v1i1.2791>

APPENDIX

- Recommendation letter of RBB, Mirchaiya
- Vouchers & different forms.

APPENDIX 1

Ownership classification of depositors of RBB Mirchaiya, Siraha for Ashadh 2062

Table No. 1

Depositors	Deposit amount	% covered by depositors
Municipality & V.D.C.	4,855	0.94
Rastriya Beema Sansthan	723	0.14
Govt. Corp.	9,266	0.80
Finance Company	673	0.13
Commercial Bank	446	0.09
Individual	4,98,616	96.73
Other's	868	0.17
Total	5,15,447	100%

Among all the depositor, individuals have covered highest percentage i.e. 97.53% and other's have covered only 0.07%

APPENDIX 2

Statement of Balance Sheet and Income of RBB, Branch Mirchaiya, Siraha for financial year 2066/2067

Table No.2

Balance Sheet of RBB,
for financial year 2067/068

Liabilities	Amount	Assets	Amount
Authorized Capital	550000000	Cash in hand	192347645
Issued capital @100each	452700000	Cash at NRB	1098514874
Paid up capital @ 100 each	45270000	Cash at bank	84005976
Reserve fund	313545255	short term loan	6960000
Debenture & Bonds loan	180000000	Investment	4050315210
Deposit Liabilities	9799845287	Loan Borrowing Bills	6801207615
Bill Payable	10605984	Fixed assets	120586705
Proposed & o/s dividend	111267754	non funding Assets	5436640
Income Tax Liability	-	other assets	205836190
other liability	694546575		
Total Amount	12565210855		12565210855

**Income Statement of RBB
for the fiscal year 2067/068**

S.no.	Particulars	Amount
1	Interest Income	753812787
2	Interest Expenses	-
		352032682
	Interest Income	4.02E+08
3	Commission & Discount	68268459
4	Other opening Income	32918412
5	Exchange Income	20374350
	Operating Income	1.22E+08
6	Employee Expenses	-61924655

7	Other operating expenses	- 113562168
	Contingency loss before operating Income	3.48E+08
8	Provision for contingency Losses	-60375765
	Operating Income	-
9	Non-operating Income & Losses	287479028
10	Provision for contingency losses return	-
	Regular Business Income	2.87E+08
11	Abnormal Business Income & Expenses Profit after including all business return	287479028
12	Employee bonus provision	-25868528
13	Provision for Income Tax Current Year Last year	- -80958412 -1056081
	Income and Loss	1.8E+08

APPENDIX 3

Statement of Balance sheet and Income of RBB, Branch Mirchaiya, Siraha for financial year 2068/2069.

Table No. 3

Balance Sheet of RBB.

for the financial yrs 2068/069

Liabilities	Amount	Assets	Amount
Authorized Capital	600000000	Cash in hand	259347645
Issued Capital @100 each.	529800000	cash at NRB	1139514873
Paid up capital @100 cash	51800000	cash at bank	154104976
Reserve fund	444808301	short term loan	669600000
Debenture & Bonds loan	300000000	Investment	4200515220
Deposit Liabilities	13802444988	loan borrowing bill	9801307676
Bills Payable	15805995	fixed assets	152080805
Proposed & o/s dividend	114666658	non funding assets	7436642
Income tax liability	763558645	other assets	158007880
Other Liability	15959284687	total amount	15959284687
	12595319788		12595319788

Income statement of RBB,

for fiscal yrs 2068/069

S.N.	Particulars	Amount
1	Interest Income	903411137
	Interest Expenses	(401397351)
	Interest Income	502013786
3.	Commission & discount	88163454
	Other opening Income	48902381
	Exchange Income	23073780
	Operating Income	662153401
6.	Employee Expenses	(70924675)
	Other operating expenses	(143562167)
	Contingency loss before operating Income	44766559
8.	Provision for contingency losses	(70465665)
	Operating Income	-

9	Non operating Income & losses	2959467
10	Provision for contingency losses return	-
	Regular Business Income	380160361
11	Abnormal Business Income & Expenses	-
	Profit after including all business return	380160361
	Employee bonus provision	(34560033)

APPENDIX 4

Statement of Balance sheet and Income of RBB, Branch Mirchaiya, Siraha for financial yrs. 2069/070

(Table-4)

Balance Sheet

For financial year 2069/070

Liabilities	Amount	Assets	Amount
Authorized Capital	1,00,00,00,000	Cash in hand	534996751
Issued capital @100each	7,29,80,0000	Cash at NRB	1178198197
Paid up capital @ 100 each	518000000	Cash at bank	578225606
Reserve fund	683515266	short term loan	-
Debenture & Bonds loan	300000000	Investment	4984314586
Deposit Liabilities	18186253541	Loan Borrowing Bills	13664081664
Bill Payable	26776480	Fixed assets	170097452
Proposed & o/s dividend	68146323	non funding Assets	-
Income Tax Liability	15278110	other assets	222660004
other liability	1634604580		
Total Amount	21432574300		21432574300

Income statement of RBB,

for the fiscal year 2069/070

S.no.	Particulars	Amount
1	Interest Income	1144408308
2	Interest Expenses	(517166241)
	Interest Income	627242067
3	Commission & Discount	117718162
4	Other opening Income	67967525
5	Exchange Income	28404544
	Operating Income	841332298
6	Employee Expenses	(86118226)

7	Other operating expenses	(177545649)
	Contingency loss before operating Income	577668428
8	Provision for contingency Losses	(89695764)
	Operating Income	487972659
9	Non-operating Income & Losses	1315211
10	Provision for contingency losses return	11686657
	Regular Business Income	500974527
11	Abnormal Business Income & Expenses	795224
	Profit after including all business return	500179303
12	Employee bonus provision	(45470846)
13	Provision for Income Tax	-
	Current Year	(144368164)
	Last year	(13931012)
	Income and Loss	

Sources: RBB, Branch Office, Mirchaiya Siraha.