

FINANCIAL REPORTING PRACTICES IN NEPALESE COMMERCIAL BANKS

A Dissertation submitted to the office of dean, faculty of management, in partial fulfillment of the requirement of the degree of master of business studies

Submitted by

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Certification of Authorship

I hereby attest to having conducted research for my dissertation, "FINANCIAL REPORTING PRACTICES IN NEPALESE COMMERCIAL BANKS" and submitting the final text of the work. This dissertation has never been before submitted for the purpose of awarding a degree or suggested and presented as a pre-requisite for any other academic purposes.

I have acknowledged the support and collaboration I have received during this study project. Furthermore, I affirm that the reference section of the dissertation contains citations to all information sources and literature employed.

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REPORT OF RESEARCH COMMITTEE

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APPROVAL SHEET

We, the undersigned have examined the dissertation entitled “FINANCIAL REPORTING PRACTICES IN NEPALESE COMMERCIAL BANKS” presented by Sandeep Pandey, a candidate for the degree of Master of Business Studies (MBS Semester) and conducted the Viva voce examination of the candidate. We hereby certify that the dissertation is worthy of acceptance.

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ABBREVIATIONS

AMFRS	:	Average of Mandatory Financial Reporting Scores
ANOVA	:	Analysis of Variance
AQR	:	Assets Quality Reporting
AQRS	:	Assets Quality Reporting Scores
ASB	:	Accounting Standards Board
ATM	:	Automated Teller Machine
AVFRS	:	Average of Voluntary Financial Reporting Scores
BAFIA	:	Banks and Financial Institutions Act
BGs	:	Bank Groups
CAR	:	Capital Adequacy Ratio
CARS	:	Capital Adequacy Reporting Scores
CEO	:	Chief Executive Officer
CGR	:	Corporate Governance Reporting
CGRS	:	Corporate Governance Reporting Scores
CSR	:	Corporate Social Responsibility
CSRRS	:	Corporate Social Responsibility Reporting Scores
DF	:	Degree of Freedom
EBL	:	Everest Bank Limited
FS	:	Financial Statements
FY	:	Financial Year
HRR	:	Human Resource Reporting
HRRS	:	Human Resource Reporting Scores
IASB	:	International Accounting Standards Board
ICAN	:	Institute of Chartered Accountant of Nepal
IFRS	:	International Financial Reporting Standards
MFR	:	Mandatory Financial Reporting
MFRS	:	Mandatory Financial Reporting Scores
NBL	:	Nepal Bank Limited
NEPS	:	Nepal Stock Exchange
NFRS	:	Nepalese Financial Reporting Standards

NICA	:	NIC Asia Bank Limited
NPA	:	Non-Performing Assets
NRB	:	Nepal Rastra Bank
OFR	:	Overall Financial Reporting
OFRS	:	Overall Financial Reporting Scores
OPR	:	Overall Performance Reporting
OPRS	:	Overall Performance Reporting Scores
PR	:	Profitability Reporting
PRS	:	Profitability Reporting Scores
RBBL	:	Rastriya Banijya Bank Limited
RER	:	Risk Exposure Reporting
RERS	:	Risk Exposure Reporting Scores
SBs	:	Sample Banks
SCB	:	Standard Chartered Bank
SEBON	:	Securities and Exchange Board of Nepal
SGBs	:	Sample Government Banks
SPBs	:	Sample Public Banks
VFR	:	Voluntary Financial Reporting
VFRS	:	Voluntary Financial Reporting Scores

ABSTRACT

The purpose of this study was to know the financial reporting and disclosure practices in Nepalese commercial banks. This study aims to examine and compare the financial reporting and disclosure practices prescribed by NRB guidelines and other statutory bodies.

A descriptive, analytical and casual comparative research design is used for this research. Six commercial bank of Nepal are selected randomly as a sample from total populations. Also the study tried to assess the reporting and disclosure practices of Nepalese commercial banks of ten years dated from 2070/071 to 2079/080. Various tools used for data analysis are mean, maximum, minimum and one-way ANOVA. The data are collected from the various year's annual report of sample commercial banks from their respective websites.

This study compared the financial reporting attributes in banks individually and sector wise among government and public sectors. It also examined the current status of reporting and disclosure practices in sample banks and found significant difference in the financial reporting attributes in SBs over the study period whereas there is no significant difference in financial reporting practices between SPBs and SGBs during the study period as a whole.

Keywords: *Financial reporting, disclosure practices, reporting attributes, corporate governance, capital adequacy, stakeholders.*

CHAPTER - I

INTRODUCTION

1.1 Background of the Study

Accounting is the system of recording and summarizing business and financial transaction (Accounting, n.d.). The function of accounting is to ensure business transactions are recorded in a transparent manner reflecting the economic substance of them. Its main objective is to report adequate, appropriate, timely and dependable information to its users for their planning, control and decision-making purposes.

Financial reporting may be defined as, the communication of published financial statements and related information from a business enterprise to external users including shareholders, creditors, customers, government authorities, and the public at large (Kenton, n.d.). In addition to financial statements, it also covers other channels for disseminating data that either directly or indirectly connects to the data the accounting system provides, such as data regarding the assets, liabilities, and profits of the company, among other things. Its nature is both qualitative and quantitative. Financial reporting's qualitative attributes include timeliness, consistency, reliability, understandability, relevance, and materiality. Financial reporting's primary goal is to disseminate the published financial statements and any relevant information that may have a substantial impact on the choices made by current and potential stakeholders, including the public, government agencies, creditors, shareholders, and customers. Both required and voluntary information is disclosed in the annual reports that the banking businesses have provided to their stakeholders.

The specifics of the financial statements, asset sales and purchases, board member changes, chief executive officer property ownership, company ownership changes, board member compensation, financial operations as line items on the balance sheet, transactions with subsidiaries and subsidiaries of subsidiaries, and the bank's future operations plan are some of the most crucial things to disclose. Every aspect on the aforementioned list has been attempted to be operationally considered during the drafting process of the proposed bylaw. Mandatory disclosures consist of information that is required to be disclosed according to rules and regulation made by Banking & Financial Institution Act 2073, Companies Act

2063, the Securities and Exchange Board of Nepal (SEBON), Nepal Rastra Bank (NRB), Institute of Chartered Accountant of Nepal (ICAN) and recommendations of Basel norms.

The financial transparency of the banking sector is essential because it increases accountability and openness and gives stakeholders like investors, depositors, regulators, and the general public an accurate and timely information on the performance and financial health of banks. People have more faith and confidence in the financial system as a result of this transparency, which encourages stability and attracts investment.

Financial openness also makes it easier to make wise decisions. To evaluate the risk and return of their deposits or investments, investors and depositors rely on financial statements and disclosures. They may make wise investment decisions with the use of clear and thorough financial information, which helps the economy allocate resources more effectively.

Efficient markets and fair competition are fostered by financial transparency. Providers of comparable and trustworthy financial data are able to make informed decisions on the value of banks and their products. Customers ultimately benefit from this transparency because it promotes competition based on factors like effectiveness, service quality, and risk management strategies.

Financial disclosure also aids in the detection and prevention of financial misbehaviour and fraud. Stakeholders can spot abnormalities or disparities that might point to fraud or poor management when financial information is reported transparently. Timely intervention to reduce risks and safeguard stakeholders' interests is made possible by early identification.

In general, the banking industry's financial disclosure is critical to fostering accountability, transparency, investor trust, regulatory supervision, market efficiency, and the integrity of the financial system. It acts as a pillar for prudent risk management, solid financial management, and long-term economic growth.

Nepal started the process of liberalizing its economy in the 1990s, welcoming foreign investment and making changes to the financial sector. The scene became more diversified as public sector banks and financial organizations emerged. Regulations were implemented by the central bank to incentivize microfinance institutions to cater to the requirements of rural

underprivileged areas. The 2000s saw the development of services like internet banking, mobile banking, and ATMs thanks to technological advancements.

International, state-owned, and public banks coexist with nonbanking financial entities in Nepal's financial sector today. Particularly in urban areas, mobile banking and digital payment services are growing in popularity. Initiatives have been put in place to strengthen regulatory frameworks, enhance cybersecurity, and promote collaboration amongst sustainable development stakeholders. Going forward, continued investments in infrastructure, regulatory capacity, and human capital will be necessary for the sector's growth and stability.

A nation's banking system is essential to the efficient growth of its economy. Banks are essential to a nation's capital formation. They gather funds from people and organizations across the nation and lend them to companies, supplying trade and industry with liquidity. Because they enable business, banks play a crucial role in the development of any society by facilitating economic growth. Among other things, banks aid in the creation of savings programs and are tools in the government's monetary policy. The history of modern banking in Nepal dates back to the year 1937 AD with the establishment of Nepal Bank Limited as the first commercial bank in Nepal. Later in the year 1955, Nepal Rastra Bank Act was formulated leading to the establishment of Nepal Rastra Bank (NRB) in 1956 as the Central Bank of Nepal. The Rastriya Banijya Bank was established in 1965 A.D. as the second commercial bank of Nepal.

The government of Nepal promoted the entry of public sectors in the banking industry after announcing a free economy and privatization policy. This resulted in the founding of Nabil Bank (formerly Nepal Arab Bank) in 1984 as the country's first public sector bank. The banking industry in Nepal has recently gone through a process of consolidation marked by numerous mergers and acquisitions that have strengthened the positions of the remaining institutions. The fact that the current BFIs lack the capital base to fund significant initiatives, in spite of the wave of mergers, indicates the necessity for additional consolidation. Similar to this, the banking industry faces a number of difficulties, including large loan delinquencies, fraud committed by managers, staff, and clients, cyclical liquidity crises, and

technology threats like hacking. The nation's economic stability greatly depends on banks' capacity to navigate obstacles without breaking.

The banking structure in Nepal is composed of the central bank, commercial banks, development banks, finance companies, micro finance institutions and co-operative banks. In a present scenario there are 20 commercial banks in Nepal, they are as follows with their Establishment date, headquarters and paid-up capital and working areas: -

1.2 Profile of the Organizations

This dissertation will cover six banking organizations in Nepal. The banking companies which I have selected are:

- i. Nepal Bank Limited
- ii. Rastriya Banijya Bank
- iii. NABIL Bank Limited
- iv. NIC Asia Bank Limited
- v. Standard Chartered Bank Limited
- vi. Everest Bank Limited

It is a detailed analysis on their financial reporting and disclosure practices using financial data, accounting policies adopted and non-financial attributes reported in latest published annual reports of selected banks.

1.2.1 Nepal Bank Limited (NBL)

On Kartik 30, 1994 (November 15, 1937 A.D.), Nepal Bank Limited was founded as the country's first bank in accordance with the Nepal Bank Act 1937. The bank was founded with Rs. 0.842 million in paid-up capital, Rs. 2.5 million in issued capital, and Rs. 10 million in permitted capital. The government and public sectors held 60% and 40% of the shares, respectively.

Nepal Bank Limited responded to the public's challenges and these economic problems by offering trustworthy banking services. The bank's mission grew over time as it adjusted to new

technology, the needs of the country's economic welfare system, consumer preferences for customer service, market competition, and international financial trends. As a result, NBL has grown to be one of Nepal's most prominent, respected, and well-known banks. Its primary goal is to work in partnership with its clients to design, develop, and deliver banking solutions that effectively use advanced technology to meet the needs of all stakeholders. To safeguard both its own interests and those of its clients, the bank aspires to be moral in the products it offers, accommodating in its operations, and reliable in maintaining security.

At the moment, Nepal Bank Limited runs 221 offices from which it provides innovative Anywhere Branch Banking System (ABBS) services, a range of lending choices, and deposit services. Additionally, the bank offers ATM services through 190 ATM locations across the country, as well as Internet banking. Presently, the Bank uses a license from Nepal Rastra Bank to conduct business as a "A" class financial institution and the capital structure of Nepal Bank Limited comprises 14.694 arba, of which 51% is held by the government and 49% by the general people.

1.2.2 Rastriya Banijya Bank Limited (RBBL)

In accordance with the special law known as the "Rastriya Banijya Bank Act, 2021," on January 23, 1966, on 10 Magh 2022, the Rastriya Banijya Bank Limited (RBBL) was founded. Presently, all of the bank's shares are owned by the Nepal government. Presently, the Bank uses a license from Nepal Rastra Bank to conduct business as a "A" class financial institution. Through extensive networks of effective centers, socially conscious business practices, and compassionate human resource management, RBBL aims to improve the quality of life for all Nepalese citizens by removing obstacles to financial access, assisting them in realizing their full potential, and guaranteeing safe, innovative, and affordable financial services. RBBL currently offers a variety of lending options, deposit services, and 73 branch offices. Furthermore, the bank provides ATM services through 77 ATM nationwide.

1.2.3 NABIL Bank Limited (NABIL)

Since its founding in 1984 AD, Nabil Bank Limited has played a crucial role in the growth of Nepal's financial service sector. The Bank has consistently adhered to its three steadfast pillars: product innovation, technology, and service excellence. Due to this, a customer-centric banking

culture has begun to emerge, resulting in the creation of cutting-edge services and goods that improve consumers' quality of life and establish industry standards in the domestic banking sector. The Bank has more than 268 branches and 316 ATMs across Nepal with a network covering all major financial centres of the country. The bank also has more than 200 international correspondent banking relationships.

1.2.4 NIC Asia Bank Limited (NICA)

NICA Bank, which was founded on July 21, 1998, is the parent institution of NIC ASIA Bank. NIC Bank was a major player in Nepal's banking industry until June 30, 2013, when a transformative event occurred. On this date merger of NICA Bank with Bank of Asia Nepal, resulting in the establishment of NIC ASIA Bank. As the first merger of two prosperous commercial banks in Nepal, this merger marked a turning point in the history of the nation's banking sector.

The remarkable performance of the bank was not overlooked. An esteemed financial newspaper published by the Financial Times, UK, The Banker, named NIC ASIA Bank the "Bank of the Year 2013-Nepal" in 2013. Since the bank had previously won this distinction in 2007, this recognition was very noteworthy. This ongoing acknowledgement highlighted NIC ASIA Bank's steadfast dedication to quality and its significant standing in the banking sector of Nepal.

NIC ASIA Bank is now, one of the largest public-sector commercial banks in the country in terms of capital base, balance sheet size, number of branches, ATM network, and customer base. The Bank has more than 360 branches, 671 ATMs and 10 cash deposit machines across Nepal with a network covering all major financial centres of the country. The Bank strongly believes in Meritocracy, Transparency, Professionalism, Team spirit, and Service Excellence.

1.2.5 Standard Chartered Bank Limited (SCB)

Established as a joint venture in 1987, Standard Chartered Bank Nepal Limited has been conducting business in Nepal ever since. Currently, the Bank is a crucial component of the Standard Chartered Group, owning 75% of the business, with the Nepalese public holding 25% of the shares. As of right now, the Bank is the biggest foreign bank doing business in Nepal. When it comes to launching services and products that are customer-focused, the Bank has led the way. It is the first bank in Nepal to use the "Know Your Customer" process to every

customer account and to implement the Anti-Money Laundering policy. The Bank has 6 branches and 16 ATMs across Nepal with a network covering all major financial centres of the country.

1.2.6 Everest Bank Limited (EBL)

Everest Bank Limited (EBL) is established in Nepal with the joint venture of Punjab National Bank, India holding 20% of the shares. Everest Bank Limited (EBL) was established in 1994 with the goal of offering competent and efficient financial services to a wide range of social groups. The bank provides customer-friendly services through its Branch Network. Users can do operational transactions from any branch of the bank thanks to the Anywhere Branch Banking System (ABBS), which links all of the branches. The Bank has 128 branches, 124 ATMs, 32 revenue collection counters and 4 extension counters across Nepal with a network covering all major financial centres of the country.

1.3 Focus of the Study

We should analyse the financial statements of banks in Nepal including balance sheets, income statements, and cash flow statements. This will give us an understanding of how these statements are reported and disclosed and also represent the bank's performance and position. It is essential to investigate the level of transparency and disclosure in the reports of commercial banks. We can assess the quality and extent of information provided in the notes to these statements. Examination of accounting policies and Nepalese Accounting Standards adopted by banks in Nepal is crucial. By doing we can evaluate their impact on reporting and performance measurement. To ensure an analysis it is worth comparing the reporting practices of Nepalese banks with international accounting standards like International Financial Reporting Standards (IFRS) or other international standards and norms.

1.4 Statement of Problem

With the gradual acceptance of NFRS and the imposition of strict disclosure requirements on the whole sector, the financial reporting standards of banks and financial institutions (BFIs) in Nepal have undergone significant changes. On the other hand, not much research has been done on financial reporting using NFRS. Furthermore, the works did not emphasize the disclosure of non-financial information about things like customer satisfaction, corporate social responsibility, risk

reporting, and climate change management. Extensive research is needed to better understand the financial reporting methods in Nepalese public and public sector banks. It is possible to assess the efficacy of the existing financial reporting procedures and set a benchmark for future research by concentrating on both financial and non-financial aspects of the financial reporting. The purpose of this study is to thoroughly evaluate and pinpoint areas of concern regarding the financial reporting procedures used by Nepalese commercial banks. This research basically attempts to answer the following questions,

- i. What is the current status of financial reporting practices in selected Nepalese commercial banks?
- ii. Is there any difference in financial reporting and disclosure practices among the selected Nepalese commercial banks?
- iii. What is the status of mandatory and voluntary attributes in reporting practices of selected Nepalese commercial banks?

1.5 Objectives of the Study

The present study aims to analyse various aspects related to financial reporting practices in selected commercial banks in Nepal under the study: -

- i To assess the current status of financial reporting disclosure practices of sample Nepalese commercial banks.
- ii To examine the financial reporting system, disclosure requirement and practices of sample Nepalese commercial bank individually and in a groups.
- iii To analyze the mandatory and voluntary attributes in reporting practices of sample Nepalese commercial banks.

1.6 Significance of Study

Accounting information can be effectively communicated to users for decision-making through financial reporting and disclosure. In order to effectively allocate limited resources, financial statement readers should be able to analyse and appraise the company's financial condition and profits performance. This will enable them to make wise investment decisions. The potential impact of researching Nepalese commercial bank financial reporting methods on different stakeholders and the financial ecosystem as a whole makes this study extremely important. The

study's conclusions can benefit readers, investors, decision-makers, and the academic and research communities by shedding light on Nepalese banking financial reporting standards and procedures. It encourages financial stability, investor trust, accountability, and openness. Along with improving regulatory adherence and lowering legal and regulatory risks for banks, it also aids in identifying gaps in reporting standards and regulations compliance.

Additionally, the growing significance of corporate governance and corporate social responsibility in banks made the study necessary. A bundle of reforms known as "governance" and "social responsibility" aims to fortify banks and corporations by increasing their accountability, transparency, openness, democracy, and participation. Because bank operations are less open than those of other sectors, making it more challenging for shareholders and creditors to keep an eye on them, governance and social responsibility in banks is a far more complicated topic than it is in other industries. Further these attribute not only focus on banking operating structure but also affect public image, effective and efficient working environment and stakeholder's satisfaction.

1.7 Limitations of the Study

Availability of authentic data and information is always a problem and the researcher has faced this problem during the present course of study. The researcher has heavily relied upon published data which have their own limitations. In drawing inferences and making conclusions, information provided in annual reports, available books, project reports, journals, websites and newspaper is being used. Despite the best efforts to minimize variations and avoid ambiguity, due to the inherent nature of research, some limitations will prevail. Following are the limitations of the study:

- a. The study is limited to a few attributes of the mandatory and voluntary financial reporting framework used by commercial banks in Nepal.
- b. The study is limited to only six banks, higher number of banks would allow to give better conclusion.
- c. The study is only based on the primary data and resources.
- d. Only 10 years of financial data and resources has been covered from F.Y. 2070-071 to F.Y. 2079-080.

- e. Due to change in accounting policies, accounting standards, banking norms issued by the Central bank time-to-time, data for different years are record and calculated on different parameters, hence there may be significant fluctuations.
- f. This research is done as the requirement and guidelines for the preparation of degree of master in business studies.

1.8 Hypothesis

An assumption, or a concept put up for the purpose of debate and then evaluated to see if it holds true, is called a hypothesis. In the scientific method, aside from a preliminary background assessment, the hypothesis is developed before any relevant study has been conducted. A hypothesis can be defined as a claim or a series of claims made in an attempt to explain why a particular set of phenomena occurs. A hypothesis can also be accepted as highly likely in light of known facts, or it can be made solely as a tentative theory to direct further research. A research hypothesis is a prediction that may be verified by scientific techniques that establish a relationship between an independent and dependent variable (Hypothesis, n.d.). The following four alternative hypothesis have been formulated and tested in the present study:

Hypothesis No. 1: H1

There is significance difference in the financial reporting practices in sample banks over the study period.

Hypothesis No. 2: H2

There is significant difference in the financial reporting practices of sample public banks and sample government banks.

Hypothesis No. 3: H3

There is significance difference in the mandatory financial reporting practices in sample public banks and sample government banks.

Hypothesis No. 4: H4

There is significance difference in the voluntary financial reporting practices in sample public banks and sample government banks.

CHAPTER-II

LITERATURE REVIEW

2.1 Introduction

The first chapter covered the study's background, detailing the issue description, research questions, objectives, and hypotheses. This chapter presents a thorough review of existing literature on the factors influencing the quality of financial reports, focusing on contemporary and relevant studies. The review includes a conceptual overview, empirical analysis, and identification of research gaps.

Creswell et al. (2014) note that a literature review fulfils multiple roles, such as sharing relevant findings and conclusions from previous research, providing a framework for assessing the research's significance, and offering a basis for comparing new results with earlier studies. Walliman (2011) describes a literature review as an examination of existing literature related to the research topic, justifying the need for further study. Zikmund et al. (2013) define a literature review as a search through published works that present empirical results related to the current topic. Collis and Hussey (2014) state that a literature review identifies existing knowledge pertinent to the current research, helping researchers understand the connections between prior studies and their own work. Neuman (2014) adds that a literature review helps researchers become familiar with the existing body of knowledge, thereby enhancing their understanding of how previous studies relate to the current research.

This study used secondary data as means of sources, including academic journals in financial accounting and other relevant articles, to ensure a thorough examination of the determinants of financial report quality and provide a strong foundation for the study's analysis and conclusions. The purpose of the literature review is to get insight into Nepal's commercial banks' financial reporting procedures. These connected studies provide clarification on current practices and disclosure standards, facilitating proper identification of income, expenses, assets, and liabilities. This part reviews changes in disclosure methods resulting from legislative and legal obligations and assesses whether financial matters are adequately reported in annual reports, pointing out any misclassified items. It offers perceptions on the efficiency of the annual report formats used today and how they affect compliance and transparency. A brief history of financial reporting

standards is provided in this chapter, which also assesses the adequacy of present reporting procedures and highlights the noncompliance aspects to improve reporting and the disclosure of important information.

2.2 Theoretical Review

According to the IASB, the fundamental principle in assessing the quality of financial reporting concerns the precision of the objectives and the calibre of the disclosed information within a company's financial statements. These qualitative characteristics facilitate the assessment of the utility of financial reports, ultimately leading to a high level of quality. To attain this standard, financial reports must accurately depict, be comparable, verifiable, timely, and comprehensible.

An overview of a company's financial health is provided by financial statements, which are essential tools. They support stakeholders in evaluating solvency, liquidity, and stability, assisting in the formulation of loan, investment, and strategic planning decisions (McDaniel, L et al, 2006).

As of April 1, 2007, the Accounting Standards Board has issued twenty-nine standards but has yet to release one corresponding to IAS 30, which addresses financial statement disclosures for banks. Immediate action is needed to fill this gap, as such a standard would significantly enhance banks' financial reporting and disclosure practices. Recently, the ICAI issued Exposure Drafts for AS 30 and AS 31 on Financial Instruments, which are expected to substantially impact banks' financial statements and disclosures (Bhartia, 2008).

The study reveals significant differences between the accounting and reporting practices of commercial banks and other industries, driven by statutory directives. The selected banks' practices are not fully satisfactory, with room for improvement. Common issues include unsettled accounts, compliance challenges, and delegation of authority, segregation of duties, and supervision and accounting control deficiencies (Khanal, 2012).

Regarding the accounting practices employed by the various banks, there are notable distinctions. The guidelines, general counsel, and recommendations of the NRB are utilized by the five commercial banks in Nepal. The Company Act, Nepalese GAAP, and the relevant Accounting Standards Board standards are used by all banks in Nepal (Gupta, 2012).

Corporate governance (CG) disclosure, which covers a variety of techniques for making governance information available to the public, is a crucial part of the corporate regulatory framework. This study looks at 50 firms' voluntary CG practices in addition to the statutory requirements stated in Clause 49 of the Listing Agreement. A CG Disclosure Index was developed as a consequence of a content analysis that looked at the voluntary CG disclosure processes. It has been observed that firms are not adhering to more than half of the elements in the CG Disclosure Index. Moreover, there is no discernible variation in the disclosure scores of the four industries (Bhasin, M L, 2012).

The focus lies on ensuring transparent financial reports, avoiding ambiguity for users. Moreover, precision and predictability are underscored as indicators of high-quality financial reporting. To ensure that financial reports are clear and easy to read for users is the main goal. It also highlights the fact that accuracy and consistency are major principle of financial reporting (Gajevszky, 2015).

Formally recording a business's financial transactions is known as financial reporting. It has long been seen as a necessary tool for all parties involved in the market. Stakeholders, including managers, investors, regulatory bodies, society at large, and others, experience less uncertainty and disagreements because to this approach. It is important to fully record all parties and associated activities, including the disclosure procedure, all transactions, accounting guidelines, and the staff members' assessments and opinions (Gaynor et al., 2016).

Banks are no longer just financial institutions as time has gone on, their function has evolved significantly. These days, the expansion of the contemporary economy depends on banks and their services. They direct the excess resources they possess from every sector toward the areas that are in deficit. As a result, in order to meet the users' information needs, they must divulge their operating information. The goal of this research paper is to compare the disclosure policies of public and publi sector banks and to highlight the state of disclosure practices in the banking industry today (Tewari, 2017).

With the addition of comprehensive disclosures such notes to accounts, corporate governance, Basel standards, CSR, and business responsibility, Indian commercial banks are progressively improving their annual reports. This progress enables well-informed economic decisions, improved market value, and stable share prices in response to growing stakeholder demands for

openness. The financial reporting framework has been considerably reinforced by regulatory changes implemented by entities such as the RBI, SEBI, and the Companies Act 2013, which have improved overall reporting integrity and ensured alignment with global norms (Goel, 2017).

This research investigates how Nepalese commercial banks' performance is affected by corporate governance, utilizing statistical software such as statistical package for social science and Excel to analyse data from 2006/07 to 2016. It discovers that, to varied degrees of relevance, ROE and ROA have a negative correlation with variables such as leverage and board size. Although the majority of banks follow sound corporate governance principles, the survey finds that some still require improvement (Baral, 2018).

Examining the corporate financial reporting and newline disclosure practices of Ethiopian commercial banks is the primary goal of the research. The research has utilized document evaluation of audit reports in order to understand the declared newline purpose. Three newline years' annual reports covering the time following the implementation of IFRSs were included in and analysed by the newline study (Debeb Asmare, 2022).

The study examined the advantages and difficulties of using International Financial Reporting Standards (IFRS), especially focusing on how they are put into practice. It also explored how Ethiopian businesses that have adopted IFRS see improvements in their financial data quality (Tibebe, 2023).

The thesis "Management Accounting Practices in Nepalese Commercial Banks" investigates the use of management accounting tools in Nepal's commercial banks. Its main objectives are to assess and analyze the current tools in use, identify areas where these tools can strengthen the banks, and examine the challenges in implementing these tools (Gyawali, 2023).

This study examines the impact of CSR on the financial performance of Nepalese commercial banks. CSR expenses are used as a proxy for CSR activities, while financial performance is measured through Return on Assets, Return on Equity, and Earnings Per Share (Sthapit, 2023).

In the past decade, global institutions have increasingly focused on environmental sustainability alongside their societal responsibilities. Following the 2008 financial crisis, banks have also embraced this trend, integrating environmental practices and reporting them in their publications and websites due to stakeholder pressure. Despite this, there's a notable lack of research on this

topic within India's banking sector. To address this gap, this study examines how selected Indian commercial banks reported their environmental efforts from 2011 to 2022. Using both qualitative and quantitative methods on secondary data, the study uses a developed environmental reporting index to analyse reports and websites of thirty public and private banks. It compares environmental reporting performance between these banks and explores correlations between reporting practices and bank-specific characteristics (Pawar, 2024).

2.2.1 Nepal's Disclosure Landscape: A Multi-Layered Approach

Nepal's banking and financial institutions operate within a unique multi-layered disclosure environment. This system ensures transparency by requiring disclosures from two distinct perspectives as a bank and as a publicly traded company. Following are the key regulator body,

Nepal Rastra Bank (NRB): Nepal Rastra Bank is the Central Bank of Nepal, established in 1956 following the Nepal Rastra Bank Act of 1955. The current Nepal Rastra Bank Act of 2002 replaced the original Act, providing the bank with operational autonomy and independence (NRB, 2010). The central bank acts as the primary regulator for banks and financial institutions. It issues directives outlining specific disclosure requirements for the banking sector. Its primary role includes monitoring, facilitating, regulating, supervising, and guiding the development of an efficient banking and financial system. Additionally, it formulates monetary and foreign exchange policies to ensure sustainable economic development in Nepal, develops a secure, healthy, and efficient payment system, and enhances public confidence in the country's banking and financial system. The mission of NRB is "to maintain macro-economic stability through sound and effective monetary, foreign exchange and financial sector policies," with a vision "to become a modern, dynamic, credible and effective Central Bank" (Nepal Government, 2006b). NRB has issued 21 directives to licensed banks and financial institutions, most of which pertain to disclosures. Directives 1, 4, and 6 specifically relate to corporate governance, accounting policies, and formats of financial statements, respectively (NRB, 2010).

Securities Board of Nepal (SEBON): The Securities Board of Nepal (SEBON) was established on June 7, 1993, as the regulator of securities markets in Nepal. It derives its authority and responsibilities from the Securities Act, 2006, and acts as an advisor to the government on capital market issues. SEBON is responsible for registering securities issued by public companies and overseeing the issuance, transfer, and exchange of these securities. It also grants

permission to establish stock exchanges and monitors their activities. SEBON licenses companies or institutions that wish to engage in securities trading and fund management and supervises their activities to ensure compliance. Additionally, it is tasked with preventing insider trading and other securities-related offenses. The board reviews financial statements submitted by public companies, securities dealers, and fund managers, issuing directives as necessary (SEBON, n.d.).

To regulate the securities market and its members, SEBON issued the Securities Registration and Issue Regulations in 2008, which was amended in 2010. This regulation mandates that listed companies file their financial reports with SEBON. According to Section 22 of the regulation, all listed companies are required to: (a) submit their annual reports, including balance sheets, profit and loss statements, and other business statements, to SEBON within five months from the end of the financial year; (b) submit their quarterly reports to SEBON within 30 days of the quarter's end and (c) publish their quarterly reports in national newspapers (SEBON, 2010).

Accounting Standards Board (ASB) of Nepal: This body establishes accounting standards (Nepal Financial Reporting Standards - NFRS) based on International Financial Reporting Standards (IFRS) for all entities, including banks and financial institutions. Established in March 2003 through an amendment to the Institute of Chartered Accountants of Nepal Act (1997), the Accounting Standards Board (ASB) of Nepal functions as an independent statutory body. Its primary mission is to set and issue accounting standards for the preparation and presentation of financial statements within Nepal. Initially focused on developing standards aligned with International Financial Reporting Standards (IFRS) for business enterprises, including banks and financial institutions, the ASB's scope expanded in 2007. It now also creates accounting standards for public sector entities, drawing upon International Public Sector Accounting Standards (IPSASs). Currently, 19 mandatory accounting and financial reporting standards are in place for business enterprises, fostering consistent and transparent financial reporting across the board (ASB, n.d.).

When preparing financial statements, SEBON mandates that listed companies adhere to the accounting and financial reporting standards established by the Accounting Standard Board of Nepal, as well as directives issued by the Nepal Rastra Bank for banks and financial institutions. Additionally, they must follow other standards set by the Board for the Stock Exchange and

securities businesspersons. Companies are required to notify the Board about their general meetings, including the agenda, in advance. They must also submit a report to the Board detailing the discussions and resolutions made during the general meeting within thirty days. Besides annual, quarterly, and price-sensitive information, all listed companies are obligated to provide any details, data, or information requested by the Board or the related Stock Exchange (SEBON, 2010).

2.2.2 Disclosure Requirements:

Companies Act (2006): The evolution of company law in Nepal began with the first Company Act in 1936, which lacked provisions for separate legal entities and limited liability. A new Act in 1951, reflecting democratic principles and incorporating British company law concepts, defined companies as legal entities with limited liability. This law lasted until 1963, when a more comprehensive Act in 1964 removed many exemptions for private companies and added provisions for foreign and government companies. The fourth Act, introduced in 1997 following the restoration of democracy, aimed to support the growth of companies but was soon repealed. In 2005, a new Companies Act focused on good corporate governance was enacted as an ordinance and endorsed by parliament in 2006, resulting in the Companies Act 2006. This Act strengthened shareholder rights and improved financial transparency (Shrestha, 2006).

Banks and Financial Institutions Act (BAFIA) (2006): In the past, several Acts governed banks and financial institutions in Nepal, including the Agricultural Development Bank Act, Commercial Bank Act, Finance Company Act, Nepal Industrial Development Corporation Act, and Development Banks Act. To unify these regulations, the Banks and Financial Institutions Ordinance was introduced in 2005 and became an Act in 2006. This Act has twelve chapters: preliminaries, establishment of banks and financial institutions and their securities, management committees and CEOs, licensing, capital, financial operations, compliance, monitoring and inspections, loan disbursement and collection, accounts, records, information, and reports, amalgamation of institutions, defaults and punishments, and miscellaneous matters. Chapter 9 focuses on accounting and disclosure, requiring institutions to use the double-entry system and prepare financial statements as specified by Nepal Rastra Bank (Section 59). These statements must be audited within five months of the fiscal year's end, signed by at least two directors, the CEO, and the auditor, and submitted to Nepal Rastra Bank and the respective company.

Additionally, Chapter 5 covers capital adequacy and reserves, mandating that companies transfer at least 20% of net profit annually to the general reserve until it doubles the paid-up capital (Nepal Government, 2006).

Nepal Stock Exchange (NEPSE) Established in 1976 to facilitate securities trading, the Nepal Exchange Centre was converted into the Nepal Stock Exchange (NEPSE) in 1993 as part of capital market reforms in Nepal. Sponsored by the Government of Nepal, NEPSE's shareholders include Nepal Rastra Bank, Nepal Industrial Development Corporation, and exchange members. It currently has 23 member brokers, 2 market makers, 11 sales and issue managers, and 2 dealers in the secondary market (NEPSE, 2007). Operating under the Securities Exchange Act of 1983 and regulated by SEBON, NEPSE issued Securities Listing Byelaws in 1996, which comprise six chapters covering preliminaries, listing provisions, types of listings and classification, regular information and filings by listed companies, terms and conditions for listed companies, and additional listing provisions.

2.2.3 Research Gap

There was no any research study conducted in Nepal for financial reporting practices in Nepalese commercial banks. Few studies have been done in abroad compared to other developing countries, and more is needed to know about how well banks in Nepal adhere to NFRS and what obstacles they encounter to implementation of it. Furthermore, there hasn't been much research done on the connection between mandatory and voluntary reporting attributes and overall financial reporting of financial reporting practices in commercial banks. The majority of research ignores how reporting and disclosure methods change over time because it lacks a long-term perspective.

Furthermore, not enough research has been done on how reporting attributes affect financial reporting disclosure and how stakeholders view the financial reporting practices used by Nepalese commercial banks. Filling in these gaps would provide more insight into the financial reporting of Nepal's banking industry.

CHAPTER-III

RESEARCH METHODOLOGY

3.1 Introduction

Research can be defined as a systematic process of collecting data, documenting of crucial information and analysis and interpretation of such collected and documented data and information. Simply stated, research is a process to discover new knowledge. It is a purposeful investigation and provides a structure for decision making.

Research methodology is the specific procedure or technique used to collect, assemble, evaluate and analyse data or information about the subject matter in concern. It is a systematic plan for conducting research. This part attempts to give a quick overview of the research approaches and techniques that are accessible in the literature, which will aid the scholar in developing the research method and research procedures for the present study.

“Research methodology refers to the various sequential steps to be adopted by researcher in studying a problem with certain objects in view.” (Kothari, 1994).

“Research Methodology is a way to systematically solve the research problem. It may be understood as a science of studying how research is done scientifically.” (Kothari, 2000).

"Method" and "methodology" are frequently used interchangeably (Mingers, 2001).

This study will seek the conclusion to the point that what reporting and disclosure practices of six commercial banks namely Nepal Bank Limited, Rastriya Banijya Bank Limited, NICA Asia Bank Limited, NABIL Bank Limited, Standard Chartered Bank Limited and Everest Bank Limited have got in the whole commercial banks of Nepal and recommended the useful & meaningful information so that all stakeholders can achieve something from this study. To achieve the basic objectives of the study, the following methodology has been adopted which includes research design, nature & sources of data, population & sample, data collection procedure and methods of data analysis & so no.

3.2 Research Design

Research design is the plan, structure, and strategy of investigation conceived so on to obtain answers to research questions & to control variance (Karliger, 1986).

Descriptive and causal comparative research design would be the most suitable research design because the research project is on the study of financial reporting practices in Nepalese commercial banks. The causal comparative research design is chosen in light of the study's goal and in an effort to address the questions posed by the problem statement. This approach will facilitate the identification of the relationship between the variables.

Similarly, a research design is the arrangement of condition for collection and analysis of data in a manner that aims to combine relevance to the research process with economy in procedure (Cellith, & Jahoda, 1995).

In this sense, research design serves as a model for research activity that helps researchers address their research problems more quickly and effectively. It is a planned framework for research that the researcher has created. Research designs come in a variety of forms, including analytical, experimental, and descriptive. The methodology employed in a study is contingent upon the researcher's level of expertise in the domain and the quality of the problem formulation and structure. We have conducted some analysis within the descriptive technique, which we believe is the proper strategy approach. To illustrate the variations in reporting procedures among Nepalese banks, we have examined the yearly reports of six commercial banks in the country. This study will describe the financial situations of the aforesaid six banks for the period of five years from 2070/71 to 2079/80 and compare them.

3.3 Nature and Source of Data

This study uses qualitative data since its primary goal is to examine the financial reporting procedures used by Nepalese commercial banks. A large portion of the data included in this study came from secondary sources. The relevant Nepalese commercial bank's annual reports, other publications, and financial reports are where the secondary data is found. It will be supplemented with various other sources like articles, journals, books and website of ICAN, NRB and other related sites.

3.4 Population and Sampling Design

All of Nepalese commercial banks ought to be the research's target population. There are presently 20 class "A" commercial banks in Nepal, according to the data as of mid-January 2024.

Since it is not possible to include every bank of the population in the study, a random specific sample will be chosen. As they are among the oldest government bank, emerging public bank and foreign joint venture operating in Nepal, six commercial banks namely Nepal Bank Limited, Rastriya Banijya Bank Limited, NICA Asia Bank Limited, NABIL Bank Limited, Standard Chartered Bank Limited and Everest Bank Limited have been chosen as representative sample units for the study which consist 30% of total population.

3.5 Data Handling and Tools

Examining the existence of financial reporting and disclosure practices, the use of NFRS, and non-financial attributes that influence the financial performance of Nepal's commercial banks are the main objectives of this research. As a result, both quantitative and qualitative data are included in the study. The majority of the information used in this study was derived from secondary sources. The secondary data can be found in the annual reports, other publications, and financial reports of the relevant Nepalese commercial bank. Since the banks have to disclose their fiscal year financial results, these reports are available on the websites of the relevant banks. For tabulating the collected data and text processing, MS-Word will be used. MS-Excel will also be used to present the data graphically in charts and diagrams and also perform various calculations. The following statistic tools are used for the study.

3.5.1 Mean (Average)

The arithmetic mean, sometimes referred to as the mean, is the average of all numbers. To find the mean, add up all of the numbers in a set, then divide the total by the number of numbers in the set.

$$\bar{X} = \frac{\sum X}{N}$$

Where,

X= Value of each variables

N= Number of banks/years

3.5.2 Maximum and Minimum

Maximum refers to the highest value among the variables whereas minimum means the smallest or least value among the variables.

3.5.3 One Way ANOVA

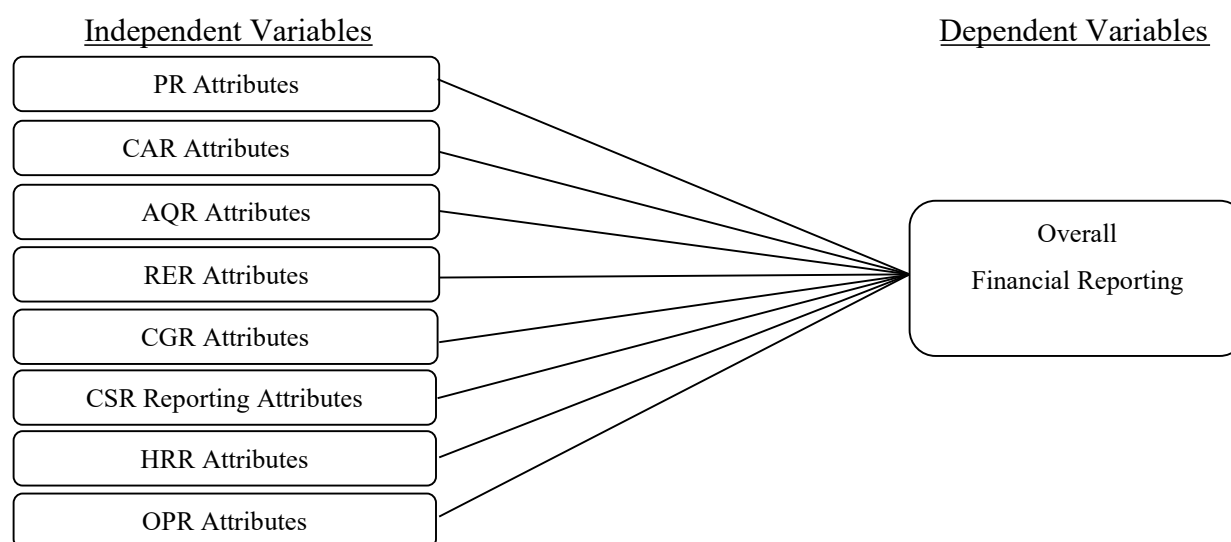
One-way ANOVA is used to determine mandatory, voluntary and overall financial reporting practices among group of sample banks, government and public sector banks whether there were any significant differences in financial reporting practices.

3.6 Theoretical Framework for the Study

This study analyses and compares the financial reporting practices of sample banks by taking 51 financial reporting items on the various aspects of financial reporting including 8 profitability reporting items, 5 capital adequacy reporting items, 4 asset quality reporting items, 6 risk exposure reporting items, 5 corporate governance reporting items, 3 human resource reporting items, 2 CSR reporting items and 18 overall performance reporting items. The selected 51 financial reporting items have further been classified into 35 mandatory and 16 voluntary financial reporting items on the basis of the regulatory framework of Nepalese commercial banks. The study's financial reporting items were chosen based on factors taken into account by previous researchers as well as expert opinions from chartered accountants and financial analysts regarding the items that are most important to bank stakeholders in order for them to make well-informed decisions.

Figure 1:

Research Framework of the Study



Source: Corporate Financial Reporting Practices in Indian Commercial Banks (Goel, 2017).

3.7 Operational Definition of a Financial Reporting Attributes

3.7.1 Overall Financial Reporting

The sum of the reports on profitability, capital adequacy, asset quality, risk exposure, corporate governance, human resources, corporate social responsibility, and overall performance that is disclosed by organization in its financial statements is known as organizational overall financial reporting. It describe overall preparation and presentation of financial information that is useful for decision making for a stakeholders.

3.7.2 Profitability Reporting Attribute

Both the business's operational efficiencies and inefficiencies are included by a profitability study. By applying the insights gleaned from this study, management can modify their financial strategy to capitalize on future earnings and sales development opportunities. This reporting attribute include earning per share, net interest income to operating profit ratio, operating expenses to income ratio, cost of deposits, yield on advance, profit per employee, dividend pay-out ratio and return on assets.

3.7.3 Capital Adequacy Reporting Attribute

How well a bank is able to meet its obligations is indicated by the capital adequacy ratio, or CAR. The ratio, also referred to as the capital-to-risk-weighted assets ratio (CRAR), is used by regulators to assess a bank's risk of failure by comparing capital to risk-weighted assets. It is employed to safeguard depositors and advance the global financial systems' efficiency and stability. This reporting attribute include capital adequacy ratio, CAR-tier 1 capital, CAR-tier 2 capital, cash reserve ratio (CRR) and statutory liquid ratio (SLR).

3.7.4 Assets Quality Reporting Attribute

The amount of current and prospective credit risk related to the loan and investment portfolios, other assets, owned real estate, and off-balance sheet activities is reflected in the asset quality reporting. This also reflects management's capacity to recognize and control credit risk. This reporting attribute include non-performing assets (NPAs), loan loss provision disclosure, particulars of accounts restructured and sector wise NPAs disclosure.

3.7.5 Risk Exposure Reporting Attribute

The measured potential loss from ongoing or planned company activity is known as risk exposure. The probability of a risk incident happening multiplied by the possible losses is typically used to determine the level of exposure. This reporting attribute include unsecured

advances disclosure, foreign currency exposure, credit risk reporting, market risk reporting, liquidity risk reporting and operational risk reporting.

3.7.6 Corporate Governance Reporting Attribute

Corporate governance is different from the day-to-day operational management of a organization by full-time executives in that it concerns the actions of the board and how it establishes the organization's principles. This reporting attribute include corporate governance report, detail of board of directors disclosure, details of corporate governance committee, distribution of shareholdings disclosure and corporate governance rating disclosure.

3.7.7 Human Resource Reporting Attribute

A corporation employs a system called human resources reporting (HR reporting) to compile different HR data into a single report. This reporting attribute include sitting fees paid to directors, reporting of pension expenses and human capital recruitments disclosure.

3.7.8 Corporate Social Responsibility Reporting Attribute

It describes an organization's voluntarily made contribution to sustainable development that goes above and beyond what is required by law. New approaches to corporate social responsibility (CSR) focus on addressing social issues that affect stakeholders as well as stockholders. This reporting attribute include amount spent on CSR disclosure activities and amount spent on CSR (% of PAT) disclosure.

3.7.9 Overall Performance Reporting Attribute

It include balance sheet, profit & loss account, cash flow statement, Statement of Change in Equity (SOCE), Other comprehensive income (OCI), consolidated financial statements, significant accounting policies, disclosure requirement as per NFRS, notes to account, segment reporting, director's report, director responsibility statement, disclosure of domestic branch, customer complaints disclosure, disclosure of ATMs information, disclosure of internet banking users, disclosure of mobile banking users and disclosure of Disclosure of award & achievements.

CHAPTER-IV

RESULTS AND DISCUSSION

The present chapter is devoted to the analysis of the financial reporting practices of SBs and the comparison of the financial reporting practices of SBs in the groups of SGBs and SPBs. The analysis and comparison of the financial reporting practices have been made on the various aspects including profitability reporting practices, capital adequacy reporting practices, asset quality reporting practices, risk exposure reporting practices, corporate governance reporting practices, human resource reporting practices and CSR reporting practises.

4.1 Profitability Reporting Practices

The ability of a company enterprise to generate profits is referred to as profitability. A company's ability to turn a profit determines how long it will last and flourish. Furthermore, the commercial enterprises need to be lucrative since this determines how well they function in the other domains. A profitable company enterprise guarantees the efficient and effective use of its resources, as well as its ability to perform well in the domains of corporate governance, human resources, and social duties. The reporting of a business enterprise's profitability performance using a variety of profitability indicators is known as profitability reporting. In order to secure their long-term growth and survival, commercial banks in the current competitive banking market now place a greater emphasis on profitability performance and its reporting. The following is the discussion on the analysis of the profitability reporting practices of SBs and the comparison of the profitability reporting practices of SBs in the groups of SPBs and SGBs

4.1.1 Analysis of Profitability Reporting Practices of SBs

The profitability reporting practices of SBs have been analysed using 8 profitability reporting attributes including earning per share, net interest income to operating profit ratio, operating expenses to income ratio, cost of deposits, yield on advance, profit per employee, dividend pay-out ratio and return on assets. Each reported attributes is given a score of 1 while each unreported attributes is given a score of 0. As the study is conducted for 10 years period started form FY 2070-071 to 2079-080, hence each reported attributes have a maximum value of 10 and minimum value of 0.

The table 1 presents the computation of profitability reporting scores (PRS) of each SBs from FY 2075/076 to FY 2079/080. The table 2 presents the number of times SBs reports profitability attributes in their financial statement during FY 2070/071 to FY 2079/080. The table 3 and chart 1 presents the profitability reporting practises of SBs on the basics of PRS from FY 2070/071 to FY 2079/080.

Table 1:

PRS of each SBs from FY 2070/71 to FY 2079/80

S.N.	Profitability Reporting Attributes	EBL	NABIL	NBL	NICA	RBBL	SCB
1.	Earnings per share	10	10	10	10	10	10
2.	Net Interest income to Operating Profit Ratio	3	6	10	5	5	10
3.	Operating Expenses to Income Ratio	3	6	0	5	5	10
4.	Cost of deposits	5	10	5	5	10	10
5.	Yield on advances	5	9	10	6	10	10
6.	Profit per Employee	10	6	10	6	8	10
7.	Dividend pay-out ratio	6	8	10	8	10	10
8.	Return on Assets	10	10	10	10	10	10

Table 2:

Number of Times SBs Reported Profitability Attributes in their FS during 10 years times (6 Banks in 10 years)

S.N.	Profitability Reporting Attributes	2070/71-2079/80
1.	Earnings per share	60
2.	Net Interest income to Operating Profit Ratio	39
3.	Operating Expenses to Income Ratio	29
4.	Cost of deposits	45
5.	Yield on advances	50
6.	Profit per Employee	50
7.	Dividend pay-out ratio	52
8.	Return on Assets	60

Table 3:*Profitability Reporting Practices of SBs (6 Banks)*

S.N.	Banks	PRS	
		2070/71-2079/80	Rank
1.	EBL	80	6
2.	NABIL	68	3
3.	NBL	65	4
4.	NICA	65	5
5.	RBBL	55	2
6.	SCB	52	1
	Maximum	80	
	Minimum	52	
	Average	64.17	

The table 2 clearly reveals that Earnings per Share and Return on Assets are the most frequently reported metrics, suggesting they are key indicators of financial performance. Dividend payout ratio, yield on Advances and Profit per Employee are also important, while Net Interest Income to Operating Profit Ratio and Operating Expenses to Income Ratio are less frequently reported, indicating they may be less critical or more stable metrics.

It is clear from the table 3 and the chart 1 that significant differences in profitability reporting. SCB and RBBL lead with scores of 80 and 68, reflecting strong financial transparency. NABIL and NBL follows with score of 65, showing solid practices, while NICA Asia Bank scores 55, indicating moderate disclosure. EBL lag with scores of 52, suggesting limited reporting. These variations highlight diverse approaches to financial transparency, potentially impacting stakeholder trust and regulatory compliance, and suggest areas for improvement in Nepalese banking practices.

4.1.2 Comparison of Profitability Reporting Practises of SBs in the groups of SGBs and SPBs

The table 4 and the chart 2 presents the Profitability Reporting practises of SBs in the groups of SGB and SPB on the basis of average Profitability Reporting scores (PRS) from FY 2070/71 to FY 2079/80. The profitability reporting practises of SGBs is greater than that of SPBs indicating

that SGBs have been the most active in reporting profitability-related attributes in their financial statements.

Table 4:

Profitability Reporting Practices of SBs in the Groups of SGBs and SPBs

BGs	2070/71-2079/80
SGBs	66.5
SPBs	63
SBs	64.17

4.2 Capital Adequacy Reporting Practices

The ability of a business entity to maintain a sufficient level of capital as a percentage of its risk-weighted assets to guarantee that it can withstand tolerable losses and avoid insolvency is referred to as capital adequacy. The ratio of capital to the risk-weighted assets of the bank serves as a gauge for capital adequacy. A higher capital adequacy ratio guarantees the stability of the financial system and improved depositor protection. The reporting of capital adequacy performance by a business firm using different capital adequacy metrics is known as capital adequacy reporting. In Nepal, the minimum capital adequacy ratio for commercial banks is 10%, out of which 6% must be the core capital. The following is the discussion on the analysis of the capital adequacy reporting practices of SBs and the comparison of the capital adequacy reporting practices of SBs in the groups of SPBs and SGBs:

4.2.1 Analysis of Capital Adequacy Reporting Practices of SBs

The capital adequacy reporting practices of SBs have been analysed using 5 capital adequacy reporting attributes including capital adequacy ratio, CAR-tier 1 capital, CAR-tier 2 capital, cash reserve ratio (CRR) and statutory liquid ratio (SLR). Each reported attributes is given a score of 1 while each unreported attributes is given a score of 0. As the study is conducted for 10 years period started from FY 2070-071 to 2079-080, hence each reported attributes have a maximum value of 10 and minimum value of 0.

The table 5 presents the computation of capital adequacy reporting scores (CARS) of each SBs from FY 2070/71 to FY 2079/80. The table 6 presents the number of times SBs reports capital adequacy attributes in their financial statement during FY 2070/71 to FY 2079/80. The table 7

and chart 3 presents the capital adequacy reporting practises of SBs on the basics of CARS from FY 2070/71 to FY 2079/80

Table 5:

CARS of each SBs from FY 2070/71 to FY 2079/80

S.N.	Capital Adequacy Reporting Attributes	EBL	NABIL	NBL	NICAA	RBBL	SCB
1.	Capital adequacy ratio	10	10	10	10	10	10
2.	Capital adequacy ratio-tier 1 capital	10	10	10	10	10	10
3.	Capital adequacy ratio-tier 2 capital	10	10	10	10	10	10
4.	Cash Reserve Ratio (CRR)	10	10	10	10	10	10
5.	Statutory Liquidity Ratio (SLR)	0	0	6	1	0	0

Table 6:

Number of Times SBs Reported CAR Attributes in their FS during 10 years times (6 Banks in 10 years)

S.N.	Capital Adequacy Reporting Attributes	2070/71-2079/80
1.	Capital adequacy ratio	60
2.	Capital adequacy ratio-tier 1 capital	60
3.	Capital adequacy ratio-tier 2 capital	60
4.	Cash Reserve Ratio (CRR)	60
5.	Statutory Liquidity Ratio (SLR)	7

Table 7:

CAR Practices of SBs (6 Banks)

S.N.	Banks	PRS	
		2070/71-2079/80	Rank
1.	EBL	40	3
2.	NABIL	40	3
3.	NBL	46	1
4.	NICAA	41	2
5.	RBLL	40	3
6.	SCB	40	3
	Maximum	46	
	Minimum	40	
	Average	41.17	

The table 6 clearly reveals that Capital Adequacy Ratio, Capital adequacy ratio-tier 1 capital, Capital adequacy ratio-tier 2 capital and Cash Reserve Ratio (CRR) are the most frequently reported metrics, suggesting they are key indicators of Capital Adequacy Reporting whereas Statutory Liquid Ratio (SLR) are less frequently reported, indicating that may be less important reporting metrics in financial reporting of the institutions.

It is clear from the table 7 and the chart 3 those significant differences in capital adequacy reporting. NBL stands out with a leading score of 46, reflecting robust capital adequacy practices, while NICAA follows with a score of 41, indicating solid but slightly less comprehensive reporting. EBL, NABIL, RBBL, and SCB, each scoring 40, demonstrate moderate transparency. These differences highlight varying levels of capital adequacy disclosure, which could affect regulatory compliance of risk weighted assets and stakeholder trust. The lower scores suggest that improvements are needed in reporting practices to enhance financial clarity and align with the higher standards observed in leading banks.

4.2.2 Comparison of Capital Adequacy Reporting Practises of SBs in the groups of SGBs and SPBs

The table 8 and the chart 4 presents the Capital Adequacy Reporting practises of SBs in the groups of SGBs and SPBs on the basis of average Capital Adequacy Reporting scores (CARS) from FY 2070/71 to FY 2079/80. The capital adequacy reporting practises of SGBs is greater than that of SPBs indicating that SGBs have been the most active in reporting capital adequacy-related attributes in their financial statements.

Table 8:

CAR Practices of SBs in the Groups of SGBs and SPBs

BGs	2070/71-2079/80
SGBs	43
SPBs	40.25
SBs	41.17

4.3 Assets Quality Reporting Practices

The ability of a firm to ensure that its loans and investments are of high quality and that it is receiving the appropriate return on them is referred to as asset quality. A company enterprise's long-term survival and profitability are ensured by greater asset quality. The reporting of asset quality performance by a commercial banks using different asset quality parameters is known as asset quality reporting. Since loans and investments make up the majority of their assets, commercial banks place the utmost significance on excellent asset quality and its reporting. The following is the discussion on the analysis of the assets quality reporting practices of SBs and the comparison of the assets quality reporting practices of SBs in the groups of SPBs and SGBs:

4.3.1 Analysis of Assets Quality Reporting Practices of SBs

The assets quality reporting practices of SBs have been analysed using 4 assets quality reporting attributes including non-performing assets, loan loss provision disclosure, particulars of accounts restructured and sector-wise NPAs disclosure. Each reported attributes is given a score of 1 while each unreported attributes is given a score of 0. As the study is conducted for 10 years period started form FY 2070-071 to 2079-080, hence each reported attributes have a maximum value of 10 and minimum value of 0.

The table 9 presents the computation of assets quality reporting scores (AQRS) of each SBs from FY 2070/71 to FY 2079/80. The table 10 presents the number of times SBs reports capital adequacy attributes in their financial statement during FY 2070/71 to FY 2079/80. The table 11 and chart 5 presents the capital adequacy reporting practises of SBs on the basics of AQRS from FY 2070/71 to FY 2079/80

Table 9:

AQRS of each SBs from FY 2070/71 to FY 2079/80

S.N.	Assets Quality Reporting Attributes	EBL	NABIL	NBL	NICA	RBBL	SCB
1.	Non-Performing Assets (NPAs)	10	10	10	10	10	10
2.	Loan Loss Provision disclosure	10	10	10	10	10	10
3.	Particulars of accounts restructured	6	10	5	5	6	9
4.	Sector-wise NPAs disclosure	0	1	0	2	0	0

Table 10:*Number of Times SBs Reported AQR Attributes in their FS during 10 years times (6 Banks in 10 years)*

S.N.	Assets Quality Reporting Attributes	2070/71-2079/80
1.	Non-Performing Assets (NPAs)	60
2.	Loan Loss Provision disclosure	60
3.	Particulars of accounts restructured	41
4.	Sector-wise NPAs disclosure	3

Table 11:*AQR Practices of SBs (6 Banks)*

S.N.	Banks	AQRS	
		2070/71-2079/80	Rank
1.	EBL	26	4
2.	NABIL	31	1
3.	NBL	25	6
4.	NICA	27	3
5.	RBBL	26	4
6.	SCB	29	2
	Maximum	31	
	Minimum	25	
	Average	27.33	

The table 10 clearly reveals that Non-Performing Assets (NPAs) and Loan Loss Provision disclosure are the most frequently reported metrics, suggesting they are critical indicators of the banks' financial health and ability to manage loan defaults, Particulars of accounts restructured are moderate reported metrics reflecting their strategies for assisting distressed borrowers whereas Sector-wise NPAs disclosure are less frequently reported, highlighting a gap in detailed sectoral risk analysis.

Table 11 and the chart 5 clearly shows significant variation is observed in their reporting practices and management of credit risks. NABIL Bank ranks first with the highest score of 31,

demonstrating superior asset quality reporting, SCB with scores of 29 ranked third position. While with the score of 27 NICA ranked at fourth position while RBLL and EBL, with a same score of 26, holds the fifth position, similarly NBL scoring 25, share the sixth rank. These differences in AQRs reflect the varying levels of transparency and rigor in financial reporting among Nepalese commercial banks, emphasizing the need for more consistent reporting standards across the sector.

4.3.2 Comparison of Assets Quality Reporting Practises of SBs in the groups of SGBs and SPBs

The table 12 and the chart 6 presents the Assets Quality Reporting practises of SBs in the groups of SGB and SPB on the basis of average Assets Quality Reporting scores (AQRs) from FY 2070/71 to FY 2079/80. The assets quality reporting practises of SPBs is greater than that of SGBs indicating that SPBs have been the most active in reporting assets quality-related attributes in their financial statements.

Table 12:

AQR Practises of SBs in the Groups of SGBs and SPBs

BGs	2070/71-2079/80
SGBs	25.5
SPBs	28.25
SBs	27.33

4.4 Risk Exposure Reporting Practices

The reporting of risk exposure by commercial banks using different factors that represent their risk exposure is known as risk exposure reporting. The Nepalese commercial banks have grown beyond the confines of traditional banking in the current banking environment. As a result, they are now exposed to risks associated with foreign exchange, the real estate industry, the capital market, large loans to individuals or groups of individuals, exposure concentration, and off-balance sheet exposures. Commercial banks must have the right level of risk exposure and report on it in order to give stakeholders pertinent information regarding their long-term survival and growth. The following is the discussion on the analysis of the risk exposure reporting practices of

SBs and the comparison of the risk exposure reporting practices of SBs in the groups of SPBs and SGBs:

4.4.1 Analysis of Risk Exposure Reporting Practices of SBs

The risk exposure reporting practices of SBs have been analysed using 6 risk exposure reporting attributes including unsecured advances disclosure, foreign currency exposure, credit risk reporting, market risk reporting, liquidity risk reporting and operational risk reporting. Each reported attributes is given a score of 1 while each unreported attributes is given a score of 0. As the study is conducted for 10 years period started form FY 2070-071 to 2079-080, hence each reported attributes have a maximum value of 10 and minimum value of 0.

The table 13 presents the computation of Risk Exposure Reporting Scores (RERS) of each SBs from FY 2070/71 to FY 2079/80. The table 14 presents the number of times SBs reports risk exposure reporting attributes in their financial statement during FY 2070/71 to FY 2079/80. The table 15 and chart 7 presents the capital adequacy reporting practises of SBs on the basics of CARS from FY 2070/71 to FY 2079/80

Table 13:

RERS of each SBs from FY 2070/71 to FY 2079/80

S.N.	Risk Exposure Reporting Attributes	EBL	NABIL	NBL	NICA	RBBL	SCB
1.	Unsecured advances disclosure	5	10	7	5	10	6
2.	Foreign currency exposure	0	0	0	0	0	0
3.	Credit Risk Reporting	10	10	10	10	10	10
4.	Market Risk Reporting	10	10	10	10	10	10
5.	Operational Risk Reporting	10	10	10	10	10	10
6.	Liquidity Risk Reporting	4	9	4	5	1	10

Table 14:

Number of Times SBs Reported Risk Exposure Attributes in their FS during 10 years times (6 Banks in 10 years)

S.N.	Risk Exposure Reporting Attributes	2070/71-2079/80
1.	Unsecured advances	43
2.	Foreign currency exposure	0
3.	Credit Risk Reporting	60
4.	Market Risk Reporting	60
5.	Operational Risk Reporting	60
6.	Liquidity Risk Reporting	33

Table 15:

RER Practices of SBs (6 Banks)

S.N.	Banks	RERS	
		2070/71-2079/80	Rank
1.	EBL	39	6
2.	NABIL	49	1
3.	NBL	41	3
4.	NICA	40	5
5.	RBBL	41	3
6.	SCB	46	2
	Maximum	49	
	Minimum	39	
	Average	42.67	

The table 14 clearly reveals that Unsecured Advances disclosure, Credit Risk, Market Risk, and Operational Risk are the most frequently reported metrics, with all 6 banks disclosing these attributes, underscoring their importance in risk management. However, Foreign Currency Exposure is not reported by any bank, indicating a gap in monitoring currency-related risks. Additionally, Liquidity Risk Reporting is less frequent, with only few banks reporting, highlighting potential vulnerabilities in addressing liquidity risk. This uneven reporting suggests a need for more comprehensive risk disclosures, particularly in foreign currency and liquidity risks, to strengthen overall risk management.

Table 15 and Chart 7 highlight significant differences in risk exposure reporting among Nepalese commercial banks. NABIL Bank and Standard Chartered Bank (SCB) top the list with the highest Risk Exposure Reporting Scores (RERS) of 49 and 46, demonstrating the most comprehensive risk disclosure practices. NBL and RBLL follows with a score of 41, while Nepal NICA ranks fifth with a score of 40. Everest Bank Limited (EBL) scoring 39, rank with sixth place. These differences indicate varying levels of transparency and thoroughness in risk exposure reporting, emphasizing the need for more consistent and rigorous risk management practices across the banking sector.

4.4.2 Comparison of Risk Exposure Reporting Practises of SBs in the groups of SGBs and SPBs

The table 16 and the chart 8 presents the Risk Exposure Reporting practises of SBs in the groups of SGB and SPB on the basis of average Risk Exposure Reporting scores (PRS) from FY 2070/71 to FY 2079/80. The risk exposure reporting practises of SPBs is greater than that of SGBs indicating that SPBs have been the most active in reporting risk exposure-related attributes in their financial statements.

Table 16:

RER Practices of SBs in the Groups of SGBs and SPBs

BGs	2070/71-2079/80
SGBs	41
SPBs	43.5
SBs	42.67

4.5 Corporate Governance Reporting Practices

Corporate governance pertains to the collection of regulations, guidelines, and procedures that regulate and guide an organization to ensure equitable, lucid, and responsible operations. A number of business scandals, both domestically and internationally, have increased the importance of corporate governance and its reporting in recent years. The following is the discussion on the analysis of the corporate governance reporting practices of SBs and the comparison of the corporate governance reporting practices of SBs in the groups of SPBs and SGBs:

4.5.1 Analysis of Corporate Governance Reporting Practices of SBs

The corporate governance reporting practices of SBs have been analysed using 5 corporate governance reporting attributes including corporate governance report, detail of board of director's disclosure, details of corporate governance committee, distribution of shareholdings disclosure and corporate governance rating. Each reported attributes is given a score of 1 while each unreported attributes is given a score of 0. As the study is conducted for 10 years period started from FY 2070-071 to 2079-080, hence each reported attributes have a maximum value of 10 and minimum value of 0.

The table 17 presents the computation of Corporate Governance Reporting Scores (CGRS) of each SBs from FY 2070/71 to FY 2079/80. The table 18 presents the number of times SBs reports corporate governance attributes in their financial statement during FY 2070/71 to FY 2079/80. The table 19 and chart 9 presents the corporate governance reporting practises of SBs on the basics of CGRS from FY 2070/71 to FY 2079/80

Table 17:

CGRS of each SBs from FY 2070/71 to FY 2079/80

S.N.	Corporate Governance Reporting Attributes	EBL	NABIL	NBL	NICA	RBBL	SCB
1.	Corporate governance report	7	10	7	8	7	10
2.	Details of board of directors disclosure	10	10	10	10	10	10
3.	Details of corporate governance committees	0	0	0	0	0	0
4.	Distribution of shareholdings disclosure	10	10	10	10	10	10
5.	Corporate governance rating disclosure	0	0	0	0	0	0

Table 18:

Number of Times SBs reported Corporate Governance Attributes in their FS during 10 years times (6 Banks in 10 years)

S.N.	Corporate Governance Reporting Attributes	2070/71-2079/80
1.	Corporate governance report	49
2.	Details of board of directors disclosure	60
3.	Details of corporate governance committees	0
4.	Distribution of shareholdings disclosure	60
5.	Corporate governance rating disclosure	0

Table 19:*CGR Practices of SBs (6 Banks)*

S.N.	Banks	CGRS	
		2070/71-2079/80	Rank
1.	EBL	27	4
2.	NABIL	30	1
3.	NBL	27	4
4.	NICA	28	3
5.	RBBL	27	4
6.	SCB	30	1
	Maximum	30	
	Minimum	27	
	Average	28.17	

Table 18 indicates that Details of the Board of Directors disclosure, and Distribution of Shareholdings disclosure are consistently reported by all banks, reflecting a strong commitment to transparency in these areas whereas corporate governance reports disclosure reflecting moderate reporting. However, Details of Corporate Governance Committees and Corporate Governance Ratings are not reported by any banks, revealing a significant gap in the disclosure of information about governance structures and evaluations. This uneven reporting highlights the need for more comprehensive corporate governance disclosures, particularly regarding committee details and governance ratings, to enhance the overall transparency and effectiveness of corporate governance practices in the sector.

Table 19 and Chart 9 reveal that all the banks evaluated, NABIL and SCB achieved the same Corporate Governance Reporting Score (CGRS) of 30, each securing rank 1st. NICA achieved the CGRS of 28, securing rank 2nd and similarly EBL, NBL & RBBL achieved the same Corporate Governance Reporting Score (CGRS) of 27, each securing rank 3rd. This uniform score indicates that these banks demonstrate high levels of transparency and consistency in their corporate governance reporting. The equal ranking reflects a strong commitment across these institutions to disclose relevant governance information effectively, underscoring the need for continued adherence to high standards of corporate governance reporting.

4.5.2 Comparison of Corporate Governance Reporting Practises of SBs in the groups of SGBs and SPBs

The table 20 and the chart 10 presents the Corporate Governance Reporting practises of SBs in the groups of SGB and SPB on the basis of average Corporate Governance Reporting scores (PRS) from FY 2070/71 to FY 2079/80. The corporate governance reporting practises of SPBs is same of that of SGBs indicating that all SBs are active in reporting corporate governance -related attributes in their financial statements.

Table 20:

CGR Practices of SBs in the Groups of SGBs and SPBs

BGs	2070/71-2079/80
SGBs	27
SPBs	28.75
SBs	28.17

4.6 Human Resource Reporting Practices

The reporting of a business enterprise's initiatives pertaining to the recruitment, placement, remuneration, development, and retention of its human resource is known as human resource reporting. Users can obtain important information regarding how well a commercial enterprise manages its people resources through human resource reporting. In the current international banking market, commercial banks are placing a greater emphasis on human resource reporting in an effort to draw in and hold on to brilliant workers who will boost their profitability and ensure their long-term growth and survival. The following is the discussion on the analysis of the human resource reporting practices of SBs and the comparison of the human resource reporting practices of SBs in the groups of SPBs and SGBs:

4.6.1 Analysis of Human Resource Reporting Practices of SBs

The human resource reporting practices of SBs have been analysed using 3 human resource reporting attributes including sitting fees paid to directors, reporting of pension expenses and human capital recruitments disclosure. Each reported attributes is given a score of 1 while each unreported attributes is given a score of 0. As the study is conducted for 10 years period started form FY 2070-071 to 2079-080, hence each reported attributes have a maximum value of 10 and minimum value of 0.

The table 21 presents the computation of Human Resource Reporting Scores (HRRS) of each SBs from FY 2070/71 to FY 2079/80. The table 22 presents the number of times SBs reports human resource attributes in their financial statement during FY 2070/71 to FY 2079/80. The table 23 and chart 11 presents the human resource reporting practises of SBs on the basics of HRRS from FY 2070/71 to FY 2079/80

Table 21:

HRRS of each SBs from FY 2070/71 to FY 2079/80

S.N.	Human Resource Reporting Attributes	EBL	NABIL	NBL	NICA	RBBL	SCB
1.	Sitting fees paid to directors	7	8	10	8	8	8
2.	Reporting of Pension Expenses	0	5	10	0	10	0
3.	Human capital recruitments disclosure	2	5	0	0	0	0

Table 22:

Number of Times SBs Reported Human Resource Attributes in their FS during 10 years times (6 Banks in 10 years)

S.N.	Human Resource Reporting Attributes	2070/71-2079/80
1.	Sitting fees paid to directors	49
2.	Reporting of pension expenses	25
3.	Human capital recruitments disclosure	7

Table 23:

HRR Practices of SBs (6 Banks)

S.N.	Banks	HRRS	
		2070/71-2079/80	Rank
1.	EBL	9	4
2.	NABIL	18	2
3.	NBL	20	1
4.	NICA	8	5
5.	RBBL	18	2
6.	SCB	8	5
	Maximum	20	
	Minimum	8	
	Average	13.50	

Table 22 highlights significant variations in Human Resource reporting among Nepalese commercial banks. Sitting Fees Paid to Directors is reported by almost all banks, demonstrating a high level of transparency in disclosing board compensation. In contrast, Reporting of Pension Expenses is only provided by SGBs, indicating a limited approach to disclosing pension-related costs. Human Capital Recruitments are reported by only few banks for few years, revealing a significant gap in transparency regarding staffing and recruitment practices. This uneven reporting pattern suggests a need for more comprehensive disclosures in human resource management, particularly concerning recruitment practices, to improve overall transparency and accountability in HR Reporting.

Table 23 and Chart 11 highlight significant variations in Human Resource Reporting Scores (HRRS) among Nepalese commercial banks. NBL leads with the highest score of 20, demonstrating the most comprehensive reporting in human resource reporting. NABIL and RBLL follows with a score of 18, reflecting a strong level of transparency with tied for rank 2nd. EBL scoring 9 with rank of 4th while NICAL and SCB, all scoring 8, are tied for rank 5th, indicating less detailed reporting. These differences reveal varying levels of transparency and thoroughness in HR reporting, underscoring the need for more consistent and comprehensive disclosure practices across the sector.

4.6.2 Comparison of Human Resource Reporting Practises of SBs in the groups of SGBs and SPBs

The table 24 and the chart 12 presents the Human Resource Reporting practises of SBs in the groups of SGB and SPB on the basis of average Human Resource Reporting scores (PRS) from FY 2070/71 to FY 2079/80. The human resource practises of SGBs is greater than that of SPBs indicating that SGBs have been the most active in reporting human resource-related attributes in their financial statements.

Table 24:

HRR Practices of SBs in the Groups of SGBs and SPBs

BGs	2070/71-2079/80
SGBs	19
SPBs	10.75
SBs	13.50

4.7 CSR Reporting Practices

Corporate social responsibility (CSR) reporting pertains to disclosing a company's social welfare initiatives. Through its CSR reporting, a business entity can provide key information to its various stakeholders about how it has managed its operations in the best interests of society. As of right now, commercial banks must spend 1 % of net profit towards corporate social responsibility. Commercial banks have been stressing the need of conducting business in a socially responsible manner. They document these efforts in their annual reports in order to abide by legal requirements and cultivate a favourable public image that will ensure their long-term survival. The following is the discussion on the analysis of the CSR reporting practices of SBs and the comparison of the CSR reporting practices of SBs in the groups of SPBs and SGBs:

4.7.1 Analysis of CSR Reporting Practices of SBs

The CSR reporting practices of SBs have been analysed using 2 CSR reporting attributes including amount spent on CSR disclosure and amount spent on CSR (% of PAT) disclosure. Each reported attributes is given a score of 1 while each unreported attributes is given a score of 0. As the study is conducted for 10 years period started form FY 2070-071 to 2079-080, hence each reported attributes have a maximum value of 10 and minimum value of 0.

The table 25 presents the computation of CSR Reporting Scores (CSRRS) of each SBs from FY 2070/71 to FY 2079/80. The table 26 presents the number of times SBs reports capital adequacy attributes in their financial statement during FY 2070/71 to FY 2079/80. The table 27 and chart 13 presents the capital adequacy reporting practises of SBs on the basics of CARS from FY 2070/71 to FY 2079/80.

Table 25:

CSRRS of each SBs from FY 2070/71 to FY 2079/80

S.N.	CSR Reporting Attributes	EBL	NABIL	NBL	NICA	RBBL	SCB
1.	Amount spent on CSR disclosure	6	6	6	6	6	6
2.	Amount spent on CSR (% of PAT) disclosure	6	2	6	2	6	6

Table 26:

Number of Times SBs Reported CSR Attributes in their FS during 10 years times (6 Banks in 10 years)

S.N.	CSR Reporting Attributes	2070/71-2079/80
1.	Amount spent on CSR disclosure	36
2.	Amount spent on CSR (% of PAT) disclosure	28

Table 27:

CSR Reporting Practices of SBs (6 Banks)

S.N.	Banks	CSRRS	
		2070/71-2079/80	Rank
1.	EBL	12	1
2.	NABIL	8	2
3.	NBL	12	1
4.	NICA	8	2
5.	RBBL	12	1
6.	SCB	12	1
	Maximum	12	
	Minimum	8	
	Average	10.67	

Table 26 highlights significant variations in CSR reporting among Nepalese commercial banks. Amount Spent on CSR Activities is reported by all banks, indicating a high level of transparency in disclosing their CSR expenditures. In contrast, Amount Spent on CSR (% of PAT) disclosure is not reported by some banks in some years, reflecting a partial approach to linking CSR spending with Profit after Tax (PAT). This uneven reporting pattern suggests a need for more comprehensive disclosures in CSR reporting, particularly in relating CSR expenditures to financial performance, to enhance overall transparency and accountability in CSR practices.

Table 27 and Chart 13 highlight significant variations in Corporate Social Responsibility Reporting Scores (CSRRS) among Nepalese commercial banks. EBL, SCB, RBBL and NBL lead with the highest score of 12, securing rank 1. NABIL Bank follows with a score of 8,

placing 5th, and NICA Bank, also scoring 8, ranks 6th due to a tie. These differences indicate varying levels of transparency and comprehensiveness in CSR reporting, underscoring the need for more consistent and rigorous disclosure practices across the sector.

4.7.2 Comparison of CSR Reporting Practises of SBs in the groups of SGBs and SPBs

The table 28 and the chart 14 presents the CSR Reporting practises of SBs in the groups of SGB and SPB on the basis of average CSR Reporting scores (PRS) from FY 2070/71 to FY 2079/80. The CSR reporting practises of SGBs is greater than that of SPBs indicating that SGBs have been the most active in reporting CSR-related attributes in their financial statements.

Table 28:

CSR Reporting Practises of SBs in the Groups of SGBs and SPBs

BGs	2070/71-2079/80
SGBs	12
SPBs	10
SBs	10.67

4.8 Overall Performance Reporting Practices

The disclosure of numerous statements and reports in annual reports to satisfy regulatory requirements of the NRB, SEBON, and Companies Act, 2063, with the aim of giving users meaningful information about their overall performance, is the definition of overall performance reporting for commercial banks. The following is the discussion on the analysis of the overall performance reporting practices of SBs and the comparison of the overall performance reporting practices of SBs in the groups of SPBs and SGBs:

4.8.1 Analysis of Overall Performance Reporting Practices of SBs

The overall performance reporting practices of SBs have been analysed using 18 overall performance reporting attributes including balance sheet, profit & loss account, cash flow statement, Statement of Change in Equity (SOCE), Other comprehensive income (OCI), consolidated financial statements, significant accounting policies, disclosure requirement as per NFRS, notes to account, segment reporting, director's report, director responsibility statement, disclosure of domestic branch, customer complaints disclosure, disclosure of ATMs information, disclosure of internet banking users, disclosure of mobile banking users and disclosure of award

& achievements. Each reported attributes is given a score of 1 while each unreported attributes is given a score of 0. As the study is conducted for 10 years period started from FY 2070-071 to 2079-080, hence each reported attributes have a maximum value of 10 and minimum value of 0.

The table 29 presents the computation of Overall Performance Reporting Scores (OPRS) of each SBs from FY 2070/71 to FY 2079/80. The table 30 presents the number of times SBs reports capital adequacy attributes in their financial statement during FY 2070/71 to FY 2079/80. The table 31 and chart 15 presents the overall performance reporting practises of SBs on the basics of CARS from FY 2070/71 to FY 2079/80.

Table 29:

OPRS of each SBs from FY 2070/71 to FY 2079/80

S.N.	Overall Performance Reporting Attributes	EBL	NABIL	NBL	NICA	RBBL	SCB
1.	Balance sheet	10	10	10	10	10	10
2.	Profit & loss account	10	10	10	10	10	10
3.	Other comprehensive income (OCI)	6	6	6	6	6	8
4.	Statement of Change in Equity (SOCE)	10	10	10	10	10	10
5.	Cash flow statement	10	10	10	10	10	10
6.	Consolidated financial statements	0	10	0	6	6	6
7.	Significant accounting policies	10	10	10	10	10	10
8.	Notes to accounts	10	10	10	10	10	10
9.	Segment Reporting	0	6	6	0	6	0
10.	Disclosure requirements as per NFRS	6	6	6	6	6	8
11.	Directors' report	10	10	10	10	10	10
12.	Directors' responsibility statement	8	10	10	10	10	10
13.	Disclosure of domestic branches	10	10	10	10	10	10
14.	Customer complaints disclosure	7	0	0	5	0	10
15.	Disclosure of ATMs Information	10	10	10	10	10	10
16.	Disclosure of internet banking users	3	2	0	1	0	0
17.	Disclosure of mobile banking users	3	3	2	3	2	3
18.	Disclosure of award & achievements	7	9	5	4	3	7

Table 30:*Number of Times SBs Reported Overall Performance Attributes in their FS during 10 years times (6 Banks in 10 years)*

S.N.	Overall Performance Reporting Attributes	2070/71-2079/80
1.	Balance sheet	60
2.	Profit & loss account	60
3.	Other comprehensive income (OCI)	38
4.	Statement of Change in Equity (SOCE)	60
5.	Cash flow statement	60
6.	Consolidated financial statements	28
7.	Significant accounting policies	60
8.	Notes to accounts	60
9.	Segment Reporting	18
10.	Disclosure requirements as per NFRS	38
11.	Directors' report	60
12.	Directors' responsibility statement	58
13.	Disclosure of domestic branches	60
14.	Customer complaints disclosure	22
15.	Disclosure of ATMs Information	60
16.	Disclosure of internet banking users	6
17.	Disclosure of mobile banking users	16
18.	Disclosure of award & achievements	35

Table 31:*OPR Practices of SBs (6 Banks)*

S.N.	Banks	OPRS	
		2070/71-2079/80	Rank
1.	EBL	130	4
2.	NABIL	142	1
3.	NBL	125	6
4.	NICA	131	3
5.	RBBL	129	5
6.	SCB	142	1
	Maximum	142	
	Minimum	125	
	Average	133.17	

Table 30 reveals that while Balance Sheet, Profit & Loss Account, OCI, SOCE, Cash Flow Statement, Significant Accounting Policies, Notes to Accounts, NFRS Disclosures, Directors' Report, and Directors' Responsibility Statement are consistently reported by all 6 banks, there are gaps in Consolidated Financial Statements and Number of Users of Internet Banking, which are reported by fewer banks. This highlights a need for more comprehensive and consistent disclosures, especially in consolidated reporting and internet banking usage, to improve overall transparency and accountability.

Table 31 and Chart 15 shows the Overall Performance Reporting Scores (OPRS) for Nepalese commercial banks from fiscal years 2070/71 to 2079/80. NABIL & SCB leads with the highest score of 142, securing rank 1, indicating the most comprehensive performance reporting. NICA Bank follows with a score of 131, placing 3rd. Everest Bank Limited (EBL) ranks 4th with a score of 130. RBLL with a score of 72, ranks 5th while Nepal Bank Limited (NBL) scores 125, placing 6th. These rankings reveal variations in performance reporting practices, highlighting the need for more consistent and thorough reporting across the sector.

4.8.2 Comparison of Overall Performance Reporting Practises of SBs in the groups of SGBs and SPBs

The table 32 and the chart 16 presents the Overall Performance Reporting practises of SBs in the groups of SGB and SPB on the basis of average Overall Performance Reporting scores (PRS) from FY 2070/71 to FY 2079/80. The overall performance reporting practises of SPBs is greater than that of SGBs indicating that SPBs have been the most active in reporting overall performance -related attributes in their financial statements.

Table 32:

OPR Practices of SBs in the Groups of SGBs and SPBs

BGs	2070/71-2079/80
SGBs	127
SPBs	136.25
SBs	133.17

4.9 Overall Financial Reporting Scores

The sum of the reports on profitability, capital adequacy, asset quality, risk exposure, corporate governance, human resources, corporate social responsibility, and overall performance is known as overall financial reporting. The examination of SBs' overall financial reporting practices, a comparison of those practices between SGBs and SPBs, and the testing of relevant hypotheses are covered in the discussion that follows:

4.9.1 Comparison of Overall Financial Reporting Practises of SBs in the groups of SGBs and SPBs

The overall financial reporting practices of SBs have been analysed using 51 reporting items on the various aspects of financial reporting including 8 profitability reporting items, 5 capital adequacy reporting items, 4 asset quality reporting items, 6 risk exposure reporting items, 5 corporate governance reporting items, 3 human resource reporting items, 2 CSR reporting items and 18 overall performance reporting items. The overall financial reporting scores (OFRS) have been obtained by adding the PRS, CARS, AQRS, RERS, CGRS, HRRS, CSRRS and OPRS.

Table 33:

OFR Scores of the Banks over the year

S.N.	BANKS	PRS	CARS	AQRS	RERS	CGRS	HRRS	CSRRS	OPRS	OFRS
1.	EBL	52	40	26	39	27	9	12	130	335
2.	NABIL	65	40	31	49	30	18	8	142	383
3.	NBL	65	46	25	41	27	20	12	125	361
4.	NICA	55	41	27	40	28	8	8	131	338
5.	RBBL	68	40	26	41	27	18	12	129	361
6.	SCB	80	40	29	46	30	8	12	142	387

Table 34:*OFR Practices of SBs (6 Banks)*

S.N.	Banks	OFRS	
		2070/71-2079/80	Rank
1.	EBL	335	4
2.	NABIL	383	2
3.	NBL	361	5
4.	NICA	338	3
5.	RBBL	361	5
6.	SCB	387	1
	Maximum	387	
	Minimum	335	
	Average	360.83	

Table 35:*OFR Practices of SBs in the Groups of SGBs and SPBs*

BGs	2070/71-2079/80
SGBs	361
SPBs	360.75
SBs	360.83

4.9.2 Testing of Hypotheses (H1 and H2)

The alternative hypothesis no. 1, there is significant difference in the financial reporting practices in SBs over the study period has been tested using the One Way ANOVA of the OFRS of SBs during FY 2070/71 to 2079/80. The alternative hypothesis no. 2, there is significant difference in the financial reporting practices of SPBs and SGBs has been tested using the One Way ANOVA on the OFRS of SBs in the groups of SPBs and SGBs during FY 2070/71 to 2079/80.

Table 36:*ANOVA on the OFRS of SBs during FY 2070/71 to 2079/80*

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	236.483	5	47.297	2.806	.025
Within Groups	910.100	54	16.854		
Total	1146.583	59			

The study of the table 36 clearly indicates that, there is significant difference ($p < 0.05$) in the OFRS of SBs during FY 2070/71 to 2079/80 and hence the alternative hypothesis H1 is accepted.

Table 37:

ANOVA on the OFRS of SGBs and SPBs during FY 2070/71 to 2079/80

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	168.750	1	168.750	.257	.639
Within Groups	2629.250	4	657.313		
Total	2798.000	5			

The study of the table 37 clearly indicates that, there is no significant difference ($p > 0.05$) in the OFRS of SPBs and SGBs during FY 2070/71 to 2079/80 and hence the alternative hypothesis H2 is rejected.

4.10 Mandatory and Voluntary Financial Reporting Practices

The mandatory financial reporting is defined as the reporting of items as per the regulatory requirements. The voluntary financial reporting refers to the disclosure of information by businesses that, while not required by law, are disclosed in order to satisfy stakeholder requests for information. The examination of SBs' required and voluntary financial reporting procedures, a comparison of those practices between the SPBs and SGBs groups, and the testing of associated hypotheses are as follows:

4.10.1 Analysis of the Mandatory and Voluntary Financial Reporting Practices of SBs

The 51 financial reporting items selected for the study have been divided into the categories of 35 mandatory and 16 voluntary reporting items taking into consideration the regulatory framework of Nepalese commercial banks. The computation of mandatory financial reporting scores (MFRS) and voluntary financial reporting scores (VFRS) of SBs during FY 2070/71 to FY 2079/80 has been given in the table 39 and 40 respectively. Each reported item is given a score of 1 while each unreported item is given a score of 0 in each year. The table 40 and the chart 18 present the mandatory and voluntary financial reporting practices of SBs on the basis of MFRS and VFRS during FY 2070/71 to FY 2079/80.

Table 38:*MFR Practices of SBs during FY 2070/71 to FY 2079/80*

S.N.	Mandatory Financial Reporting Attributes	EBL	NABIL	NBL	NICA	RBBL	SCB
1.	Earnings per share	10	10	10	10	10	10
2.	Net Interest income to Operating Profit Ratio	3	6	10	5	5	10
3.	Operating Expenses to Income Ratio	3	6	0	5	5	10
4.	Return on Assets	10	10	10	10	10	10
5.	Capital adequacy ratio	10	10	10	10	10	10
6.	Capital adequacy ratio-tier 1 capital	10	10	10	10	10	10
7.	Capital adequacy ratio-tier 2 capital	10	10	10	10	10	10
8.	Cash Reserve Ratio (CRR)	10	10	10	10	10	10
9.	Non-Performing Assets (NPAs)	10	10	10	10	10	10
10.	Loan Loss Provision disclosure	10	10	10	10	10	10
11.	Particulars of accounts restructured	6	10	5	5	6	9
12.	Unsecured advances disclosure	5	10	7	5	10	6
13.	Credit Risk Reporting	10	10	10	10	10	10
14.	Market Risk Reporting	10	10	10	10	10	10
15.	Operational Risk Reporting	10	10	10	10	10	10
16.	Corporate governance report	7	10	7	8	7	10
17.	Details of board of directors disclosure	10	10	10	10	10	10
18.	Distribution of shareholdings disclosure	10	10	10	10	10	10
19.	Disclosure of Sitting fees to directors	7	8	10	8	8	8
20.	Reporting of Pension Expenses	0	5	10	0	10	0
21.	Amount spent on CSR disclosure	6	6	6	6	6	6
22.	Amount spent on CSR (% of PAT) disclosure	6	2	6	2	6	6
23.	Balance sheet	10	10	10	10	10	10
24.	Profit & loss account	10	10	10	10	10	10
25.	Other comprehensive income (OCI)	6	6	6	6	6	8
26.	Statement of Change in Equity (SOCE)	10	10	10	10	10	10
27.	Cash flow statement	10	10	10	10	10	10
28.	Consolidated financial statements	0	10	0	6	6	6
29.	Significant accounting policies	10	10	10	10	10	10

30	Notes to accounts	10	10	10	10	10	10
31	Disclosure requirements as per NFRS	6	6	6	6	6	8
32	Directors' report	10	10	10	10	10	10
33	Directors' responsibility statement	8	10	10	10	10	10
34	Disclosure of domestic branches	10	10	10	10	10	10
35	Disclosure of ATMs Information	10	10	10	10	10	10
MFRS		147	315	303	292	311	317

Table 39:

VFR Practices of SBs during FY 2070/71 to FY 2079/80

S.N.	Voluntary Financial Reporting Attributes	EBL	NABIL	NBL	NICA	RBBL	SCB
1.	Cost of deposits	5	10	5	5	10	10
2.	Yield on advances	5	9	10	6	10	10
3.	Profit per Employee	10	6	10	6	8	10
4.	Dividend payout ratio	6	8	10	8	10	10
5.	Statutory Liquidity Ratio (SLR)	0	0	6	1	0	0
6	Sector-wise NPAs disclosure	0	1	0	2	0	0
7	Foreign currency exposure	0	0	0	0	0	0
8	Liquidity Risk Reporting	4	9	4	5	1	10
9	Details of corporate governance committees	0	0	0	0	0	0
10	Corporate governance rating disclosure	0	0	0	0	0	0
11	Human capital Recruitments disclosure	2	5	0	0	0	0
12	Segment Reporting	0	6	6	0	6	0
13	Customer complaints disclosure	7	0	0	5	0	10
14	Disclosure of internet banking users	3	2	0	1	0	0
15	Disclosure of mobile banking users	3	3	2	3	2	3
16	Disclosure of award & achievements	7	9	5	4	3	7
VFRS		52	68	58	46	50	70

Table 40:*MFR and VFR Practices of SBs during FY 2070/71 to FY 2079/80*

S.N.	Name of Bank	MFRS		VFRS	
		Scores	Rank	Scores	Rank
1	EBL	147	6	52	4
2	NABIL	315	2	68	2
3	NBL	303	4	58	3
4	NICA	292	5	46	6
5	RBBL	311	3	50	5
6	SCB	317	1	70	1
	Maximum	317		70	
	Minimum	147		46	

Table 41:*MFR and VFR Practices of SBs in the Groups of SGBs and SPBs*

BGs	AMFRS	AVFRS
SGBs	154.5	54
SPBs	155	59
SBs	154.8	57.33

4.10.2 Testing of Hypotheses (H3 and H4)

The alternative hypothesis no. 4, there is significant difference in the mandatory financial reporting practices of SPBs and SGBs has been tested using the one way ANOVA on the VFRS of SBs during FY 2070/71 to FY 2079/80. The alternative hypothesis no. 4, there is significant difference in the voluntary financial reporting practices of SPBs and SGBs has been tested using the One Way ANOVA on the VFRS of during FY 2070/71 to FY 2079/80.

Table 42:*ANOVA on the MFRS of SPBs and SGBs during FY 2070/71 to 2079/80*

	Sum of Squares	df.	Mean Square	F	Sig.
Between Groups	36.750	1	36.750	.166	.705
Within Groups	886.750	4	221.687		
Total	923.500	5			

The study of the table 42 clearly indicates that, there is no significant difference ($p>0.05$) in the MFRS of SPBs and SGBs during FY 2070/71 to 2079/80. Hence the alternative hypothesis H3 is rejected.

Table 43:

ANOVA on the VFERS of SPBs and SGBs during FY 2070/71 to 2079/80

	Sum of Squares	df.	Mean Square	F	Sig.
Between Groups	33.333	1	33.333	.295	.616
Within Groups	452.000	4	113.000		
Total	485.333	5			

The study of the table 43 clearly indicates that, there is no significant difference ($p>0.05$) in the VFERS of SPBs and SGBs during FY 2070/71 to 2079/80. Hence the alternative hypothesis H4 is rejected.

4.11 Discussion

This research paper investigated the financial reporting practices in Nepalese commercial banks. With this view, the study was conducted with the on boarding of nine different variables into the study, the independent variable being PR attributes, CAR attributes, AQR attributes, CGR attributes, CSR attributes, HRR attributes and OPR attributes while the dependent variables under consideration were overall financial reporting which proxies for better preparation and presentation of financial information's in Nepalese commercial banks. With the NRB directive 2080 and NFRS issued by ICAN, the commercial banks were mandated to disclose various reporting attributes in their financial statements. Hence, the data used in this study comprises of the data from the fiscal year 2070/071 to the fiscal year 2079/080 making this study a ten-year data analysis.

There have been numerous studies in the past in financial reporting and disclosure practices in commercial banks, this study highlighted the global importance of clear, standardized financial reporting in banking. Also this study found that, there are transparent and consistent financial reporting practices among SBs over time and between different types of banks, highlighting a uniformity in reporting standards within the sector which is consistent with the study of Gupta (2012) and Gajevszky (2015).

ANOVA was employed to study the relationship and impact of the independent variable on the dependent variable. In contrast, the results from the ANOVA suggest that there is a significant difference in financial reporting in SBs over the study period having negative impact on the overall financial reporting practices in Nepalese commercial banks which is consistent with Khanal, (2012). The research findings also concluded that, there is no significant difference between financial reporting practices, mandatory reporting, and voluntary reporting practices of SPBs and SGBs of Nepalese commercial banks which is consistent with Goel, R. (2017).

CHAPTER-V

SUMMARY AND CONCLUSION

The present chapter focused on summarizing the study, presenting its findings and conclusions, addressing its limitations, and outlining recommendations to improve the financial reporting practices of Nepalese commercial banks

4.1. Summary

The balance sheet, profit and loss account, cash flow statement, statement of changes in equity, and notes to accounts are examples of financial statements. For these statements to be useful, they need to be easy to understand, relevant, reliable, and comparable. This way, stakeholders can make informed decisions. Corporate financial reporting provides clear and complete information about a business's activities, which helps with economic decision-making, supports stable market prices, and assists employees, customers, and managers in making smart choices. The financial accounting and reporting practices are primarily governed by the Accounting Standard Board of Nepal. ICAN in associates with ASB of Nepal has developed its own reporting standard as NFRS that is based on IFRS that are scheduled to be implemented in Nepal in a phased manner from FY 2015-16. The financial reporting framework of Nepalese commercial banks is also governed by the NRB guidelines, SEBON Regulations and Companies Act, 2063. The data for the study has primarily been collected from the annual reports of SBs, the websites of SBs and the various volumes of banking statistics published by NRB guidelines from FY 2070-071 and 2079-80. The study includes a sample of 6 Nepalese commercial banks comprising of 4 SPBs and 2 SGBs. The SPBs included in the sample are NICA Asia Bank, EBL, NABIL and SCB. The SGBs included in the sample are NBL and RBBL. The selected banks are considered to properly represent the financial reporting practices of Nepalese commercial banks. The financial reporting practices of SBs have been analysed and compared from FY 2075-076 and 2079-80 so as to conclude the variance in their financial reporting practices over the study period. The ranks have been assigned to the financial reporting practices of SBs for making inter-bank comparison of their financial reporting practices. Maximum, Minimum and Average and the one-way ANOVA has been used to find out the significant difference in the financial reporting practices of SBs in the groups of SPBs and SGBs.

This study is divided into five chapters. The first chapter describes the meaning and importance of financial reporting, profile of the SBs, objectives of financial statements and financial reporting, users of financial statements and their informational needs. It also explains the focus of study, problems, objectives, significance, limitation and hypotheses of the study. The second chapter reviews the studies conducted in Nepal and abroad that have made significant contribution to the various dimensions of financial reporting practices in Nepalese commercial banks. It also explains the regulatory framework of the financial reporting in Nepalese commercial banks considering the regulatory requirements of the NRB regulations and guidelines, SEBON regulations, and the provisions of the Companies Act 2063. The third chapter discusses the research design, nature & sources of data, population & Sample, financial reporting framework and attributes, data handling and tools. The fourth chapter analyses the financial reporting practices of SBs and compares the financial reporting practices of SBs in the groups of SPBs and SGBs on the various aspects including profitability reporting practices, capital adequacy reporting practices, asset quality reporting practices, risk exposure reporting practices, corporate governance reporting practices and human resource reporting practices. It also analyses and compares the overall financial reporting practices, mandatory financial reporting practices and voluntary financial reporting practices of SBs, and tests the hypotheses formulated to conduct the study

4.2. Conclusions

The capital adequacy, risk exposure, assets quality, CSR and overall financial performance reporting practices of all the SBs are almost similar for each FY from 2070-071 to 2079-080, hence these reporting attributes are crucial attributes that must be reported by all banks of Nepal to reduce risk of risk-weighted assets, quality of assets, credit risk and better preparation and presentation of financial statements of Nepalese Commercial Banks of Nepal. Whereas Profitability, HR reporting practices are comparatively mild difference which clearly shows some of these attributes are less important to reporting in financial statements and annual reports of the Nepalese commercial banks.

The ANOVA results of alternative hypothesis H1 indicate that there is significant difference in the financial reporting practices of SBs over the study period from FY 2070/71 to 2079/80 ($p = 0.025$). Therefore, alternative hypothesis H1 is accepted, which means some financial reporting

attributes are not reported among SBs during the study period due to lack of proper disclosure practices, time constrain and other limiting factors, result in difference in overall financial reporting score which lead to significance difference in reporting items. Furthermore, ANOVA results for alternative hypothesis 2 show a p-value greater than 0.05, it would imply there is no significant difference in financial reporting practices between SPBs and SGBs during the study period. This would lead to the rejection of alternative hypothesis H2. In both hypotheses, confirmed by the respective one way ANOVA tests, would suggest that financial reporting practices among SBs remain consistent both over time and between different types of banks, highlighting a uniformity in reporting standards within the sector.

The ANOVA results of alternative hypothesis H3 and H4 indicate no significant difference in both mandatory and voluntary financial reporting practices between SPBs and SGBs. Specifically, there is no statistically significant variation in Mandatory Financial Reporting Standards (MFRS) or Voluntary Financial Reporting Standards (VFRS) between the two groups of banks. This implies that, despite any perceived differences in practices, both SPBs and SGBs follow similar standards in their financial reporting.

In order to meet the growing regulatory requirements of NRB directives, SEBON regulations, NFRS, and Companies Act 2063 as well as the growing informational needs of the stakeholders, as evidenced by the improvements in the financial reporting practices of SBs, SPBs, and SGBs over the study period, Nepalese commercial banks began reporting more attributes in FY 2079-080 as compared to FY 2070-071.

Based on the Bank and OFRS, SCB stands out with the highest score of 387, indicating the best performance in financial reporting attributes. Similarly, NABIL follows with a strong score of 383. NICA and EBL, with the lowest score of 338 and 335 respectively, shows the most need of financial reporting improvement. The other banks NBL and RBBL score between these extremes, reflecting moderate performance in their reporting practices. This suggests that while some banks excel in their reporting, others have room to enhance their practices to achieve similar high standards.

This thesis conclude that SBs in Nepal maintain consistent financial reporting practices over the period from FY 2070/71 to FY 2079/80, with no significant differences between SPBs and SGBs. However, the study highlights that the financial reporting framework in Nepal is complex

due to the overlapping requirements of multiple regulators, including the NRB, SEBON, ICAN, and the Office of Corporate Registrar. This complexity complicates the annual reports and suggests a need for more streamlined regulatory guidelines to simplify compliance and improve the clarity of financial information.

4.3 Implications

The study focused on financial reporting attributes and overall financial reporting practices in Nepalese commercial banks that are required to better preparation and presentation of financial information so that stakeholders are ease to access and understand the financial statements. There are many other variables which may deliver the most relevant and better results considering the context of the study. The results and the conclusion drawn from them can serve as a guide for financial reporting practices in Nepalese commercial banks to proper disclosure of reporting attributes and compliance of various regulatory requirements.

This study is purely an academic research, so sample size is small. For the professional research purpose, in order to find result more pervasive, sample size should be increased. This research only focused on the eight financial reporting attributes, however, apart from the variables mentioned in this study future research will be done with more variables that may lead to better financial reporting. The result is basically obtain from Nepalese commercial banks, thus the future study may be incorporated other commercial banks, developments banks, finance company and micro finance institutions.

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APPENDICES

Appendix A:

List of Commercial Banks in Nepal, Licensed by NRB (As of Mid-January 2024)

(Rs. in Crore)

S.N	Name	Operation Date (In A.D.)	Head Office Location	Paid-up Capital	Area of Working
1	Nepal Bank Ltd.	11/15/1937	Dharmapath, Kathmandu	1,469.40	National Level
2	Agriculture Development Bank Ltd.	1/21/1968	Ramshahpath, Kathmandu	1,888.44	National Level
3	Nabil Bank Ltd.	7/11/2022	Beena Marg, Kathmandu	2,705.70	National Level
4	Nepal Investment Mega Bank Ltd.	1/11/2023	Durbarmarg, Kathmandu	3,412.86	National Level
5	Standard Chartered Bank Nepal Ltd.	2/28/1987	Nayabaneswor, Kathmandu	942.95	National Level
6	Himalayan Bank Ltd.	2/24/2023	Kamaladi, Kathmandu	2,165.66	National Level
7	Nepal SBI Bank Ltd.	7/7/1993	Kesharmahal, Kathmandu	1,012.06	National Level
8	Everest Bank Ltd.	10/18/1994	Lazimpat, Kathmandu	1,176.79	National Level
9	Kumari Bank Ltd.	1/1/2023	Tangal, Kathmandu	2,622.59	National Level
10	Laxmi Sunrise Bank Ltd.	4/3/2002	Hattisar, Kathmandu	2,318.72	National Level
11	Citizens Bank International Ltd.	4/20/2007	Narayanhitipath, Kathmandu	1,420.10	National Level
12	Prime Commercial Bank Ltd.	9/24/2007	Kamalpokhari, Kathmandu	1,940.26	National Level
13	Sanima Bank Ltd.	2/15/2012	Alkapuri, Kathmandu	1,358.15	National Level
14	Machhapuchhre Bank Ltd.	7/9/2012	Lazimpat, Kathmandu	1,162.14	National Level
15	NIC Asia Bank Ltd.	6/30/2013	Thapathali, Kathmandu	1,491.76	National Level
16	Global IME Bank Ltd.	1/9/2023	Kamaladi, Kathmandu	3,612.88	National Level
17	NMB Bank Ltd.	9/28/2019	Babarmahal, Kathmandu	1,836.67	National Level
18	Prabhu Bank Ltd.	1/10/2023	Babarmahal, Kathmandu	2,354.25	National Level
19	Siddhartha Bank Ltd.	7/21/2016	Hattisar, Kathmandu	1,409.00	National Level
20	Rastriya Banijya Bank Ltd.	5/2/2018	Singhadurbarplaza, Kathmandu	1,563.74	National Level

(NRB, 2024)

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ABSTRACT The purpose of this study was to know the financial reporting and disclosure practices in Nepalese commercial banks. This study aims to examine and compare the financial reporting and disclosure practices prescribed by NRB guidelines and other statutory bodies. A descriptive, analytical and comparative research design is used for this research. Six commercial bank of Nepal are selected randomly as a sample from total populations. Also the study tried to assess the reporting and disclosure practices of Nepalese commercial banks of ten years dated from 2070/071 to 2079/080. Various tools used for data analysis are mean, maximum, minimum and one-way ANOVA. The data are collected from the various year's annual report of sample commercial banks from their respective websites. This study compared the financial reporting attributes in banks individually and sector wise among government and public sectors. It also examined the current status of reporting and disclosure practices in sample banks and found

significant difference in the financial reporting attributes in SBs **over the study period** whereas there is **no significant difference in financial reporting practices** between **SPBs** and SGBs during **the study period**

as a whole. Keywords: Financial reporting, disclosure practices, reporting attributes, corporate governance, capital adequacy, stakeholders.

CHAPTER - I INTRODUCTION 1.1 Background of the Study Accounting is **the**

system of recording and summarizing business and financial transaction (Accounting, n.d.). The function of accounting is to ensure business transactions are recorded in a transparent manner reflecting the economic substance of them. Its main