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SUMMER INTERNSHIP PROJECT- FINAL REPORT

Of

‘EKO INDIA FINANCIAL SERVICES PVT LTD’

Title: “Reconciliation of Accounts”

Submitted to:

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Project Title: Reconciliation of Accounts

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Purpose of Report: Study of the reason for shifting from manual reconciliation to eReko software.

Prepared for: Summer Internship

Submitted to: Mr. Mayank Bhatia (Faculty Mentor) & Mr. Vijay Kumar
(Company Mentor/Assistant Manager- Finance)

ACKNOWLEDGEMENT

I would like to express my sincere gratitude to Professor Mayank Bhatia for his constant support and guidance during these critical times, I would like to thank my Company mentor, Mr. Vijay Kumar for providing me with information regarding the company dynamics, culture and working in the corporate world. Through this internship, I was given the exclusive opportunity to add to the value of the firm. I would also like to extend my gratitude to Professor Mahesh K.C. for providing detailed requirements of the report and guiding throughout and helping me to restore my learnings through such curricular assignment.

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EXECUTIVE SUMMARY

The project titled “Reconciliation of Accounts” is part of finance field. The project involved understanding the meaning of reconciliation, its details and importance and find the reason for the firm having chosen eReko software rather than manual reconciliation process. The data was collected through discussions with the company mentor, finance team, operations team and senior management team. When the alternatives were critically analyzed through internal and external factors, it came to light that the economy was going to change drastically and therefore, a solution has to be undertaken which would improve the efficiency of the process and would not interrupt the working of the company even during lockdown. Then, after proper study of the options and the factors, it was concluded that right choice was taken to solve the problem of tedious process of reconciliation.



1. Company Profile

- Name: Eko India Financial Services Pvt. Ltd.
- Founded: 2007
- Founders: Abhishek Sinha, Abhinav Sinha
- Areas: Delhi, Bihar, Jharkhand, Mumbai, Lucknow

Eko India Financial Services provides a low cost infrastructure where it enables the customers to undertake online transactions for fulfilling various purposes without constraints. Their infrastructure is made to spread awareness and reach of their products and services to people out there who are either unable to experience these facilities due to some barriers (like low income) or are not aware that they can avail to such services to make their life easy. It is a fintech firm which undertakes various unique technologies and advancements to make its customers life easier in terms of financial matters. Eko India has different associations and partnerships in place which keeps increasing to expand their business and market.

2. What is Reconciliation of Accounts?

Reconciliation is the process of cross-checking two sets of numbers. This process is helpful in ensuring that all the books of accounts are accurate and balanced. If any huge or consistent differences are discovered while reconciling, then detailed investigation might need to be performed to discover the reason.

These discrepancies could be due to fraud or misguidance or any other reason. Some small differences are also found which are ignored because of the timing or bank charges.

Reconciliation helps in discovering mistakes so that they can be rectified in time to prevent any problems in future. Every company has their own way and time period they prefer.

Large scale industries perform huge number of transactions on day to day basis, so they might prefer reconciling weekly. On the other hand if it is a small or medium scale firm, they deal in considerably less number of transactions, therefore, they can reconcile accounts monthly.

There are two main methods which can be applied for reconciling the financial records.

-Documentation Review Method

It is a method of reviewing the existing records' data by matching the journals and ledgers. The person/company reviews the accounts by cross matching the figures and finding reasons for the differences, if any. It is very often used by businesses.

-Analytics Review Method

It is an analytical method, i.e. the person/company reviewing accounts might consider both financial and non-financial data to discover the mistakes or frauds in the data. It includes wider range of information compared to documentation.

3. Nature of Problem

Reconciliation process is a time consuming when undertaken through excel sheet. The problem is that the volume of transactions undertaken in the course of business on the daily basis amounts to almost 8 lacs-10 lacs. Therefore, there is a need to find alternatives to resolve this issue. In this fast paced world, it becomes essential to adapt to new technologies which can help complete tasks more effectively and timely.

4. Objectives

- To understand the problems in performing manual reconciliation.
- To be able to implement eReko software for more effective reconciliation.

- To be able to apply the study concepts in actual work by undertaking the tasks allotted during internship.

5. Expected Benefits

The project initiates us to apply the academic concepts to actual reality while completing the tasks given. They guide us to perform the process in our own way as well after understanding the requirements to finish the work assigned.

This spurs us to find alternatives as well to perform the job of manual reconciliation in a more efficient manner. Also, this is beneficial for the company as they are made aware about new ideas from fresh minds to ease the process.

6. Tasks Performed

I am assigned to assist in Finance Department and learn about reconciliation of accounts. Also, to understand the reasons for them shifting to eReko software from manual reconciliation. Therefore, firstly they made me gather information from various sources and learn about their business model and competitors. Soon, I was tasked with following assignments. These assignments helped me reconcile data on my own and use advance excel. This has widened my scope of knowledge.

Tasks Assigned:

- Reconciliation of accounts of the customers manually.
- Preparation of Invoices
- Studying the transactions in detail to find out the reason for differences, if any.

7. Methodology/Approach adopted

The data was gathered through discussions that took place with the finance team, operations team and senior management. We were provided detailed information about the business model of Eko to understand the core working of the firm. In a finance company, the chances of fraud are marginally higher as there are too many financial transactions taking place. Therefore, reconciliation is very important and can't be taken lightly. The finance team shared about how

the increase in number of transactions called for an action to be taken to save time. Therefore, eReko software entered the picture. Operations team and finance team learnt about the eReko software to be able to perform reconciliation themselves. It is a complex software which consists of various categories and classifications to be able to separate the transactions and cross check the amounts easily.

Each client has different requirements and while reconciliation it can be observed that each client's payment transactions need to be reconciled separately because of different charges. The senior management team shared how eReko software has now become the need of the hour due to lockdown. Since, team members who needed to learn about eReko were already using it before, they are able to complete their work easily now. In the lockdown, it would have been difficult to learn the new way to reconcile as it would take long time to teach everyone one on one. But, they were able apply it in time due to which they are saving on time now.

So, the company had properly analyzed the environment and eReko's merits and demerits in accordance with current situation.

8. Exploration of Alternatives

- EReko which is a software for making the reconciliation process more effective and time saving. Reconciling through excel might take time as certain calculations are needed to be performed based on different clients' transactions, but it calculates automatically to save time and can save time and qualitative resources of the company.
- Advanced Excel can help perform the reconciliation process faster but still the calculations would have to be done separately for daily transactions. The person might be able to save time over long period as they get used to it.

9. Criteria for Evaluation

The alternatives are to be evaluated based on both internal and external factors. As it can be seen, the market situation has changed drastically as compared to the changes within the company. This shows that there are two phases of evaluation of the alternatives available for the firm.

Internal Factors:

The internal factors analyzes the environment within the company. Usually, employees are reluctant to adapt to new ways of performing such a tedious process. Therefore, it might be beneficial to the firm to adapt the alternative which will be easy to adapt for the employees and the cost would be less in the long run. If they can save more over the long period of time, then that would be the obvious choice.

The employees need to be motivated and made aware of any change to be undertaken because it will prepare them for unknown and increase their morale and trust in their superiors.

External Factors:

The market and external environment need to be examined critically before taking any step in the direction of change. The competitors need to study to see their performance and find ways to improve. It could act as a strategy in the foreseeing future against the change in the market.

The change in government policies is to be expected as the Covid pandemic is spreading at an alarming rate. The market situation would be affected simultaneously as people would not be able to go out for to visit and their needs would change accordingly. Therefore, market analysis plays an important role in deciding the alternative to be selected to solve the problem.

10. Evaluation of Alternatives

- eReko

Based on the criteria discussed, adapting this software could be more fruitful rather than the other alternative. Though its application can be expensive for the firm, it will impact the working of firm in positive manner if current pandemic is taken into account. Because, people would definitely prefer to work from home even if lockdown is not enforced.

The external factors are more supportive towards taking up the software alternative but the internal factors would have to be worked upon to reduce the employees' burden.

- Advanced Excel

The internal factors when studied reveal that advanced excel would be more preferred alternative but manual reconciliation is already being done. So, it can be used as a way to help

more and more new people learn the basics. In the market conditions, it can be observed that people would start preferring online platforms to fulfill their needs.

So, Eko India's business is expected to rise and fall at the same time. If unemployment will increase, then business will reduce as well. The external factors don't bend towards this alternative, but the other alternative.

11. Conclusion

The project was to learn the importance of reconciliation, its process and the reason for adapting eReko software in place of manual reconciliation on excel. As I performed the process manually, I understood that the manual process takes time. And when we were shown the eReko software and how it works, it showed why software is preferred over simple reconciliation through excel.

Through the data and evaluation, it can be clearly seen that eReko has more advantages compared to manual process and that makes it the perfect choice to save time and money over long period. The qualitative elements also cost the firm in their working. The environment has changed dramatically due to the Covid pandemic. It has been a sudden attack at the economy which has affected the business of Eko India as well. But due to adopting good strategies in time, they have been functioning normally in this abnormal environment also.

The finance, operation and senior management teams have been very forthcoming in sharing the usage of eReko and answering any doubts regarding their day to day working. We have been taught how reconciliation is very important aspect of the fintech industry and why there is a need for constant improvement in these procedures to reduce the burden of these tasks.

12. Learnings

In accountancy subject in year 1, we reviewed the basic concepts of accounts and reconciliation. But that was about how to apply reconciliation in bank statements. Here, I was tasked with reconciling the debit and credit transactions and apply the "Matching Principal" to get proper results. This is the "Double Entry System" applied here.

Sir taught me the way of preparation of invoice and the amount which each customer is due to pay. I learnt that each customer's invoice is not same and there are some transaction charges which are not same for all the middlemen firms that work with Eko. The firm has a very open

culture and everyone's opinions are given equal importance. This helps in boosting their morale. This showed how "Human Resource Management" concepts are in play here.

My mentor has also introduced to me about how there is going to be implementation of eReko software to make reconciliation easy and fast in the future. We are going to learn about it in the coming weeks. The firm is shifting towards this software as it will help in faster processing and be a useful tool in the long run.

Manual reconciliation has its perks. It helps in personal close-up and check of the reasons of any differences, if any. But, on the other hand, the world is moving towards technology and Eko's business is growing, so it will be profitable to the firm.

I was given the task of understanding about the type of company Eko is and its business dealings. This task led me to studying various articles and websites to gather information about fintech companies and their role in the industry. Soon, I was able to connect the dots and gain knowledge about the growing field of FinTech.

I have learnt about eReko software's importance and merits in the company through the discussion with finance, operations and senior management teams. They play the role of mediator in the business and work with various banks and merchants.

Also, I have learnt about how all the departments work in sync to provide a comfortable platform to its employees, clients and interns. They have supported and advised us throughout the internship about what is right and wrong to prepare us for the corporate world. I have learnt about how it's very important to give value to everyone's opinions and be more socially active with my colleagues and superiors to maintain proper communication.

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UNDERTAKING

To Whom It May Concern:

I, Chahat Goyal, hereby declare that this assignment is my original work and not copied from anyone / anywhere. If found similar to other sources, I shall take complete responsibility of the action, taken thereof by, Prof. Mayank Bhatia.

Signature : _____

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Date : 5th July, 2020