Report On

A comprehensive study of the loan processing system of Bhutan National Bank Limited and its efficiency from customer perceptions.

By

Kalpana Ghalley
ID: 20204071

An internship report submitted to the BRAC Business School in partial fulfillment of the requirements for the degree of Bachelor of Business Administration.

BRAC Business School
BRAC University
August 2024

Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

Kalpana Ghalley

ID: 20204071

Supervisor's Full Name & Signature:

Riyashad Ahmed

Assistant Professor of Finance & Director of Programs (MBA &EMBA)

Brac University

Letter of Transmittal

Riyashad Ahmed

Assistant Professor of Finance & Director of programs (MBA & EMBA)

BRAC Business School

BRAC University

224 Bir Uttam Rafiqul Islam Avenue Merul Badda Dhaka 1212.

Subject: **Submission of Internship Report**

Dear Sir,

It is my great pleasure that I have submitted my internship report for your kind consideration. To complete the requirements for the BBA program, I hereby submit my internship report on "A **Comprehensive Study of the Loan Processing System of Bhutan National Bank Limited and its Efficiency from Customer Perceptions."** Furthermore, with my supervisor's proper guidance and guidelines, I completed my internship at Bhutan National Bank Limited's head office in Thimphu, Bhutan.

Moreover, I have gained a lot of knowledge and experience while writing this report, and I also have work experience as an intern, which will be beneficial for my near future career. Therefore, I hope you all will consider my hard work and effort in writing this report while evaluating it. I will be very grateful if you all accept and consider my effort for it.

Thank you very much for this opportunity. I am very excited to share all my insights and experiences with you all.

Sincerely yours,

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Kalpana Ghalley

20204071

BRAC Business School

BRAC University,

13th August,2024

Non-Disclosure Agreement

[This page is for Non-Disclosure Agreement between the Company and The Student]

This agreement is made and entered into by and between [Bhutan National Bank Limited] and the undersigned student at Brac University…………………………………….

Acknowledgment

I would like to acknowledge everyone from the bottom of my heart for their efforts to make my internship meaningful and rewarding. Firstly, I would like to express my gratitude to Assistant Professor Riyashad Ahmed, my academic advisor at BRAC University. For his mentorship, encouragement, and support throughout my internship. Their advice has been the most important in supporting me in aligning my academic understanding with application in the real world.

Secondly, I sincerely thank Mr. Duptho Wangchuk, Manager of Bhutan National Bank, for their kind welcome and for creating a collaborative friendly environment that encouraged me to learn and innovate. Additionally, his assistance and support during my period of internship experience and developing my career advancement.

Lastly, I would like to express my thanks to my family and friends for their consistent support and encouragement, which allowed to me complete my internship journey successfully. In addition, this internship opportunity has greatly enhanced my professional and personal development and I am grateful for such opportunity.

Best regards

Kalpana Ghalley

13th August, 2024

Executive Summary

Bhutan National Bank Limited is one of the financial institutions in Bhutan, the country's leading financial organization, which offers a variety of financial products and services to all different types of clients and corporations such as consumer, business, and government. Officially, BNBL was established in 1997 and is vital for the nation's financial integration and economic growth. Moreover, the bank provides various services such as business, retail finance, internet banking, deposits such as CASA (Saving and current account), Piggy bank, fixed deposits, and loans.

The primary focus of the BNBL is on technology to increase transparency, and efficiency, which is driven by the mission of the BNBL to provide innovative and customer-centric services. With the location of its offices in numerous places and a nationwide ATM network, BNBL guarantees to provide smooth service delivery to all places mostly in rural areas. Moreover, in keeping with the philosophy of the Gross National Happiness concept, BNBL commits to sustainability and actively supports community development initiatives. Furthermore, the bank also stands as a trustworthy financial partner being enhanced by its strong government and compliance to the legal requirements.

Keywords: Customer-centric approach; online banking solutions; Financial Inclusion; Sustainability; development of economy; Governance

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List of Acronyms

BNBL	Bhutan National Bank Limited
Mpay	Mobile Pay
CIB	Credit Information Bureau
OTP	One Time Password
BOB	Bank Of Bhutan
DPNB	Druk Punjab National Bank
BDBL	Bhutan Development Bank Limited
BAS	Bhutanese Accounting Standards
IRAS	International Recording Accounting Standards.
ATM	Automted Teller machine
CASA	Current Account and Saving Account
BTFN	Bhutan TradeFin Net System
FITI	Financial Institutions Training Institutes
CSR	Corporate Society Responsibility
HRM	Human Resources Management
RMA	Royal Monetary Authority

BBS	Bhutan Broadcasting services

Chapter 1

Overview of Internship

1.1 Student Information:

Name; Kalpana Ghalley

ID: 20204071

Program: BBA

Major/Minor: Finance and minor in accounting.

1.2 Internship Information:

1.2.1 Company Information

Company Name: Bhutan National Bank Limited

Periods: Three Month

Department/Divisions: Finance/Customer care and Credit Sections.

Address: Bhutan, Tsirang Dzongkhag.

1.2.2 Internship Company Supervisor's Information

Name: Duptho Wangchuk

Position: Manager

1.2.3 Job Scope

- **Handling customer queries regarding bank products and services.**
- **Helping customers with their transactions both online and in person.**

- **Helping the owners of the construction company to fill up the BTFN form in the system of Bhutan National Bank Limited.**

1.3 Internship Outcomes:

1.3.1 Student's contribution to the company

Using student abilities, expertise, and creative thinking can significantly assist the development and profitability of Bhutan National Bank (BNBL). Moreover, they actively participate and contribute to the development of financial literacy in their communities as a youth development. They can also help close the gap between the bank and the unbanked, more in rural areas, by promoting the knowledge of products and services.

As an intern at Bhutan National Bank Limited, I have contributed to banking and customer care services by helping clients fill out all the forms and other documents required. Furthermore, I have also handled the online banking mobile app known as Mpays queries and solved related problems, which helped BNBL staff to do their work smoothly. I have also contributed to filling out the necessary document for Bhutan Trade Fin Net (BTFN)in the banking system, as it is a cross-border trade and financial transaction of money to India. Furthermore, I have also contributed to advertising the types of banking products and services of BNBL to those people who don't have any idea about banking. Additionally, I have contributed to helping clients explain the what are requirements for lending a loan, which enables the team's overall work efficiency, I was also able to make contributions and acquire more knowledge in banking and customer services regarding how it functioned.

1.3.2 Benefits to the Student.

My internship at Bhutan National Bank Limited greatly benefited me as it allowed me to grow professionally and emotionally. Getting hands-on expertise in the banking and financial industry is the most advantageous. Furthermore, it also helps me to improve the comprehensive of banking operations, customer care services, and financial management by applying my academic knowledge to actual-life scenarios. Furthermore, BNBL offers a setting for the growth of critical abilities such as problem-solving, cooperation, and communication. I did my intern work alongside experienced experts, creating possibilities for mentoring and gaining knowledge of best practices in the field of banking services. Therefore, future employment opportunities may help significantly for me to prepare for better.

Finally, it will also help me to strengthen my resume as in Bhutan BNBL is considered the best and most reputable financial institution. Doing intern at BNBL demonstrates the capability to function in a controlled environment and adjust to corporate settings. Additionally, it will also guide me to make a well-informed career decision shortly.

1.3.3 Problems/Difficulties

During my internship at Bhutan National Bank Limited, I faced numerous challenges, which contributed to my academic learning. One of the main challenges I encountered was adapting to the working environment, specifically in understanding the workflow of the organization's operations of the banking system, initially, it seemed to be overwhelming to me. Furthermore, the banking structure is very complex, as they never tend to share any information related to the system of banking. Because of this, I was not able to adapt quickly to the banking field. It took more time for me to understand the workings of the banking system. Moreover, learning about the loan processing system is more complex for me due to the changes in the policy by the Royal Monetary Authority (RMA) every week.

Additionally, managing my time was another challenge to me, as it required a high level of efficiency to balance the several tight deadlines of the assigned work. In BNBL, we need to manage our own time to have lunch, as there is no time allocated for us to have lunch and evening snacks. Even managing the customer's problems was also a big problem for me as I have no experience or expertise in that field. So I was not able to provide adequate answers to customers on time. I also faced problems relating to technical issues as I needed to learn more functionalities software of banking. Where I need to spend more time learning the software of the bank.

Moreover, I faced the problem of communication while dealing with the other senior workers and customers. as some of the customers did not have the patience to wait for more, as they did not understand the technical system of banking.

To sum up, despite having such challenges and communication barriers I have improved my problem-solving skills, flexibility, and interpersonal communication, and also gave me insight knowledge of the working system of banks.

1.3.4 Recommendations

For every young student professional, an internship is the most invaluable experience and opportunity to bridge the gap between knowledge in academic learning and real-world practical experience. It gives practical experience to young students, as it is crucial for enhancing professional competency where it provides a better understanding of how an organization operates in the real world. Furthermore, interning also encourages the growth of industry-specific talents, develops the problem-solving abilities of individuals, and enhances interpersonal skills. Engaging in professional fields helps to enhance the flexibility and assurance which are needed for future career development. Additionally, interns also get an opportunity to network with professionals, which may lead to future employment opportunities and guidance.

On the one, understanding of workplace dynamics, including tight deadlines, teamwork, and management of time is being improved by the experience of work. Moreover, making better decisions for long-term career goals or objectives is made possible by the clarity it provides to one's professional interests and abilities. On the other hand, the internship will develop the person's resume by showcasing real-world experience to future employers. the opportunity of internship gives the chance to students to apply their principles of learning academics in the real world which will develop their theoretical understanding. The combination of academic and real-world experiences of work will enhance employability and prepare better employees for the demands of the workplace.

To sum up, I strongly encourage all to pursue an internship opportunity to all the young students to enhance their skills, increase their self-esteem, and an introduction of successful professional career development.

Chapter 2

Organization Part

2.1 Introduction

Bhutan National Bank Limited (BNBL) was initially established in 1997, and it is considered one of the leading financial institutions in Bhutan. On the other hand, it is the first private banking sector in Bhutan, BNBL has played a very important role in the development of the banking sector by providing a huge range of financial services to the public such as personal and corporate banking services, investment facilities and loans. Furthermore, BNBL is committed to supporting the economic development of Bhutan by promoting financial incorporation and fostering sustainable development through its various banking services solutions. Moreover, focusing on customer services and relationship management with customers and innovation of technologies, BNBL points to meet the needs of new demands of the clients to cohere for the principles of banking responsibility (BNBL, 2023).

Additionally, focusing on customer relationship management is the key pillar of BNBL's strategy for committing to their customers. Furthermore, they emphasize building strong relationships with customers by certifying the banking experience services, which are both ideal and satisfying to customers. As it is by hiring well-trained staff and professionals in banking sectors. Therefore, BNBL focuses more on understanding the unique needs and wants of customers by providing personalized financing and vesting advice and solutions related to finance. Moreover, focusing on customer-centric proceeds not only supplements customer satisfaction but also increases the trust and loyalty in the bank.To illustrate more, BNBL is also obligated to promote financial incorporation and support the growth of the country by providing various services to sectors such as the tourism industry, agriculture, and other small enterprises. Focusing more on the customer services of the bank and technology advancement, The Bhutan National Bank Limited (BNBL) is aiming to provide banking services experiences to their clients. Therefore, it contributes to the sustainable development goals of Bhutan. In addition to its core banking services, BNBL is also involved in community development initiatives, reflecting its dedication to corporate social responsibility. Through its operations, Bhutan National Bank continues to be a vital player in the financial landscape of the country.

Moreover, the first Initial Public Offering (IPO) of Bhutan National Bank was offered to the public in 1996, therefore, it made the bank the financial institution only to public ownership with a significance of 28.58%. Additionally, in 1997, the government deprived its equity of 40% to the City Bank and Asian Development Bank. Bhutan National Bank, which was the first bank in Bhutan to use a computerized version of Banking, introduced the banking software named Micro Banker in 1996. Later it was upgraded to the new version of software called Flexcube. In Bhutan, BNB was the first bank in the country to introduce an Automated Teller Machine (ATM) in 2004 to the general public for better convenience.

Moreover, following the introduction of ATM services, Bhutan National Bank Limited also launched the debit Point of Sale of terminals in 2007 and 2008. Additionally, it also upgraded its banking software from Flexcube 4.5 to corporate Flexcube 7.3. Furthermore, to provide faster and better services to their clients, even SMS and Internet banking were introduced in 2009.

Moreover, on 12th April 2011, Bhutan National Bank introduced a Recurring Deposit and Rupee Denominated Prepaid card. On the other hand, they also introduced the Bhutan Financial Switch (BFS) which was initiated by the first Prime Minister of Bhutan and was completed in 2011 and followed by Piggy Bank Accounts for the children aged from 4-18 in 2012. Additionally, in the same year, BNB also introduced B-Wallet services. Recently, in 2013, again BNB further upgraded its IT software or systems to Oracle 12 and BNB also holds a 13.85% equity share in Financial Institution Training Institutes Limited (FITI).

2.2 Overview of Bhutan National Bank Limited (BNBL)

Bhutan National Bank Limited (BNBL) is a private financial institution in Bhutan, where it focuses more on accessibility with vigorous network services of the branches and ensuring ATM services in remote areas too. So, having this kind of commitment improves and strengthens financial literacy and stimulates the engagement of the banking system in remote areas. Furthermore, Bhutan National Bank Limited (BNBL) also focuses on Corporate Social Responsibility (CSR) by providing green financial products to customers which helps to enhance environment-friendly practices and contributes to the development of the community through taking initiatives of Corporate Social Responsibility (CSR).

Additionally, as Bhutan's economy is developing, Bhutan National Bank Limited also invests in new technological innovations for the betterment of their clients to improve the banking services and internal activities efficiency. Moreover, with the all-inclusive offering and providing dedication to sustainable growth, BNBL plays a very important role for empowering the citizens of Bhutanese people for the populace and supporting the overall nation's wealth development.

2.2.1 History of Bhutan National Bank (BNBL)

Bhutan National Bank Limited was established on 6th January 1997 foregoing its development, earlier it was known as Unit Trust of Bank (UTB) as it was an undertaking of the government which functioned as the subsidiary company of Royal Insurance Corporation of Bhutan with the initial amount of Nu. 2.5 million. Later, the trust was honored as an independent financial institution by the government of Bhutan on 1st January 1992. Furthermore, the Unit Trust of Bhutan was transformed into the commercial Bank of Bhutan with the help of high-tech technical assistance of Asian development in 1995. Moreover, Bhutan National Bank is also one of the leading financial institutions in Bhutan, as it was constructed to offer a wide range of banking services to different individuals such as business people, government, and other people. Furthermore, Bhutan National Bank plays a very important role in the development of the economy for the country by offering a variety of services such as saving and current accounts, Fixed deposits, loans, investment options, and foreign exchange rates (FITI, 2023).

The establishment of BNBL was a pivotal response to the increasing demand for financial services following the liberalization of the banking sector in the mid-1990s. Before this, banking in Bhutan was predominantly state-controlled, with the Royal Monetary Authority (RMA) as the primary financial institution. Recognizing the need for competition and innovation in banking services, the Bhutanese government encouraged the establishment of private banks, leading to the inception of BNBL.

2.2.2 Corporate Vision

To provide one of the leading financial institutions in Bhutan, through recognizing the commitment to uplifting the socio-economic progression of the nation by magnifying the quality of services to the customers and society. As Bhutan National Bank Limited states its vision is "**BNB in every Bhutanese pocket**" which means that it is its goal to ensure that banking services and financial products are available to all citizens of Bhutanese people living within the country or abroad. Additionally, it is also accessible to those foreigners who are working in Bhutan. Furthermore, these phrases also emphasize the bank's aspirations to be the part of daily lives of the citizens of Bhutanese people by making up-to-date facilities accessible and more convenient for everyone nonetheless of their economic status or location (Bhutan National Bank Limited, n.d.).

Moreover, the ideas of these slogans emphasize the following:

Availability: The BNBL aims to foster the easily and accessibility of banking services and provide all financial inclusions all over the country.

Extensive impact: It also suggests that BNBL is the most trusted corporate bank in Bhutan and supports every individual and family member which will help to contribute to the financial well-being of the Bhutanese people.

Innovation: BNBL also mainly focuses on digital banking solutions by creating a mobile app known as Mpay, which allows people to manage their finances and also to look at the bank statement of their transactions without visiting the Bank. moreover, online banking also saves the clients time and money.

2.2.3 Corporate Mission

The Bhutan National Bank Limited is committed to providing systematic and customer-centric banking services that help to empower individuals' saving habits and also in business activity to reach their financial goals. The bank's foundations of principles state that it helps to foster the growth of the economy and for country development by providing innovative technologies for banking solutions and enhancing financial literacy. Furthermore, it also ensures sustainability and endorses the core values of integrity excellence, and transparency of services (Bhutan National Bank Limited, n.d.).

Its mission states **"To provide financial choice through innovation"** which means that it shows the commitment to fostering the wide range of options available in financial services by manipulating or using new technologies, processes, and innovative ideas. Moreover, this phrase is discussed below in detail:

Financial services choice: This means that every individual and other various businesses have a variety of options for financial products and services including banking services such as lending, investing, and insurance. The goal of the BNBL is to empower customer satisfaction to select the solutions that best fit them.

Innovation of ideas and technologies: The introduction of innovative ideas and methodologies and, financial products of the bank help to renovate the old ones and improves the services of the banking system as it will be easier for the customers. furthermore, advancements in technology such as Mpay (mobile banking app), blockchain, or AI (Artificial intelligence), the new business model helps customers to use these services more conveniently and efficiently which will enhance the country's development.

2.2.4 Corporate Objectives

The objectives of the Bhutan National Bank Limited are discussed below:

- Enhancing to strive to achieve sustainable growth for the company in making profit through the effective management of the financial strategic investment.
- Maintaining the bank's assets and the portfolio in healthy risks is being adequately safeguarded.
- Delivering exceptional customer services by providing high quality and quick response services to customers.
- Continuously focusing on the offering best financial products to customers for changing business models.

- Supporting and financing the local projects that help the development of the local economy of Bhutan.

2.2.5 Objective

Bhutan National Bank Limited (BNBL) aims to provide a complete range of financial and banking systems that help to regale the financial needs of various individuals, business people, and other community services. Furthermore, it also enhances their digital capabilities to have a bank in every Bhutanese pocket (Hemchu). It also focused more on providing development of the economy in Bhutan by enhancing saving and investing for the customers (Tshiteem, 2023).

2.2.6 Corporate Governance

2.2.6.1 Board of Directors

Dasho Karma Tshiteem
Chairperson

Passang Dorji
Independent Director

Karma Wangdi
Independent Director

Dago Beda
Director

Namgay Tenzin
Director

Sonam Tobgay (DHI)
Director

Sonam Tobgay
CEO / Director

2.2.6.2 Management Committee

Tenzing Gyeltshen
Chief, Internal Audit

Man Bahadur Rai
Chief, Digital Transformation

Rinchen Zangmo
Chief, Branch Operations

Kelden Dorji
Chief, Customer Service

Chhoe Dhen
Chief, Finance

Singye Dorji
Chief, HRA

Yonten Jamtsho
Chief, IT Operations

Dechhen Pema
Chief, Remedial Management

Sangay Wangdi
Chief, Risk Review and Compliance

Sonam Tobgay
Company Secretary

2.2.6.3. Branch Managers

Dellay Phuntshok
Thimphu Corporate Branch

Namgyal Wangda
Wangdue Branch

Gayley Penjor
Thimphu Branch

Chencho Tshering
Paro Branch

Dorji Wangchuk
Phuntsholing Branch

Kinley Jamtsho
Trashigang Branch

Karma Tshering
Bumthang Branch

Mahindra Timsina
Gelephu Branch

Shyam Kumar Tamang
Samtse Branch

Kezang Deki
Mongar Branch

Sangay Wangchuk
Samdrup Jongkhar Branch

2.2.6.4. Products and services

Saving Accounts	Current Accounts	Term Deposits	Loan and Financing	Credit and Debit Card	Internet and Mobile Banking	Foreign Exchange Services	Investment Services
Branch Banking Services	ATM Services	Financial Advisory services	Online Bill Payment	Online Bill Payment	Mobile Bill Payment	Wealth Management Services	Corporate Banking Services

2.3 Management Practices

The Bhutan National Bank Limited (BNBL) mostly reflects on the blending of the traditional banking system and modern system of practices, where it mostly focuses on enhancing customer services and customer commitment, the operational activity of the banking services, and financial stability.

2.3.1 Strategic Management Planning

The innovative idea of Vision and Mission: Bhutan National Bank Limited focuses on future-oriented ideas to have long-term aspirations, and the mission focuses on the purpose of the organization and its core activity. Therefore, clearly stating the organization's vision and mission helps achieve the organization's goals and objectives and motivates employees to work hard.

Market Analysis: Regular examination of the financial products and services market helps promote an understanding of the customer's preferences and trends, emerging threats, and opportunities. Therefore, having the market analysis data is one of the strategic importance for upgrading the services.

Benchmark Performance: The Key Performance Indicators (KPI) of Bhutan National Bank Limited are one of the instruments for measuring performance and showing that Bhutan National Bank Limited is functioning and achieving its goals and objectives. Therefore, using the measurement of KPI helps to set better objectives, assessment processes, and operational activity.

2.3.2 Management of Risk

Analyzing the risk assessment: Risk management includes identifying potential risks of BNBL, such as market risk, credibility risk, operational risk within the bank, and liquidity risk. Therefore, managing the regular risk assessment helps mitigate the bank's dynamic risk.

Regular Compliance Structure: Constructing the regular structures of compliance by following the local laws of the community and international rules and regulations helps to reduce the risk of legal charges and penalties. Therefore, it ensures that the bank is functioning according to the law of Bhutan.

The Management of the Crisis Plans: Building the Comprehensive Management Strategies of the Bank helps to tackle potential crises, including the financial crisis and disruption of the technological system helps the bank to respond to this situation quickly and more effectively.

2.3.3 The Customer Relationship Management (CRM)

Segmentation of the Customers of the Bank: The understanding of the different types of customers of Bhutan National Bank Limited based on demographics of location or behaviors of the customer needs and wants helps BNBL to customize the bank products and services. So, it will help to enhance customer satisfaction and retention.

The Survey on Feedback: The use of the mechanisms of feedback surveys by BNBL focusing on all people who stay in rural or urban areas and also taking online reviews from the customers helps the bank to gather the opinion of the valued customers and also helps to detect the problem which field that bank is lacking behind.

The Scheme of Loyalty: One of the creating a loyalty scheme is rewarding systems to those customers who are loyal to the banking system of the BNBL. Having the reward system of the Bhutan National Bank, such as the *Giveaway system* during special occasions of the Bhutanese calendar, helps the bank incentivize the repetition of the business activity and also encourages customers to choose BNBL services over other competitors

2.3.4. The Human Resource Management (HRM)

The Bhutan National Bank Limited (BNBL) human resources management plays a vital role in creating a productive and comprehensive workplace environment that aligns with the strategic goals of BNBL. Furthermore, the purpose of HRM is to include a wide range of activities in the recruitment process, including the acquisition of talented individuals, the development of employees, management of performance, and employee relationship management. Moreover, BNBL is also engaged in retaining and attracting skilled personnel, which helps in designing the complete recruitment process for identifying suitable candidates for positions on the banks that value culture and restriction of working environment without any compelled. On the other hand, HRM also focuses on providing training and development programs to enhance the skills and career development of the employees. Therefore, it will help to increase the overall efficiency of the organization.

Additionally, the management of the performance is also evaluated to set the expectations of the bank, regular management of feedback, recognizing the achievement, certifying the employees, and motivating them. Furthermore, HRM also focuses on providing a crucial and positive working environment for the employees that prioritizes cultural working, ethical behavior, morals, and diversity in the workplace. Therefore, through such inventiveness, Bhutan National Bank is attempting to provide a working environment that is not only capable of enhancing their employees but also providing satisfactory services to their clients which will help the growth of the economy of the nation.

2.3.5 Recruitment Process:

The announcement of the vacancy: When there are open positions for a particular job, the bank will announce the vacancy through Kuensel paper, BNBL websites such as Facebook page, and the Bhutan Broadcasting Services Channel (BBS).

*Submission of the Applications: T*he candidates who are interested in that particular job position are required to submit their applications, which include their class 10- and 12-mark sheets, degree certificates, medical certificates with a validity of 6 months, and recommendation letters from college or university.

Screening: The hiring committee or HRM will review all the submitted applications to shortlist those candidates who fulfill all the requirements of qualifications for the position.

Test of assessment: The hiring committee will call or mail shortlisted candidates to sit for a writing assessment test to evaluate their knowledge, skills, and abilities for positions.

Interview: When candidates pass through the test assessment process then they are invited for interviews. For interviews, there may be one-on-one interviews or panel interviews. where the candidates will be assessed for their competency and confidence.

Checking of reference: The reference check will be required for those candidates who have left their jobs and are searching for new ones. it is just to know the candidate's insights and experiences. for freshly graduated candidates it is not necessary to obtain the reference checks.

The Offering of the Job: The candidates who successfully pass all the tests and interviews will receive a call from the hiring manager and job offer mail including all salary, employee benefits, and other conditions.

Onboarding: If the candidates accept the job offer letter, then they will go through the onboarding process, which will help organizations prepare talented employees by providing them with training and orientations. They will have a propagation period of 6 months.

2.3.6 Retirement Benefit Plans

It is the benefit plan/(gratuity) defined, as an amount of benefit that an employee is entitled to receive on (a)retirement/resignation (b)on superannuation, or (c) on death or disablement due to accident or disease as per the terms and conditions specified in the service rule of the bank. The benefit is dependent on factors such as age, number of years served, and salary. The maximum amount an employee is entitled to receive is 2 million in the 2023 reporting period. A Present value of Defined Benefit Obligation is calculated by projecting future salaries, exits due to death, resignation, and other decrements (if any), and benefit payments made during each year till the time of retirement of each active member, using assumed rates of salary escalation, mortality, and employee turnover rates. The expected benefit payments are then discounted back from the expected future date of payment to the date of valuation using the assumed discount rate.

2.3.7 Technology

Digital banking system: Bhutan National Bank Limited offers online banking systems such as Mpay, which is a mobile app for banking transactions. It is convenient for customers as they don't need to visit the bank or make transactions. it is also accessible 24/7 and gives customers more satisfaction.

Cybersecurity Management: The increase of digital online banking and transactions is needed for the robust protocols of cybersecurity safeguards for sensitive information. It is needed for protection against cyber-attacks, and to maintain the trust of the customers in BNBL.

2.3.8 Management of the Financial Conditions of BNBL

Forecasting and Budgeting: Following the effective implementation of the budgeting process help to wisely allocate resources of Bhutan National Bank Limited, will meet financial targets, and projection of the future information for financial performance based on historical data will be easier.

Investment Methods: Implementation of diversified investment strategies helps to reduce the risk with aiming to earn higher return. It could be such as securities of government, equities, and other corporate bonds.

Internal Management Controls: Designing the procedures and systems for ensuring accurate financial reporting and information with the following the laws and regulations of Bhutan will help BNBL to maintain operational efficiency and secure the assets and resources from misuse.

2.4 Market Practice

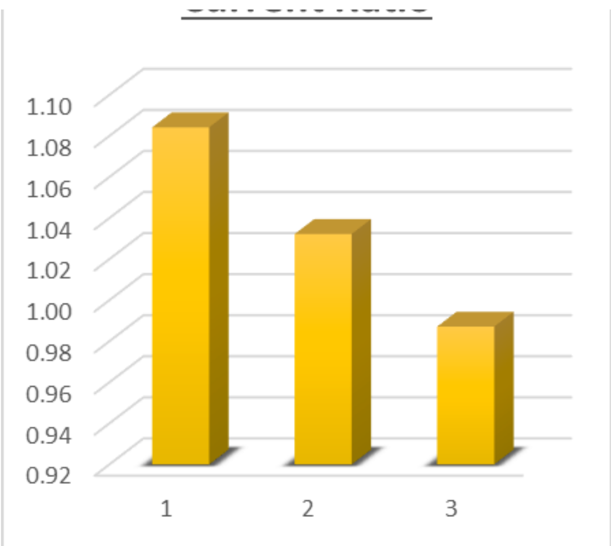
Bhutan National Bank Limited (BNBL) is considered one of the well-known financial institutions in Bhutan, and it focuses on customer-centric prominence, which helps to diversify the economic needs and wants of all individuals and businesses. Focusing on increasing the commitment to better customer service experience, the BNBL has markedly concentrated on investing in modern technologies such as digital online banking, which will help customers to use their accounts more efficiently through online banking and strengthen the mobile banking system for transactions without visiting nearby banks as it will save time and energy. The Bhutan National Bank Limited has a wide range of product offerings, including business, housing, education, and personal loans, as all these are intended for offering financial aid, which is to meet the specific goals of clients. Furthermore, BNBL also offers a variety of deposit plans such as savings and current accounts, fixed or term deposits, recurring, and Piggy bank savings for those children whose ages are between 4 and 15. Additionally, for a loan offering, BNBL will also encourage their clients to save some amount of money in their accounts. To illustrate more, this comprehensive strategy not only shows the BNBL's commitment to enhancing the excellent services to their customers but also underlines the goals of the organization for fostering financial inclusion and literacy for the Bhutanese citizens.

Moreover, by actively engaging in local government development of financing, BNBL has benefitted substantially from socio-economic development, in addition to its crucial banking services. Due to its commitment, the BNBL can support organizations and local initiatives that can promote or boost economic growth and improve the living conditions or standard of the Bhutanese people. Furthermore, one of the key components of BNBL operations is adhering to a regulatory framework and solid management of risk processes, which ensures that the rules and regulations established by the Royal Monetary Authority of Bhutan (RMA) are being carried out. Likewise, BNBL shows a high level of a strong emphasis on corporate social responsibility (CSR), proactively promoting and supporting activities that address the most significant problems in the environment, sustainability, education, and health of all Bhutanese people.

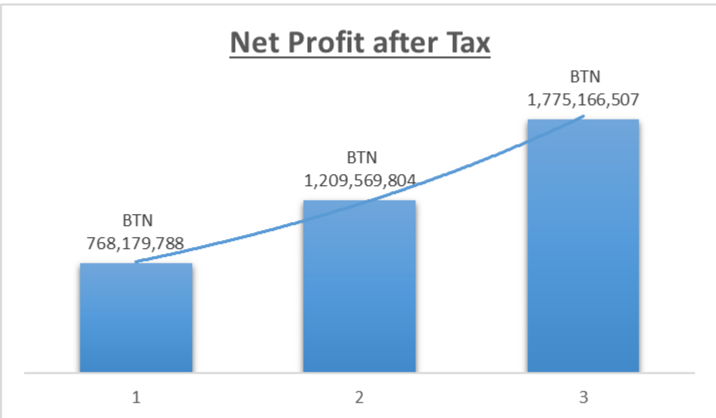
Furthermore, by encouraging responsible banking and enhancing financial education, BNBL aims to empower the Bhutanese community through financial literacy programs. Through forming a strategic cooperation agreement and collaborating with other financial institutions and other organizations, BNBL also enhances the quality of services and expands the financial accessibility of its funds. Through the technological implementation of innovative technology, BNBL constantly embraces working to provide better services and satisfy their customers' demands and operational efficiency, strengthening the long-term commitment of services to their customers for the changing requirements and achieving the Bhutan's development in larger objectives.

2.5 Financial Performance of BNBL

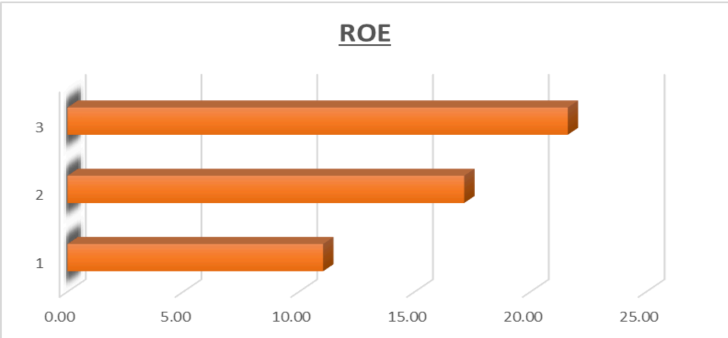
In recent years, Bhutan National Bank Limited has been extremely stable and continuously broadened financially. Moreover, through the various strategic initiatives of BNBL has improved its financial performance over the years. Having diversification in offering various types of financial products and services such as consumer loans, housing loans, and other different types of loans has enhanced the performance of the BNBL. Based on the company's financial performance, I found out that the company is doing much better compared with other corporate financial institutions. To evaluate the financial health of the BNBL I took three consecutive years from 2021-2023 by taking ratio analysis as financial performance metrics which will be discussed below:



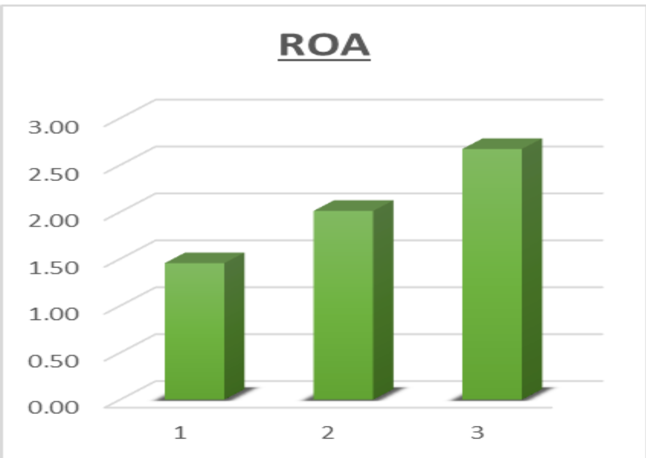
The above graph is the current ratio, which represents the liquidity statistics of the company as it will assess how well the company can use its current assets to pay all its short-term obligations. In the year 2021, it has the highest current ratio of 1.08 which suggests that the company has 1.08 current assets accessible to every unit of current liabilities. In the year 2022, the current ratio is decreasing compared to the year 2021, it has 1.03 units, showing the decrease in liquidity but still indicates that it has more current assets over current liabilities. But in the year, 2023 its current ratio decreased drastically to 0.99 as it is below 1. As there are more current obligations than the current assets, this signals to BNBL that there may be trouble in meeting the short-term liabilities.



The BNBL profitability clearly shows that it is rising every year. as we have seen in the above graph of the Net profit after Tax, which indicates the growth of net earnings over the consecutive three years. In the year 202, the profit is at its lowest at Nu 768,179,788, it is the starting point for the expansion of the profit. In the year 2022, there is an almost 57.5% increase in the net profit of the BNBL of Nu 1,209,569,804. it suggests that there is an increase in revenue for the company, better control over the cost, and efficiency of the operational activity. In the year 2023, the net profit increased by 46.8% of Nu. 1,775,166,507, which indicates the potential improvement in the market performance strategy and good decision-making policy. Lastly, it shows a steady trend line in increase in the profit over the three years.

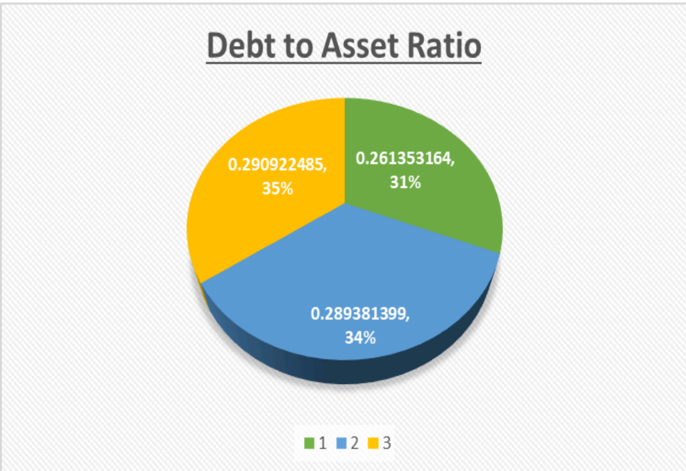


The ROE (Return on Equity) illustrates how well the company generates its profit from its equity. On the other hand, it also states the percentage of how well a company uses its shareholders' equity to produce earnings. In 2021, ROE was at its lowest at 11%, showing moderate profitability against equity as the company was less successful in producing returns to investors. In 2022, ROE increased up to 17% of better utilization of the shareholder's equity. In the year, 2023, ROE gradually increased to 21% which shows the well-managed financial and efficiency of the operations. Overall, it shows the better utilization of the shareholder's equity.



The ROA (Return on Asset), indicates the greater efficiency in generating returns against the total assets. In the year 2021, 1.45 return on assets as it was lower which indicates that there was less generating return profit against the asset. In the year 2022, it increases to 2.01

showing the increase from the year 2021 to 2022 as they are generating more profit. in the year 2023, the return on assets increased gradually up to 2.67 stating the higher efficiency in generating more profits. Overall, there was a linear trend as it keeps on increasing every year.

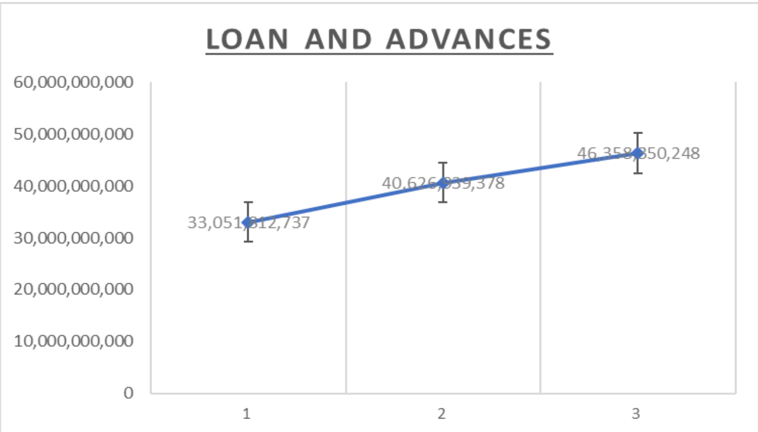


The above pie charts show the Debt to Asset Ratio, which measures the proportions of the organization's assets that are being financed by the debt of the company. In the year 2021, 0.261 is the low debt-to-asset ratio as there is a stronger equity position. In the year 2022, debt to debt-to-asset ratio increased to 0.286 which shows that there is a risk of reliance on debt. In the year 2023, it was 0.29 which means every year, dependency on the debt is increasing. To sum up, BNBL needs to minimize its debts.

2.5.1 Accounting Practices

The Bhutan National Bank Limited followed the accounting practices of both international accounting standards and national accounting which helped to govern the transparency, accountability, and accuracy of the financial recording. the BNBL probably follows the banking system of Bhutan of general accounting standards, however, these practices may change over time. Moreover, the Royal Monetary Authority (RMA) has established the regulatory structure in which BNBL operates. BNBL conforms to the International Financial Reporting Standards (IFRS) and Bhutanese Accounting Standards (BAS) synchronized.

Furthermore, the liquidity portion of BNBL shows that in the year 2021, it has high liquid assets over current liabilities. By the year 2022-2023, the liquid assets will deteriorate since the availability of current assets is low to pay the short-term liabilities of the company. Therefore, to support the liquid assets the BNBL needs to control overhead costs and BNBL needs to finance the prompt access of funds. In the same period, loans and advances of the Bhutan National Bank Limited are constantly increasing as in the year 2021, it was 33,051,812,737, 2022-40,626,939,378, and 2023-46,358,350,248.



The continuous increase of loans and advances indicates financial risks, where the bank needs to manage the quality of credit by assessing the creditworthiness of the borrowers as it falls under the excellent rate of Credit Information Bureau (CBI) rating. Furthermore, they need to look at the non-performing assets for the bank's efficiency. There was an improvement in the net profit after the tax, indicating that Bhutan National Bank Limited is generating revenue and may perform better in upcoming years. Additionally. The return on assets (ROA) of BNBL also increases every year, which shows that the company is utilizing its assets properly and generating more profit. Whereas, Return on Equity (ROE) also gradually increases, showing the better utilization of shareholders' equity and better pay to investors.

Moreover, Bhutan National Bank Limited follows both international and national accounting standards such as IFRS and BAS, where the basis of the accounting method adopted by BNBL is the accrual basis, which means recording the revenues and expenses of the company when it is earned and incurred. The accounting practices carried out by BNBL comprise the steps of identifying, recording, posting ledgers, preparing trial balances, making adjustments to the transactions, and finally preparing the balance statement of the company to know whether the company is doing better or not. The BNBL also uses the straight-line depreciation methods for recognizing the depreciation of fixed assets over the useful life. Therefore, using such an accounting method, BNBL has the determination to be transparent in accounting, effective management of risks and assets, and creation of high for stakeholders of the company.

2.6 Operations Management and Information System Practices

Bhutan National Bank Limited strongly emphasizes placing the operations management processes by focusing on the customer-centric approach to providing efficient banking services. BNBL also focused on automated technology alongside efficient processes of workflow to strengthen the quality of services to their customers, minimize delays in delivery services, and reduce the overutilization of banking resources. Moreover, to provide the quick and safest transactions of the BNBL services, they integrate with innovative digital tools such as online banking using Mpay (Mobile Pay) and other fundamental banking technologies. Through features such as notification automation from phone numbers where they send OTP (One TimePassword) numbers to their customers for better convenience, these approaches will enhance the customer experience, assist customers in making their decisions, and simplify the procedures.

Bhutan National Bank Limited is implementing strict cyber security which safeguards the effects and adheres to the rules and regulations, the bank stresses more on customer data safety and compliance. Additionally, reporting accurate finances and planning long-term strategy is possible through its information systems, which help to have effective management of the data. Furthermore, by retraining the employees of BNBL on innovative technologies and its operation at its best principles the bank can also make its huge investments in training and development. Finally, by taking such innovative measures BNBL can help to portray itself as top of the banking financial institutions in Bhutan by maintaining effective operations, fostering innovation, and strengthening the client's trust and confidence in the services offered by BNBL.

2.7 Industry and Competitive Analysis

2.7.1. Porter's Five Forces Analysis of Bhutan National Bank Limited.

Threat of New Entrants

★ Regulatory obstacles: In Bhutan, there are high administrative obstacles regulating the financial field, which might be a threat for newcomers if they want to obtain a license in the field of financial institutions and again need to comply with legal obligations.

★ Huge Capital Requirement: Since Bhutan is an underdeveloped country, therefore, potential rivals are highly discouraged by huge capital requirements in the initial stage which is required for advanced equipment and other infrastructure facilities.

★ Strong Brand Loyalty: In Bhutan, Bhutan National Bank Limited is considered as best financial institution as in the year 2023, it was awarded as best bank in Bhutan. Therefore, new entrants might face lots of challenges in drawing the customer's attention as BNBL has already established a good reputation.

Bargaining Power of Suppliers

★ Heavily Reliance on Technology Suppliers: BNBL has a limited amount of flexibility because it relies on third-party suppliers of technology to offer specialized banking services and solutions.

★ Limited Supply of Financial Resources: Bhutan is not that much exposed to third countries. So, financial resources provider in Bhutan is limited.

★ Regulatory Effect: In Bhutan, prices and the availability of funds are greatly impacted by the central bank of Bhutan which is RMAs rules and regulations.

Bargaining Power of Customers

★ Availability of various service types: For the client's use there are various types of services, for which the bank can give them options for greater power in negotiations.

★ Digital Banking: In Bhutan, banks are being pushed for innovative digital platforms for rising demands for customized online services.

★ Low Changing Cost: The availability of the customers to negotiate power is increased whenever there are not many barriers to changing the banks.

Threat of Substitutes

★ The emergence of Microfinance and Fintech Services: In Bhutan, recently they have introduced Microfinance services which function the same as a bank as they offer door-to-door saving and loan facilities to the customers and it is also an alternative to traditional banking.

★ Transactions of Cash: In Bhutan's economy, cash plays an important role in maintaining a stable economy, therefore, cash transactions are considered as another substitute for banking services.

- ★ International banking competitions: Bhutan National Bank Limited might be affected by online payment procedures and international remittances.

Industry Rivalry

- ★ Rivals of more Bank: The market rivalry is driven by the rival of more competition from other financial institutions within the country such as Bank of Bhutan (BOB), Druk Punjab National Bank (DPNB), Bhutan Development Bank Limited (BDBL), and Tashi Bank (Tbank).
- ★ Differentiation in Services: For the bank to stay competitive, the bank needs to offer different services such as innovative services, and excellent customer service.
- ★ The Market Saturation Point: The market size in Bhutan is limited, where the competition for new and prospective clients is made more difficult.

2.7.2 SWOT Analysis of Bhutan National Bank Limited

Strengths

- ★ Strong competitive Position: Having a great and strong reputation and the trust and confidence of clients, BNBL is the top financial institutions in Bhutan.
- ★ Wide range of services portfolio: Bhutan National Bank Limited offers a variety of financial products and services including corporate, retail, and digital banking services.
- ★ Innovative developments: Employing the latest technology such as digital platforms and modern banking solutions helps customer satisfaction and efficiency.

Weakness

- ★ Dependent on Domestic Market: Bhutan is not exposed to third countries and highly relies on the domestic market, therefore, BNBL is vulnerable to changes in the national economy.
- ★ Limited technology Innovation: The competitiveness of the BNBL might be hampered by the limited exposure to modern technology compared to the international banks.
- ★ Excessive operating costs: Having a huge investment in modern technologies and other infrastructure facilities will raise the operating costs of BNBL.

Opportunities

- ★ Transformation of Digitally: Still in BNBL, there is room for digital transformation and interaction with consumers because of the rising demands for innovative technologies and services.
- ★ Expanding the rural market: The underutilized rural markets have the chance for expansion of the financial integration's places such as in Laya in Himalayas village.
- ★ collaborations and Alliances: Forming alliances with the Fintech companies and other global players of financial institutions can enhance the delivery of the services.

Threats

- ★ Strong Competitions: The rivalry from both banking and non-banking poses a great risk or threat to the share of the market.
- ★ Regulatory Obstacles: Having the tight rules and regulations imposed by the RMA will make it more complex and complicated.

2.8 Conclusion

To sum up, Bhutan National Bank Limited has demonstrated itself as one of the top financial institutions in Bhutan by showing steady operational and financial growth over the past few years. Moreover, the bank has increased its profitability after tax and maintained operational efficiency by expanding the goods and services of the bank, following strict accounting principles, and using innovative technologies. While in a drop of the current ratio in the year 2023, the concern over the liquidity of BNBL, ROE, and ROA shows the liner and good trends over the years, where it indicates the good reputation and clients' confidence and trust have been enhanced by the transparency, customer-centric approaches, and compliance of IFRAS and BAS standards. Furthermore, to ensure long-term viability, nevertheless, concerns such as reliance on the domestic market, growing debt dependency, and increasing strategic measures. Therefore, concentrating on innovations, expansion of the financial market in rural areas, and managing the risks BNBL can be well-positioned to continue as the best financial institution in Bhutan.

2.9 Recommendations

- ★ Need Improvement in Liquidity: Addressing the decline in the current ratio in the year 2023, BNBL needs to improve the liquid assets to pay the short-term obligations as it can be reduced by managing the cost of overheads and focusing on fund management.
- ★ Expansion of Financial Markets in Rural: Bhutan National Bank Limited needs to explore the financial market in the areas where customers have not availed the financial services and products.

- ★ Increasing the Technology Adoption: To stay in a competitive market, BNBL needs to invest in banking technologies to attract more customers for banking services.
- ★ Form Partnerships with International Organizations: Bhutan National Bank Limited needs to form partnerships with international organizations and Fintech companies for innovations and diversify the ordering of services and products.

Chapter 3: Project Part: A comprehensive study of the loan processing system of Bhutan National Bank Limited and its efficiency from customer perceptions.

3.1 Introduction

An essential part of financial organizations, the loan processing system impacts both customers' happiness and the efficiency of operations or functions of the bank in Bhutan. The Bhutan National Bank Limited (BNBL) offers a wide range of credit products intended to satisfy customers' various demands and boost Bhutan's economic development. Nevertheless, there is still an interest in knowing how well the BNBL loan processing system functions, especially when addressing the customer's views. Moreover, enhancing service delivery and building sustainable customer relationships requires understanding how the customers view this system of banking competence.

Under recent research, banking performance and reputations are profoundly affected by the client's perceptions (Ugyen & Mutum, 2012). Moreover, the function of clients' feedback is to determine the services to enhance the BNBL banking industry continually for modernization. Through an examination of clients ' viewpoints, this study helps to attempt to evaluate BNBLs processing of loan system, primarily about responses on time, accountability, verification of documents requirement, and overall experience of the user. Furthermore, this study combines the use of the method of qualitative and quantitative data analysis approaches to present a comprehensive picture of customer satisfaction.

Moreover, the study also additionally examines the potential bottleneck in the present processing of loan structure, presenting the BNBL management with beneficial data to increase operational efficiency. In the final form, this study not only contributes to the body of knowledge concerning the efficiency of the banking system in Bhutan but also offers BNBL more useful recommendations on how to enhance the customer's demands and simplify its mode of operation. Therefore, the results could have wider implications for Bhutan's financial services sector, paving the way for greater nationwide service performance and objectives (Tshering & Phuntsho, 2021).

3.2 Background/Literature Review

The stability of the financial sector and customer satisfaction level are greatly influenced by the essential elements of the banking industry through the loan processing system. To make the credit available to both types of customers and business holders of Bhutan, Bhutan National Bank Limited (BNBL) is essential. Nevertheless, prior studies have also shown that the significance of effective loan processing systems is improving both the organizational performance and customers' experience in requesting loans and their requirements (Tenzin, 2019). According to Gurung (2021), suggests that the quickness and accessibility with the level of standard of customer service rendered have a substantial impact on the opinions of the customers.

From the customer's perspective, efficiency in the context of BNBL is considered to be determined by the elements, including communications, applications, responses from clients, and other user experiences (Dorji & Wangchuk, 2022). Furthermore, it has been determined that implementing technologies for the processing of loans can revolutionize efficiency and improve customer satisfaction (Tshering, 2020). Analyzing the BNBL's processing of the loan system and discovering disparities between the expectations of clients and the actual delivery of services are the primary objectives of this comprehensive inquiry. Moreover, this research focuses on making recommendations for enhancing the efficient functioning of the BNBL loan processing system, which will help to improve the customer's experiences and financial conditions by reviewing operational processes and clients' regular feedback.

3.3. Objective

The primary objective of this research topic is a comprehensive study of the loan processing system of Bhutan National Bank Limited and its efficiency from the customers' perspectives of offering loan products and services. These are the particular goals that have been set out in the following:

To Analyze the efficiency of Bhutan National Bank Limited's present loan processing policies.

This objective mostly focuses on assessing the BNBL's current loan processing structure. It also examines how well the present form of loan processing procedures achieve their goals while assuring efficiency, adherence to the rules and regulations of the country, and consistency with the bank's values. The workflow of time frames, clearance rates, and client suggestions are the most essential for Key Performance Indicators (KPIs).

To examine how satisfied customers are with the applications for loan, approval, and disbursement payout processes.

This objective seeks to understand the opinions of the clients for every phase of taking a loan from BNBL and its procedures. Moreover, taking feedback, interviews, and questionnaire surveys can help to measure the overall performance and satisfaction levels of the clients.

Therefore, examining these measures can help BNBL to identify the areas where clients have appreciated and satisfied and to those area where the bank need to improve.

To obtain qualitative data from the customers on how they see staff response and service quality.

It focuses on obtaining in-depth knowledge or understanding from the customer's perspectives about their encounters with the bank staff of BNBL. Evaluating how helpful, professional, polite, and responsive to their query relating to the loan processing system. The bank can obtain recommendations through qualitative data which will reveal in which field they need improvement and provide a deeper understanding of the customer's opinions.

To identify the extent to which the bank's loan products satisfy the customer's demands and expectations of its clients.

It shows the how well the bank loan offering meets the financial requirements and expectations of the clients. The study will seek to look at things such as interest rates, repayment methods, loan flexibility, and others related to the loan lending process. If the loans are suitable for the clients, it should make sure that products and services are competitive and compatible with the needs of the clients, which is the main focus of the BNBL.

3.4 Significance

An in-depth examination of the Bhutan National Bank Limited (BNBL) loan processing system is essential since it indicates how well the bank is responding to its client's loan application and how productive it is. Customer satisfaction and loyalty are directly related to the positive and negative aspects of the present loan processing system, and this may be discovered through an understanding of customer perceptions. In an attempt to attract and retain customers in competitive financial institutions or environments, the bank needs to enhance the delivery of services, speed up loan operations, and reduce processing times by looking at the borrower's feedback. In addition, highlighting the bank's compliance with the best practices and regulatory legal requirements, such as analysis, assists in fostering the stakeholder's trust and belief.

Moreover, to provide transparency and well-informed decision-making, it also gives insights into how efficiently and effectively the bank educates clients about loan terms, rate of interest, and repayment choices. As a consequence, borrowers are more autonomous and financially competent. With everything considered, an extensive examination of consumers' sentiments on the BNBL loan processing system assists the bank in developing its method of operations and cultivating an excellent banking relationship and culture. To sum up, the results of the investigations may be used as an overview for boosting customer satisfaction and efficiency in operation, which will ultimately contribute to banking expansions and sustainability over the long term.

3.5 Methodology

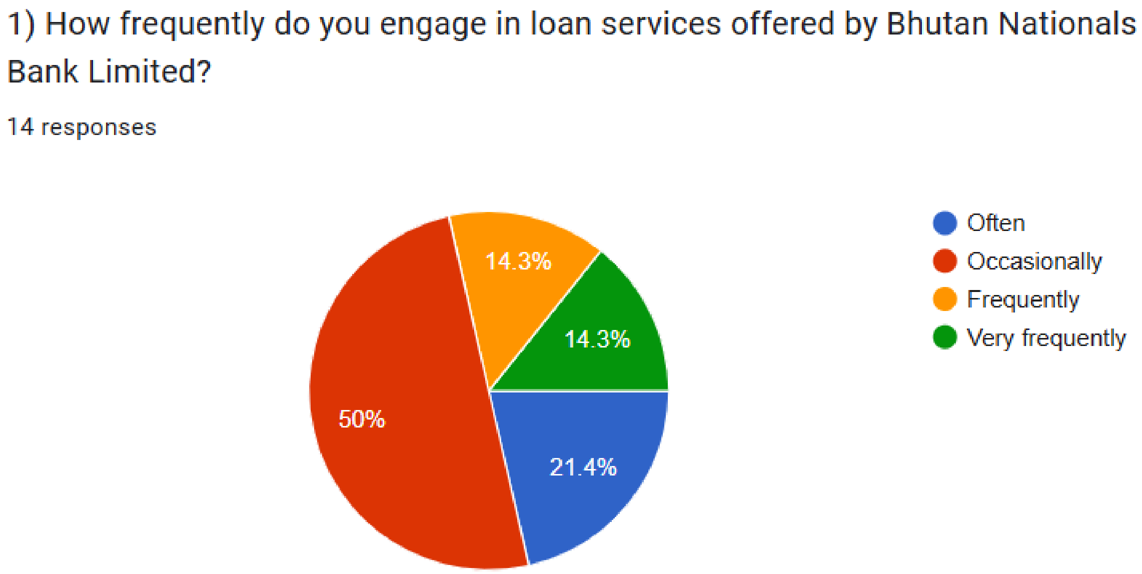
Both the primary and secondary data sources have been contributed for the information needed for conducting in-depth research of Bhutan National Bank Limited. A variety of methods have been utilized to collect the primary data. During my internship, I maintained a close tab on operations to understand how they carried out banking functions daily. Furthermore, my supervisors have given me comprehensive information, which helped me to understand the particular operations and strategy initiatives. On the other hand, I was also able to learn about the internal staff members' communication styles, their job satisfaction, and corporate culture through their interactions. To get quantifiable information and extensive perspectives from staff, I also conducted interviews, including both open-ended as well as closed-ended inquiries.

The main objective of the extensive study that went into gathering secondary data was to offer a more comprehensive contextual structure for the original data. Moreover, to understand Bhutan National Bank Limited's objectives, mission, vision, and performance history, I searched on their website, such as the Facebook page of BNBL, and other official websites in addition to the industry portals. The examinations of the rival's websites also helped to understand the environment for competition. To get a better understanding of the trends, regulatory structure, and best practices, various kinds of industry guidelines and a few informative articles on the banking industry of BNBL were reviewed. Additionally, studying other publications related to the financial services industry. Bhutan National Bank Limiteds competitive environment, internal capabilities, and position on strategy were all extensively and effectively evaluated by combining personal insights and reliable sources of information. Furthermore, the information on loan services and satisfaction from customer perspectives is obtained through statistical analysis and focused surveys.

3.6 Findings and Analysis

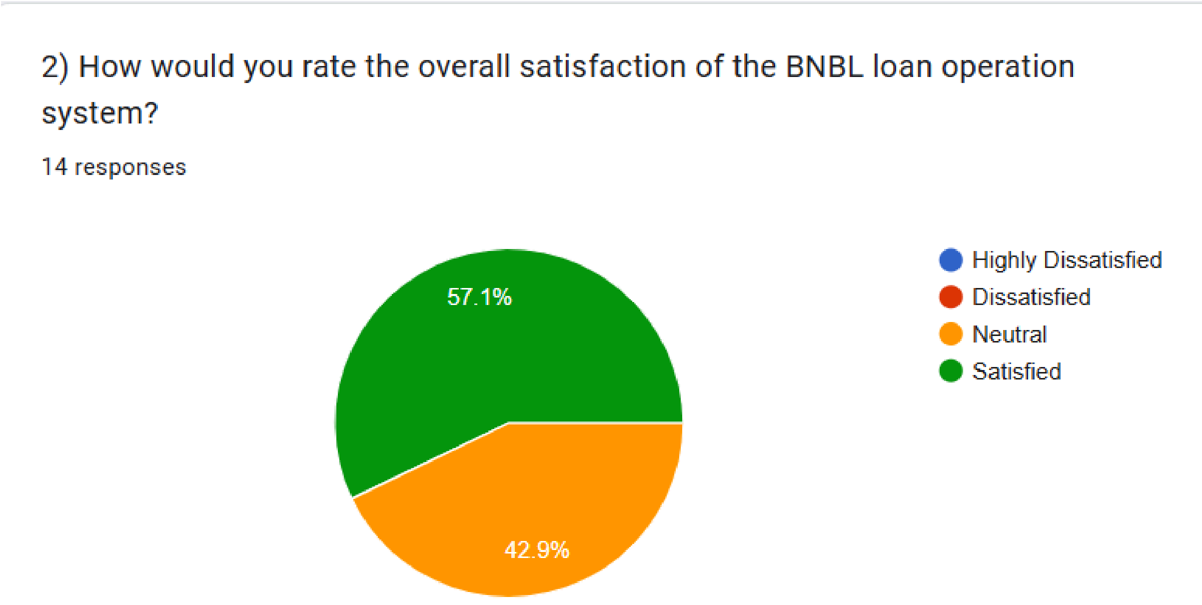
This report analyzes the results of the survey that Bhutan National Bank Limited carried out to assess customer satisfaction and experiences with its lending process of the loan system. The Google form questionnaires were created and they contain questions on the survey, fourteen people have participated in the survey. Moreover, the advantages and disadvantages of Bhutan National Bank Limited loan services offer, approval, and general satisfaction level are the primary objectives and it is highlighted in the analysis.

3.6.1 The regularity of Loan Service Utilization.



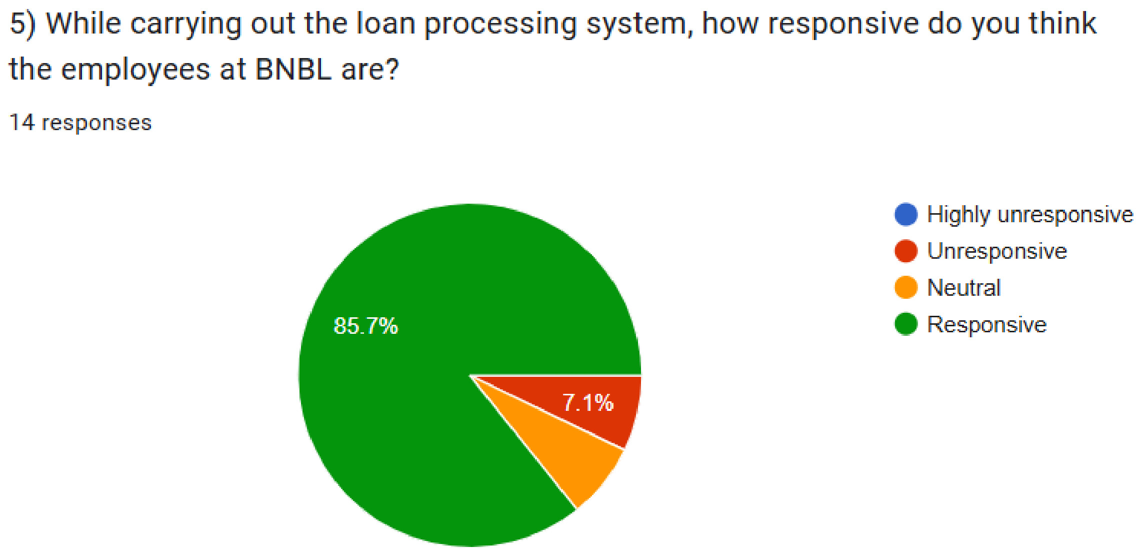
Based on the 14 people's responses, the pie chart shows how frequently respondents utilize the loan services offered by Bhutan National Bank Limited. Moreover, the graphics present the percentages indicating the percentage of responses for each frequency category with each color representing a different frequency category. 50% of respondents occasionally use loan services making it in the largest category. On the other hand, 21.4% of the respondents are engaging often. Whereas, 14.3% of respondents are least availing of the loan services frequently and very frequently.

3.6.2 The Overall Satisfaction of the Loan Process



According to the pie chart and received responses regarding the general degree of satisfaction with the BNBL loan operating system, 57.1% of the respondents have said that they are satisfied with the loan processing system as in the banking system, and the credit officer quickly responded to the loan application. On the other hand, 42.9% of the respondents said that they were neutral. This could be the reason that the system of the loan application has not met the customer's expectations. Moreover, the finding also indicates that there are complex procedures for loan applications in BNBL as it is challenging to navigate through them. On the whole data points that many respondents are satisfied with the loan application procedures.

3.6.3 The employee reactions throughout the loan process system in BNBL

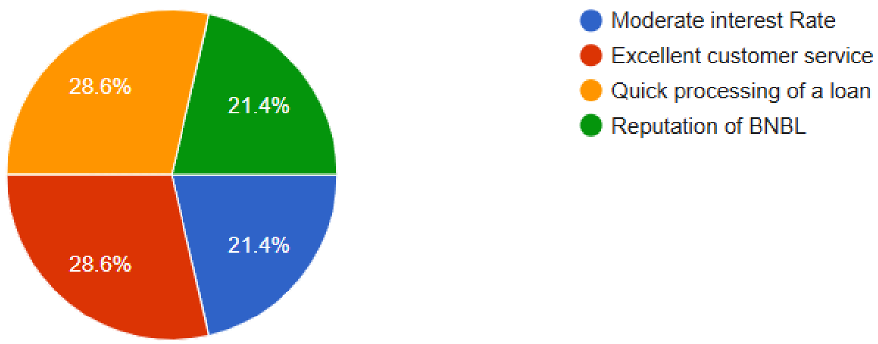


Based on all the respondents, the pie chart illustrates how well the employees of BNBL interact with the customer's loan applications. As 85.7% of the respondents state that employees are responsive to the loan application. This indicates the staff's promptness throughout the processing of the loan application and also there is high reliability of the customer-orientated loan processing system. On the other hand, 7.1% of respondents suggest that some employees are unresponsive and also neutral which indicates that there is still an improvement in some areas, as these dissatisfied responses will also negatively affect the reputation of Bhutan National Bank. Therefore, this finding shows that customers are satisfied with the quick responses of the employees.

3.6.4 The Primary reasons for applying for a Loan.

6) What was your main reason for requesting for loan from BNBL?

14 responses

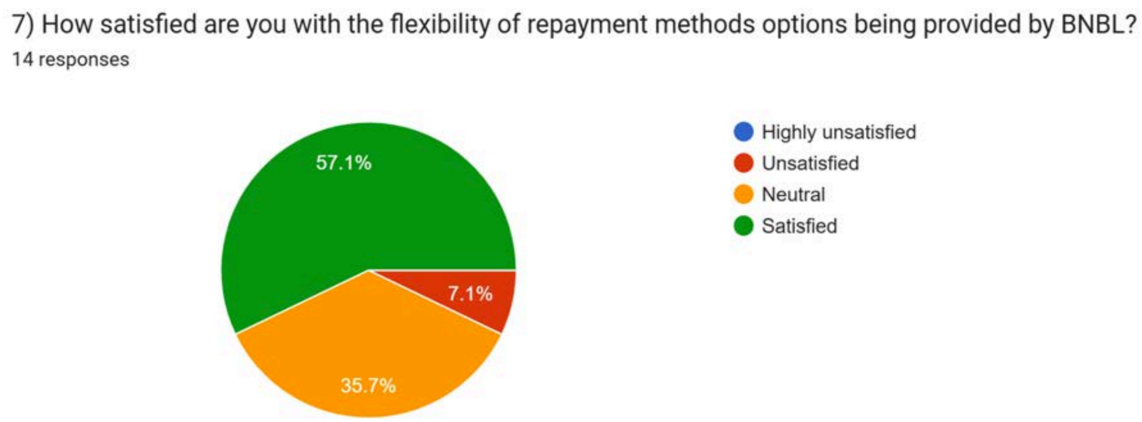


The above pie chart shows the primary motives of customers for choosing Bhutan National Bank Limited for a loan, as 28.6% of the respondent’s state that BNBL is quickly responding to their concerns and also, they are providing excellent services to their customers. On the other hand, 21.4% of the respondents said that BNBL provides a moderate interest rate because of the reputation of the bank. In general, these finding highlights that in the future, many clients will avail of the services of the BNBL. Having a reputable image and customer-centric approaches will encourage the clients to trust and use the services repeatedly.

3.6.5 Difficulty regarding the validation of and documentation.

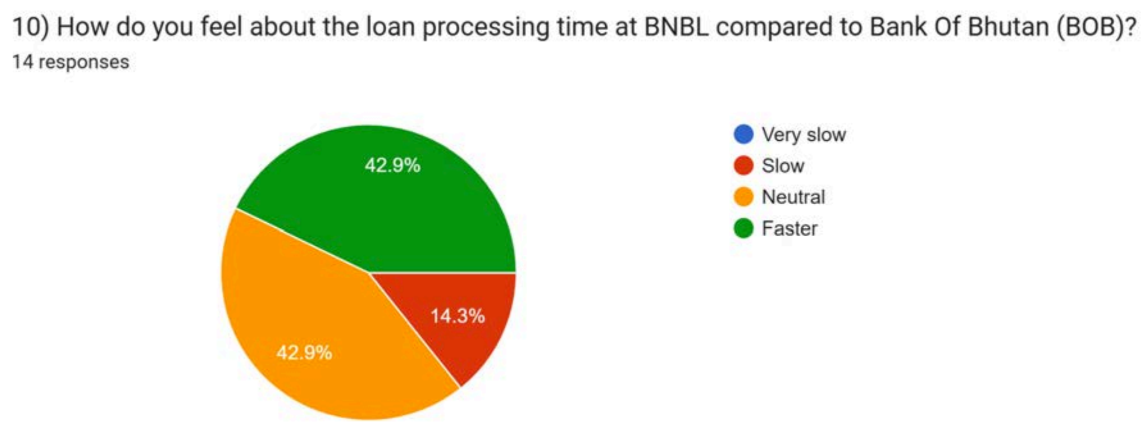
The complicated nature of the documentation process was the main issue highlighted. The loan processing system, BNBL calls for necessary and extensive documentation, such as collateral appraisals (Lhaktrum), no objection letters from all family members if their census is together, and other legal documents. Most of the clients complained that the verification process of the loan system is tedious and time-consuming, usually demanding visiting various banks for confirmation (Wangdi, 2023). Moreover, these difficulties are particularly evident for those borrowers in rural areas, as some people are illiterate and find these procedures complicated for them. The experience of the customers could be potentially significantly enhanced by simplifying and standardizing the documentation process.

3.6.6 The overall satisfaction with its flexibility of repayment methods.



According to the pie chart and responses received from the 14 participants, the majority (57.1%) said that they were satisfied with BNBL's repayment options, including the flexibility of schedules and periods. However, 35.7% of respondents suggested that they are neutral both satisfied and unsatisfied, indicating that the other options could be potentially acceptable, as they are not distinctive and customized. 7.1% which is a lower proportion suggests discontentment which could be the result as there are strict rules and regulations to be followed, other lack of digital resources, and unclear information. Therefore, the overall finding suggests that the majority of clients are satisfied with the repayment method of the loan in BNBL.

3.6.7 Perception of Customer on loan Processing time compared between BNBL and Bhutan National Bank (BOB).



The above pie chart illustrates the comparison between BNBL and BOB on loan processing time. According to the pie chart, 42.9% of the respondent's state that BNBL processes their loans more quickly compared with Bhutan of Bhutan. This indicates that BNBL has streamlined its processing of loans. On the other hand, 42.69% of respondents suggest that there is no significant diction between the two banks as they are neutral in that case. Lastly, 14.3% suggest that BNBL takes more time while processing loans as it requires more paperwork and other documentation is the bottleneck delay in processing the loans. To sum up, after analyzing all the percentages of the respondents, the findings show that many customers prefer lending loans from BNBL rather than BOB as it is quicker.

3.7 Summary and Conclusions

The report examines the Bhutan National Bank Limited comprehensive loan processing system from a customer's perspective, stressing the quick responsiveness, documentation, and other overall services of the BNBL. A questionnaire survey using 14 respondents of the efficient loan processing system of BNBL, the outcomes show important information on their satisfaction level, quick responses and reliability from employees, and other factors. Still, then there are some improvements in some areas. Additionally, the reputation and having a moderate rate of interest make the clients prefer the availing loans from BNBL. However, having complex documentation verifications, having extensive verification of all the legal papers and time-consuming work requirements are the main points highlighted. Furthermore, simplifying the document verifications and having transparency in loan procedures will enhance the customer satisfaction level. 57.1% of customers are satisfied with the overall procedures of the loan processing system.

To sum up, Bhutan National Bank Limited shows a strong approach to enhancing customer service and reliability. On the other hand, focusing on the complex procedures of the loan system is crucial for sustaining the satisfaction level of the customer. Yet maintaining customer contentment and fixing the complex system of loan processing hereby, BNBL might enhance its credibility in Bhutan's financial banking sector and support the wider economic growth of the country through introducing and simplifying the procedures.

3.8 Recommendations/Implications

1. Streamline the document's Methods

Enhancing the customer experience and minimizing delays can be achieved by simplifying the paperwork specifications, especially for those borrowers who reside in rural areas or have lower literary capabilities. If it is feasible, simplifying and digitizing the authentication method would enhance productivity and transparency.

2. Strengthening Customer-Centric Methods

A simpler and flawless application process could be possibly achieved by increasing communication and providing specific guidelines on the lending process. Customer confidence and happiness will be improved if the employees of BNBL are trained well to handle certain consumer problems.

3. Make Effective Use of Technology

Using the digital platforms of loan tracking systems and applications will assist in simplifying the procedures and increase transparency. Taking such steps can enhance the BNBL's efficiency of operations and remain in conformity with modern financial techniques.

4. Emphasizing the Rural Clients.

Bhutan National Bank Limited's accessibility and impact can be increased by creating solutions, particularly for rural clients, including financial literacy programs and simplified processes.

Therefore, by implementing these suggestions, BNBL can enhance its edge over competitors, increase customer retention, and support Bhutan's financial integration and economic growth.

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Appendix

1) How frequently do you engage in loan services offered by Bhutan Nationals Bank Limited? *

- Often
- Occasionally
- Frequently
- Very frequently

2) How would you rate the overall satisfaction of the BNBL loan operation system? *

- Highly Dissatisfied
- Dissatisfied
- Neutral
- Satisfied

3) How effective do you think the loan approval procedures system in the BNBL? *

- Highly inefficient
- Inefficient
- Neutral
- Efficient

4) Do you think it is clear and understandable terms and conditions of loans provided by BNBL? *

- Not clear
- Moderately clear
- Clear
- Very clear

5) While carrying out the loan processing system, how responsive do you think the employees at BNBL are?

- ◯ Highly unresponsive
- ◯ Unresponsive
- ◯ Neutral
- ◯ Responsive

6) What was your main reason for requesting for loan from BNBL? *

- ◯ Moderate interest Rate
- ◯ Excellent customer service
- ◯ Quick processing of a loan
- ◯ Reputation of BNBL

7) How satisfied are you with the flexibility of repayment methods options being provided by BNBL? *

- ◯ Highly unsatisfied
- ◯ Unsatisfied
- ◯ Neutral
- ◯ Satisfied

8) How do you view the transparency of the loan processing system fees at BNBL? *

- ◯ Very opaque
- ◯ Opaque
- ◯ Neutral
- ◯ Transparent

9) How would you rate the convenience of requesting a loan at BNBL? *

- ○ Highly inconvenient
- ○ inconvenient
- ○ Neutral
- ○ Convenient

10) How do you feel about the loan processing time at BNBL compared to Bank Of Bhutan (BOB)?

- ○ Very slow
- ○ Slow
- ○ Neutral
- ○ Faster

11) What kinds of loans have you requested with BNBL? *

- Home loan
- Vehicle Loan
- Government employee loan
- Economic Stimulus Prgrame Loan

12) Are you satisfied with the information provided to you while processing for loan? *

- Highly unsatisfied
- Unsatisfied
- Neutral
- Satisfied

13) How often do you seek assistance from the customer service of BNBL for loan application?

- Never
- Rarely
- Somewhat
- Often

14) Compared to the Bank of Bhutan (BOB), how do you view the interest rates offered by BNBL?

- Very High
- High
- Same
- Lower

15) Would you like to recommend to other people about loan services of BNBL? *

- Highly unlike
- Unlike
- Neutral
- Likely