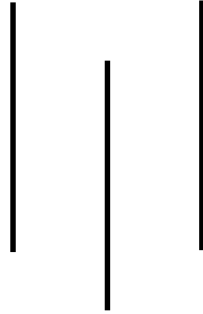
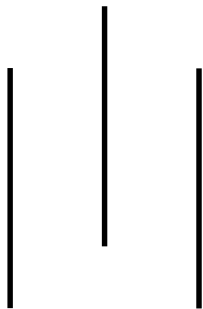


**A Study on
Factors Affecting the Usage of Credit Card in Selected Commercial
Banks of Nepal**



**Submitted by:
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**A Thesis Submitted to:
Office of Dean
Faculty of Management
Tribhuvan University**

**In the partial fulfillment of the requirements for the degree of
Master of Business Studies (M.B.S.)**

**Kirtipur, Kathmandu
April, 2014**

RECOMMENDATION

This is to certify that the thesis

Submitted by:

Rajesh Bajracharya

Entitled

**Factors Affecting the Usage of Credit Card in Selected Commercial
Banks of Nepal**

has been prepared as approved by this Department in the prescribed format of
Faculty of Management. The thesis is forwarded for examination.

Mr. Bal Ram Chapagain Prof. Dr. Sunity Shrestha Prof. Dr. Bal Krishna Shrestha

Thesis Supervisor Chairperson, Research Committee Head of the Department

Date: _____

VIVA-VOCE SHEET

We have conducted the viva-voce examination of the thesis presented by

Rajesh Bajracharya

Entitled

**Factors Affecting the Usage of Credit Card in Selected Commercial
Banks of Nepal**

and found the thesis to be the original work of the student written according to the prescribed format. We recommend the thesis to be accepted as partial fulfillment for

Master's Degree in Business Studies (M.B.S.)

Viva-Voce Committee

Chairperson, Research Committee

Member (Thesis Supervisor)

Member (External Expert)

Member (Central Department of Management)

Date: _____

Declaration

I hereby declared that the work of report in this thesis entitled "**A Study on Factors Affecting the Usage of Credit Card in Selected Commercial Banks of Nepal**" submitted to the office of the Dean, Faculty of Management, Tribhuvan University is my original work done in the form of partial fulfillment of the requirement for the Master in Business Studies (M.B.S.) under the supervision of Mr. Bal Ram Chapagain, Central Department of Management, Tribhuvan University. I am confident that the result presented in this thesis will be taken as guidance for a more comprehensive study at the future date. The views expressed in this report are those of my only.

Date: 10th April, 2014

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Abbreviations

A.D.	Anno Domini
AMEX	American Express
ABBS	Any Branch Banking System
ATM	Automatic Teller Machine
B.S.	Bikram Sambat
etc	Etcetera
HBL	Himalayan Bank Limited
i.e.	That is
Ltd.	Limited
MBS	Master in Business Studies
N/A	Not Availabe
NABIL	Nepal Arab Bank Limited
No.	Number
NRB	Nepal Rastra Bank
p.a.	Per Annum
PIN	Personal Identification Number
POS	Point of Sales
Rs.	Rupees
S.No.	Serial Number
SCBNL	Standard Chartered Bank Limited
SCT	Smart Choice Technology
Yr.	Year

Chapter I

Introduction

1.1 Background of the Study

Nepal is one of the small landlocked underdeveloped countries lying on the lap of great Himalayas. It lies between two giant economic powers of Asia; India in the east, west and south and China in the north. This country is a land of distinct nature, which stretches from east to west in between 147,181 Sq. Km. one can find diverse climate and geographic features.

Previously, the economy of Nepal mainly depended upon the agriculture. About 79% of the people depended for their living on agriculture. However, this country is blessed with vast natural resources, which are underutilized. It is rich in water resources, forest and many other resources that can be utilized for the development process. In recent years, service sectors have taken a prime and effective role on the contribution of the economy of Nepal.

As stated in the constitution of the kingdom of Nepal (1990:16, Part 4, article 25, clause 2) the main mission of the Nepalese economy is “The fundamental economic objectives of the state shall be transformed the national economy into an independent and self-reliant system by preventing the available resources and means of the country from being concentrated within a limited sector of the society by making arrangement for the equitable distribution of the economy gains on the basis of social justice, by making such provisions as well as prevent economy from exploitation of any class or individual and by giving preferential treatment and encouragement to the national enterprise both private and public.”

For the development of Nepalese economy, there are two ways: One is to develop through improving subsistence agriculture base product by using highly educated people, productive seed and modern technology machine and export-oriented agro-based manufacturing products and utilizing water resources of Nepal which will take decades to have measurable impact on the living standards of the people and they also need financial supports to utilize those resources.

Alternatively, for the development of economy of Nepal, gain the advantages of sustainable growth by establishing or investing into a new line of business. therefore, for improving the economic condition of Nepal, it has invested into a new sectors rather than agriculture, even though there is positive, aspects for the development of the economy, still there are lots of obstacles to be tackled.

Nepal is facing mass poverty, dualistic economy unfavourable foreign trade, illiteracy, low level of investment, technological backwardness. Besides these, financial institutions are still not in its optimal position to support the investment level for the development. Though the number of population is adequate, around 60% is illiterate, who still believes in traditional norms and values. They are afraid of the changes that need to be taken for the development process. Due to this, the per capita income of the people is less than 300\$. It is known that the backbone of any economy is its people. But, in Nepal many people are illiterate and superstitious. They follow the traditional way of cultivation. This is the cause of low level of income and capital formation. There are not enough funds for investment in the industry which causes unemployment problem. So, human development index is very low comparing to other neighbouring countries. As the development of industries is very low, people have to depend upon foreign goods so the foreign trade is also unfavourable. Besides, landlocked feature, illiteracy, political instability, inefficient administration and other inherent structural constraints are also the hindrance of development.

However, recently many reform for the development process has been taken. Financial sectors have tossed up their heads to different sectors of investment. They are growing up as the country has been comparatively facing state of peace. So many financial institutions are developed and invested its sources to other business sectors for the development of the nation. Banks, Finance companies, Co-operatives, Development Banks are helping the daring investors to invest in the required fields.

Bank is a financial institution which is organized by both the government and private sectors of the country. It is opened to serve the people, where different types of monetary transaction functions, like deposit of cash, withdrawal of cash, disbursement of loan, providing of guarantee to the different business organization according to their need and proposal etc. some of the popular definitions on bank are given below

According to Kent “A bank is an organization whose principle operation is concerned with the accumulation of the temporarily idle money of the general public for the purpose of advancing of other for expenditure. Sayer has define the term bank as “Ordinary banking business consists of changing cash for bank deposit and bank deposit for cash; transferring bank deposits from one person or corporation to another; given banking deposits in exchange for bills of exchange, government bonds, the secures or unsecured promises of businessmen to repay, etc.

According to Crowther, “The banker’s business is to take the deals of other people to offer his own in exchange, and thereby create money.”

Finally, a bank is an institution, which deals with money by accepting various types of deposit, disbursing loan and rendering other financial services. The banking industry offers a wide range of services encompassing the needs of public of different walks of line. There are different kinds bank which are as follows

- a. Central Bank
- b. Commercial Bank
- c. Development Bank
- d. Exchange Bank
- e. Saving Bank
- f. Industrial Bank
- g. Housing Bank
- i. Co-operative Bank
- j. Mutual Funds
- k. Pension Funds

The first banking institution seems to have establish in Italy in 1157 A.D. by the name of “Bank of Venice”, which was followed by “Bank of Barcelona” in Spain in 1401 A.D. Than after different, banks are established some of them are

- In 1407 A.D., “The Bank of Genoa”
- In 1609 A.D., “Bank of Amsterdam”
- In 1694 A.D., “Bank of England”
- In 1791 A.D., “Bank of United State” first central bank

1.2 Origin of the Word Bank

The word 'bank' was developed in 2000 BC at Babylonians. The word 'bank' started with the Italian word 'Banco' which means money or stock. In general, the word bank means changing the money from one place to another. Bank is an institution, which deals with credit.

1.3 Origin of Bank in Nepal

Though the modern banking institution has a very recent origin in Nepal, some crude bank operation was in practice even in the ancient times. The development of banking type of operation in Nepal only took place during the Rana regime, when Prime Ministry Ranaduip Singh (B.S. 1877 – 1885) officially established Tejarath Adda in Kathmandu. It was the first step towards the institutional development of banking in Nepal. Tejarath Adda did not collect deposits from people but it was used to provide loans to employees and public at 5% against bullion.

The history of modern banking in Nepal dates back to the establishment of Nepal Bank Limited (NBL) in 30th Kartik 1994 B.S. (1937 A.D.) during the tenure of Prime Minister Judda Samsher. It was the first organized commercial bank in Nepal and was established with the objectives of mobilizing the scattered saving around the country for financing the government activities and provides banking services to the government and private people.

Those days, Nepalese economy was not in a position to mobilize potential saving of the general public and people with business skills and capabilities failed to expand and develop trade and industries due to lack of credit facilities. This has overall constrained the promotion and development of industry, trade, commerce and agriculture. However, the establishment of the Nepal Bank Ltd. has been the landmark of banking industry in Nepal and had facilitated the establishment of few industries such as Jute Mills and Match factories, as its result.

With the adoption of planned economic development in Nepal in mid fifties, the developmental activities started to increase day by day and consequently both the public and private sectors felt the dearth of financial resources. As a result, Nepal Rastra Bank (NRB) was established as the central bank of Nepal in 2013 B.S. (1956

A.D.), to give proper direction to the financial sector so as to develop trade, commerce, industry and agriculture in the country. The major step towards the development of modern banking system in Nepal was thus started with the establishment of NRB.

Even then, the existing banking services were felt inadequate to meet the growing need of the people in the country. The only commercial bank, the Nepal Bank Limited, was not sufficient to provide banking facilities to the government, the general public and emerging trade, commerce and industry. Keeping this in view, the Rastriya Banijya Bank (RBB) was established as the second commercial bank in the year 2022 B.S. (1965 A.D.) with full ownership of government. NRB and RBB together extended banking services to all the districts of the country and were able to bring most parts of Nepal under the banking system.

However, it took nearly two decades for another commercial bank to establish after RBB. In 1984 Government of Nepal extended permission to establish a joint venture bank in Nepal under Commercial Bank Act 2031, As a result, Nepal Arab Bank Ltd. (Nabil Bank Ltd.) was established as the first joint venture bank of Nepal. It was followed by Nepal Indosuez Bank Ltd. (HBL) as the joint venture commercial bank promoted by the business person of Nepal in collaboration with the Habib Bank Ltd. the largest commercial bank in Pakistan. Currently, there are 18 banks in Nepal that has been given permission to operate as commercial bank. As the financial institutions are growing up smoothly, they are trying to facilitate the customers by giving according to their needs. They are not limited their services inside the country's urban areas but also approaching to remote areas to attract and give new and valuable services to the people. Services of various card is one of the prime and vital aspect of such financial institutions. Now a days, most of the banks and even some of the finance companies has given this facility to their customers not only inside the country but even abroad, with such cards, people can withdraw the money from any ATMs of any bank which as ATM facility. They can even purchase at different shopping outlets of the country and can enjoy the facility of credit from the bank.

The following are the established banks in Nepal and their Card services

Table 1.1
List of the commercial banks operating its transaction in Nepal

S.No	Name of the Bank	Year of Establishment In A.D.	Types of Card Issuing
1.	Nepal Bank Limited	1937	N/A
2.	Rastriya Banijya Bank Ltd.	1965	N/A
3.	Nabil Bank Ltd. (Formerly named as Nepal Arab Bank Ltd.)	1984	-Master Card Local (Credit) - Master International (Credit) - Visa Local (Credit) - Diners Card (Credit) - Visa Electronic (Debit) - ATM Card (Debit) - SCT Card (Debit)
4.	Nepal Investment Bank Ltd. (Formerly named as Indosuez Bank Ltd.)	1985	-Visa Local (Credit) - Master International (Credit) - Visa Electronic (Debit)
5.	Standard Chartered Bank Ltd. (Formerly named as Nepal Grindlays Bank)	1986	-Master Card Local (Credit) - Master International (Credit) - Visa Local (Credit) - Diners Card (Credit) - Visa Electronic (Debit) - ATM Card (Debit)
6.	Himalayan Bank Ltd.	1992	-Master Card Local (Credit) - Master International (Credit) - Visa Local (Credit) - Visa International (Credit) - Visa International Prepaid (Debit) - Visa Prepaid (Debit) - Visa Electronic (Debit) - ATM Card (Debit) - SCT Card (Debit)

Continue Table 1.1

7.	Nepal SBI Bank Ltd.	1993	N/A
8.	Nepal Bangladesh Bank Ltd.	1993	N/A
9.	Everest Bank Ltd.	1994	N/A
10.	Bank of Kathmandu Ltd.	1995	N/A
11.	Nepal Credit & Commercial Bank Ltd.	1996	N/A
12.	Lumbini Bank Ltd.	1998	N/A
13.	NIC Asia Bank Ltd.	2013	N/A
14.	Machhapuchre Bank Ltd.	2001	N/A
15.	Kumari Bank Ltd.	2001	- Visa Local (Credit) - Visa International (Credit) - Visa Electron (Debit)
16.	Laxmi Bank Ltd.	2002	- SCT Card - Visa Credit Card
17.	Siddhartha Bank Ltd.	2003	- SCT Card
18.	Agriculture Development Bank Ltd.	1968	N/A
19.	Global IME Bank Ltd.	2013	N/A
20.	Citizens Bank International Ltd.	2007	N/A
21.	Prime Commercial Bank Ltd.	2007	N/A
22.	Sunrise Bank Ltd.	2007	N/A
23.	Grand Bank Ltd.	2008	N/A
24.	NMB Bank Ltd.	2008	N/A
25.	KIST Bank Ltd.	2003	N/A
26.	Janata Bank Nepal Limited	2013	N/A
27.	Mega Bank Ltd.	2010	N/A
28.	Commerz & Trust Bank Nepal Ltd.	2010	N/A
29.	Civil Bank Ltd.	2010	N/A
30.	Century Commercial Bank Ltd.	2011	N/A
31.	Sanima Bank Ltd.	2004	N/A

http://www.nrb.org.np/usefullinks/comm_lnk.php

1.4 Introduction of Credit Card

A Credit Card as the name suggests, is a card on which you get credit. Credit Card is the payment for goods and services enjoyed by the person in lieu of cash. It is such a service where the cardholder can enjoy credit facility even though he doesn't have sufficient balance in his account. It is the concept of buy now pays later. A Credit Card, basically, is a thin plastic card, usually 3-1/8 inches by 2-1/8 inches in size that contains identification information such as signature or picture, and authorizes the person named on it to charge purchases or services to his account – charges for which he will billed periodically. It is issued by financial institutions, which is the member of MasterCard International/ Visa International. Most of the banks offer three kinds or Credit Cards, The Classic Card, The Silver Card, and The Gold Card. These have different salary requirements and accordingly different credit limits. Also, Gold Cards usually have other cool benefits like discount vouchers for hotels and restaurant, or special promotions. It is based on the revolving line of credit, i.e. cardholders can maintain a minimum balance on account Credit Card users are provided with a monthly statement of transaction and amount that has been spent for each transaction.

A Credit Card is a card that gives credit for a charge days ranging from 15 to 50 days depending on the date when one made the purchase. Besides this, it also provides its member the benefits like travel discounts, discount on retail loans. It is different from charge card in the sense that in charge card entire dues is to be paid within the credit period and balances cannot be carried forward as in Credit Card. Credit Card is also different from Debit Card in the sense that Debit Card is just like and ATM card on the move or like your bank account or card account on the move which enables the access of bank account for payment. The bank account of the cardholder is debited then and there when he makes any purchase through Debit Card. Similarly is also differs from Charge Card, which can be used as Credit Card except you have to settle the account at the end of every month.

There are various advantages of using Credit Card:

- It allows the benefits like discount at shops, restaurants and airline tickets.
- It offers (mostly) personal accident cover, lost baggage cover, etc.
- It provides interest free money for 45 to 50 days.
- It gives assurance to spend in any currency and it settles the dues in home currency.

A useful feature, set for Credit Cards is an insurance coverage, which is for both personal and or the articles purchased on the Credit Card. The amount and the type of insurance coverage provided are largely determined by the type of Credit Card owned (whether Gold, Silver, or Executive). Gold Cards typically carry the highest insurance coverage for its members. Among the types of insurance are:

- Personal accident insurance: this covers air accidents, road accidents etc. The amount insured differs across the categories and again varies from player to player. Some cards cover insurance for spouse/supplementary cardholder as well.
- Baggage cover: this provides coverage against the loss of one's baggage while travelling.
- Purchase protection: this purchase protection feature automatically insures all items bought on the credit card from damage or loss due to fire or theft, up to a certain sum of money.

1.5 Statement of the Problem

Nepal too needs to develop the banking habit of its people. One just cannot make any more unsubstantial and detrimentally indigenous excuses. One does not want to be humiliated in the global arena and put ourselves in a very awkward plight by saying "NO" when asked, "Sir/ Madam, Do you have a Credit Card?" Nepal just cannot isolate itself with the fast moving world, where everything is changing day by day. Payments through cash need to be suppressed. The world is heating towards e-banking and in Nepal too, the global forces will shepherd our technology in the same direction. Without payment cards e-commerce is almost handicapped. Against this backdrop following are the research question raised in this study.

- What are the factors affecting the usage of credit card?
- Whether there is differences in card usages factors in Nepalese commercial banks?
- What is the impact of factors such as Satisfaction, Convenience, Socialization & modernization, Easiness & safety and Internet Shopping effects on customers credit card usage.
- What actions should be taken by Nepalese commercials banks to increases their customers on card usages.

1.6 Objectives of the Study

This study will be undertaken to analyze factors affecting the usages of credit card in selected Nepalese commercial banks and taking into consideration this aspects, the specific of the study are as follows:

-) To identify the factors effecting the usage of credit card.
-) To identify differences in card usages factors among different selected commercial banks of Nepal.
-) To rank the credit the card usages factors as per customers comfort level.
-) To explore the customers' suggestion for improving card usages.

1.7 Limitation of the Study

-) The overall study is conducted with reference to 3 different Nepalese commercial banks only with in Kathmandu valley and may not represent entire banking industry.
-) Though the study collected opinions of customers without any bias, the study may not be representative enough because of the small sample.
-) Lack of pertinent literature in the context of Nepalese commercial banks.

1.8 Organization of Study

The study is organized into five chapters. The first chapter is introductory chapter which provides information on the statement of the problem and objectives of the study, formation of hypothesis, significance and limitations of the study. The second chapter is the review of literature. The third chapter is focuses on the methodology applied to accomplish the research. The fourth chapter is related with data presentation. The fifth chapter is concerned with summary and conclusion. This chapter also includes recommendations and suggestions if possible/necessary.

The whole study will be divided into six different sections. The details of which are

Chapter 1: Introduction

Chapter 2: Review of Literature

Chapter3: Research Methodology

Chpater4: Data Analysis and Presentation

Chapter5: Summary, Conclusion and Recommendation

Chapter 1: Introduction

First Chapter covers the general background of the study, focus of study, statement of problems, objectives of the study, hypothesis of study, limitation of the study, organization of study.

Chapter 2: Review of Literature

Second chapter covers the review of the book, review of the articles and others.

Chapter3: Research Methodology

Third chapter consist research design, population and sample, sources and techniques of data collection, nature of data, tools and techniques of analysis, limitation of the methodology.

Chpater4: Data Analysis and Presentation

Forth chapter is major part of the study. It is concerned with presentation, analysis and interpretation of data.

Chapter5: Summary, Conclusion and Recommendation

Firth chapter contains the summery of the whole study, conclusion of the topic, major finding on the topic and appropriate suggestion.

A bibliography and appendix will be enclosed at the end of the study.

Chapter II

Review of literature

This chapter deals with the reviewing conceptual framework, review of books, review of previous thesis, review of articles and others. This chapter deals mainly with two heading which is Conceptual Framework (Theoretical Review) and Review of related studies.

2.1 Review of Related Studies

As it is known to everybody, wants of people are unlimited. As soon as one need fulfilled other generates. Likewise there should be new and convenience product to be issued by the bank so that customer get more and more satisfaction and fell easy. Bank mainly takes care of LC, Remittance, Loan etc, and the key to banking success lies on the ability of the bank to provide subsidiary products to the customer. In this competitive market many new line of products and innovative products are begin introduced by the various sectors and so by the banks such as Credit Cards, Online Banking, SMS Banking etc.

There are very less literature available on Credit Card. As very few has made any attempt to conduct research on this product of the bank in Nepal because of countable banks are providing Credit Card facility. Most of the banks are issuing SCT network card and ATM card. There are few banks which provide the Credit Card facility of Visa Card and MasterCard. Hence all the literature on this subject matter is more or less confined to the information provided by Credit Card department of HBL, articles, newsletter and web sites.

The main objective of this study is to get further knowledge on Credit Card and its business study of HBL. Hence whatever literature has been received reveals that Credit Card business is flourishing in world economy like others and even in Nepal banking habit in people is developing therefore use of card is increasing. Even though there are very huge group who have no idea about the card. However it is the business of profitable for the banking institutions. The business of Credit Card is less in Nepal as compare with the other Asia pacific Region. Hence, I think this review helps to provide knowledge on Credit Card and this also exposes the state of Credit Card business and how it help to develop the economy of the country. Many study proved that the people will buy more

product from the card that from cash, that means Credit Card enhance expenses of individuals which leads to grow in consumption and encourage investment.

There are few studies made and context of Nepal with regard to Debit Card, ATM Card and Credit Card because of lacking information and lack of experts, the study is limited in this regard.

A study on Market Preference of Credit Card and Debit Card in Nepal, conducted by Jain (2000), a student of Public Youth Campus, affiliated to Tribhuvan University.

The basic objectives of his study is to assess the market acceptance of Debit Cards so as to server as an input to various commercial banks informing their card business related staratgies.

Main objectives of the study are:

- To examine the current position of various commercial banks cards business in reference to services offered.
- To fine out awareness level of the card business in Nepal and strategies to be implement to increase this level.
- To ascertain the hold of the Credit Card business in the market by current providers.
- To determine the present market position of NIBL card.
- To find out the ways of promotion begin done by others banks for their card business.
- To trace out the problems associated with the card and solution to it.

Find of the study is as:

- Both cardholders and planners to take the Debit Card are more interested in using their card for shopping and entertainment purpose.
- Customers look for the market reputation of the bank before they become a customer of the bank.
- The actual uses of card are not enough. Any bank would only benefited if

cards were used more frequently at different (Point of Sales) POS. A bank earns with more swipes.

- It also had a question for the people, to find out what is their perception about NIBL. The result was the most people rated it as easy accessibility and convenience but the lowest rating was for its safety.

A study on the Prospect and Challenges of Credit Card Business in the Banking Sector of Nepal, conducted by Thapa (2002), a student of Shanker Dev Campus, affiliated to Tribhuvan University.

The prime objective of his study is to find out the intricacies and complexities involved in card business highlight on its trend. The main objectives of his study is to find out some of the question that mostly arises in card business.

Main research question and objectives of the study are

- Why the authorities are saying that the card department is overcapitalizes as far as other product's profitability is concerned?
- What concept the present cardholders of Nepal hold regarding the performance of their cards and how the habit of using card can be enhance so that the problem of over capitalization can be reduced by the generation of extra revenue?
- What cost and benefit is associated with this business and what is the break even business of Nabil.
- The authorities are demonstrating the card business in Nepal is very much dependent on the arrival of tourist in Nepal. An analysis will be made to find out whether card business is dependent on the tourism business or not?

Finding of the study:

- The concept of Credit Card has not developed significantly in our nation as it has been in other nation. Hence, it is at its duding state.
- The major problem of the card business is the lace of conceptual framework among the people, the dwindling economic scenario and the huge cost associated with its operation.

- In case of the bank in question, it has been found marginally overcapitalized when compared to the overall capitalization rate of the bank.
- In recent years the acquiring and the merchant business growth are not doing well compared to the earlier phase of growth and in comparison to the growth of other nation.

Conclusion of study:

- People do not have a banking habit; they prefer cash rather than card.
- The card business in Nepal has not yet gained its momentum as it has in other nations.
- The infrastructure constrained on card business in Nepal.
- Not acceptance of Card in local shops.
- Less merchant

A study on Credit Card practices in Nepal conducted by Hada (2002), a student of Shanker Dev Campus, affiliated to Tribhuvan University.

For the study, she has focuses on the following problems related to the Credit Card practices in Nepal.

- What are the positions of different bank involved in the card business?
- What are the growth situations of bank to extend the business?
- What are the trends of Credit Card users in Nepalese market?
- Whether the aggregate market increasing or decreasing over the periods?

The main objectives of her study are to explore the current situation of Credit Card market in Nepal. The special objectives of her study mention below:

- To study the current position of the card business
- To find out the growth of the card business
- To examine the trend of the Credit Card users in Nepal
- To examine the aggregate market increasing or decreasing

Conclusions of the study are

- Nepalese economy is lagging behind in card business due to direct and indirect factors.
- Nepal is backward in the card business as compared to the other countries.
- History of Credit Card is not so old, so the card business has not gained its momentum as it has in other nation.
- Credit Card is offered by the limited commercial bank only.

2.2 Research Gap

A review of the literature on the banking industry identified conceptual research gaps. The gap identified in the literature relates to the lack of empirical research on the dimensions of card usage in a Nepalese banking context. Although several international empirical studies have been conducted on the dimensions of card uses in international financial service sector, little has been done on the dimensions of card uses in Nepalese banking industry. Till now, there is no published empirical research that indentifies the dimensions of card usage, or examines the impact of dimensions on card uses in Nepalese commercial banks. Further, no empirical research has been done to indentify the relative importance of the primary dimensions to card uses in the context of the Nepalese commercial banks. A few studies have focused on card usages, however, no studies to date have used, which includes the card usage dimensions.

Chapter III

Research Methodology

3.1 Background

In this chapter, research design, nature and sources of data, collection procedure of data and method of analyzing data have been dealt with for the purpose of achieving the basic objectives of the study.

A systematic methodology is required to pick out an actual result for any special study. Research means the search for knowledge and methodology refers to various sequential steps that are adopted in the study. This study is undertaken to have a clear picture of Credit Card operation of HBL. The research methodology adopted for this study contains various methods and techniques are convenience and appropriate for analyzing the data and information collected. The research methodology used in this research includes:

- Research design
- Population and Samples
- Sources and Techniques of data collection
- Data analysis tools
- Variables and measurements

Research methodology, describes the methods and process applied in the entire aspects of the study. Every research should be outline in the systematic manner and for that reason research methodology is one of the most important parts of every research.

Research methodology is a way to systematically solve the research problems. It refers to various sequences steps to be adopted by the researcher is studying a problem with certain objects in view of C.R. Kothari.

According to John W. Best, “Research may be defined as the systematic and objective analysis and recording of controlled observations that may lead to the developments of generalizations principles or theories, resulting in prediction and possibly ultimate control of events.”

The basic objective of this study is to explain and analysis of the Credit Card business of Nepal and its market. Therefore, some systematic research methodologies have been

used. This study is based on secondary data also some relevant question would be asked to the concerned bodies for purpose of practical study. This chapter mainly describes the methodology employed till the entire study will be conducted.

3.2 Research design

Research is based on descriptive and comparative analysis. Here descriptive research is necessary for fact-finding and searching adequate information about factors affecting credit card usages factors. This design has also been employed to assess the opinions and perceptions of customers. Data for this survey is collected from the respondents of Nabil, HBL and SCBNL. Mean and standard deviation is used for data analysis. A sample of 196 respondents of three commercial banks is covered for questionnaires concerning their credit card usage. The questionnaire includes respondents' personal information such as gender, age, profession, educational level, income and bank credit card that they are using. Three level of satisfaction according to different criteria such as yes/no questions and open end question.

3.3 Research Approach

Qualitative methods in exploratory research is that use of open-ended questions and probing gives participants the opportunity to respond in their own words, rather than forcing them to choose from fixed responses, as quantitative methods. The three most common qualitative methods, explained in detail in their respective modules, are participant observation, in-depth interviews, and focus groups.

3.4. Description of the Sample

Among commercial bank there are 3 banks Nabil, HBL and SCBNL are selected for survey.

Table: 3.1
Sample Description of the Respondents

	Name of Bank	No. of Respondents
Banks	Nabil	48
	HBL	47
	SCBNL	101
Total		196

3.5. Nature and Sources of Data

3.5.1. Primary Data

This study is based on primary sources of data. Nature of data is qualitative which is on the basis of research title, stratified random sample and cluster sampling of banks are included to define the population. The questionnaire survey has been conducted to record the opinions and perceptions of customers with respect to credit card usages factors in Nepalese commercial banks. The survey has been basically designed to understand the opinions of respondents as how they perceive in card usage of their banks.

A sample of 196 respondents of three commercial banks is covered for questionnaires concerning their credit card usages factor. The questionnaire includes respondents' personal information such as gender, age, profession, educational level, income and type of banks that they are using. It also includes yes/no questions, tick mark questions, open end question.

3.6. Instrumentations

For this research purpose the primary data are used for data collection. The data are collected through the distribution of questionnaire to the 210 respondents of selected commercial banks. But out of 210 only 196 questionnaire are collected. The self-administered survey questionnaire is used as the main data-gathering instrument to trace the credit card usage by their bank. For which the questionnaire is divided into two sections as: a customer profile and the research question. The customer profile contains socio-demographic characteristics of the respondents such as age, gender, occupation, education and name of bank. The research question contains the questionnaire for measuring the credit card usages factor, hence exploring the perceptions of customers for this research purpose. The questionnaire prepared for this study purpose is attached in Appendix A. Further, the primary data are also collected through semi-structured interviews with relevant personals in order to understand the view on customer satisfaction issues in Nepalese banking sector.

3.7. Data Collection Procedure

The required data are collected from the customer living in Kathmandu valley during the period between October and December 2013 through a Structured Questionnaire. Questionnaires are distributed to the customers of sampled commercial banks.

3.7.1. Analysis of Primary Data Collection Procedure

For this research the collection of primary data, the questionnaire is distributed to the customers. The respondents are requested to fulfill the questionnaire at least for one week time. After the collection of distributed questionnaire the responses are tabulated processed and analyzed with the help of Statistical Package for Social Sciences (SPSS) and Excel.

The primary data have been analyzed in three different ways. First analysis has been done at aggregate level which includes all the data which is collected from total respondents. For this purpose, percentage frequency distribution of responses has been used to obtain a meaningful conclusion related with credit card usage in Nepalese commercial banks. Similarly, second type of analysis has been done at disaggregate level based on the different categories of credit card usage factors they are satisfaction, convenience, socialization & modernization, easiness & safety and Internet shopping.

Final part of primary data analysis includes the comparison of the credit card usages factors and ranking them as per highly agreed by the customers.

3.8. Sampling Technique

The population of this study includes 3 banks based on the stratified and cluster sampling. Stratified random sample minimizes error and cluster sampling helps in face to face survey and it does not required complete population.

In stratified random sampling method, the population is divided into mutually exclusive groups or strata (such as age groups), and random samples are drawn from each group. The homogeneity in each group is more than the total population, which in turn contributes to the accuracy of the sampling process (Saunders, Thornhill, & Lewis, 2007).

Cluster Sampling is the probability sampling that differs because it seeks to select clusters of population elements, instead of selecting individual elements of population. This method is adopted when "natural" groupings are evident in the population. The total population is divided into clusters chosen randomly and within these clusters every unit is sampled. Elements within a cluster should be as heterogeneous as possible. But there should be homogeneity between (Craig & Douglas, 2005).

Often a 2-stage sample design is adopted, where the first stage sampling includes the selection of clusters and the second stage the selection of elements within the selected cluster; sub-sampling within clusters may give a better estimate of the total. Therefore in this research multistage sampling method is used where cluster sampling and stratified sampling are combined.

3.9. Model Specification

To understand the credit card usage factors of selected Nepalese commercial banks SERVIQUAL model is used.

$$\text{Credit Card Usages} = f (\text{Satisfaction, Convenience, Socialization and modernization, Easiness and safety, Shopping}) \dots\dots\dots(i)$$

3.10. Analysis Plan

Data for this survey is collected from the respondents of three commercial banks in Nepal. A sample of 196 respondents of different commercial banks is covered for questionnaires concerning their credit card usages factors by their customers of Nepalese commercial banks. The questionnaires includes questions including personal information about respondents such as gender, age, marital status, occupation, nationality, income level, educational level, area of living and type of banks that they are using. Next questions are about credit card usage which is yes no type of questions. Similarly, five questions have multiple choice options in which respondents were asked to tick mark in an appropriate option in relation to their suitable one. Data Analysis is conducted using Statistical Package for Social Sciences (SPSS) computer software which is used to carry out the data analysis.

CHAPTER-IV

Data Presentation and Analysis

This chapter presents the results of the data analysis according to the research methodology and the result of the fieldwork conducted by the researcher. The result is mainly the responses of the questionnaire administered to the customers of selected Nepalese Commercial Bank especially in Kathmandu Valley. The results are discussed in terms of their relation to each of the relevant research objectives. Statistical Package for Social Scientists (SPSS) version 15.0 was used to perform the analysis and Microsoft Excel 2007 is used for calculation and data tabulation.

The questionnaire is administered to 210 customers of 3 Nepalese Commercial Banks. Out of the 210 questionnaire 196 are valid for analysis while fourteen are invalid as a result of improper and double responses. The valid questionnaires which formed the analysis yielded 93% response rate.

4.1 Analysis of Data

This section reports the results of questionnaire survey conducted among customers in three selected Nepalese commercial banks. Questionnaire survey was designed to understand the view of the respondents made on determine the best credit card usage factor.

Table 4.1
Respondents Profile

This table presents the summary of demographic distribution of sampled data used in the research survey. The table provides information on the number and percentage of individual customers across different personal character such as gender, age group, profession, academic qualification and income.

Variables		Total Respondents	
		Frequency (No. of respondents per option)	Percentage (%)
Gender	Female	73	37.2
	Male	123	62.8
	Total	196	100
Age (Years)	Below 20	21	10.7
	21-30	93	47.4
	31-40	47	24.0
	41 and above	35	17.9
	Total	196	100
Profession	Student	63	32.1
	Self-employed	37	18.9
	Employed	55	28.1
	House wife	10	5.1
	Unemployed	22	11.2
	Retired	9	4.6
	Total	196	100
Academic Qualification	PhD	2	1
	MS/M.Phil	6	3.1
	Masters	95	48.5
	Bachelors	59	30.1
	Intermediate and below	34	17.3
	Total	196	100
Income	Up to 20000	5	2.6
	20001-40000	82	41.8
	40001-60000	93	47.4
	Above 60001	16	8.2
	Total	196	100

Source: Field work November 2013

As shown in Table 4.1, there are more male (62.8%) respondents than female (37.2%) respondents out of 196 respondents. The age groups of the respondents are: Below 20 years old (10.7%), 21-30 (47.4%) years old, 31-40 47(24%) years old and 41 and above 35(17.9%). The respondents aged between 21-30 years old accounted for the largest age group.

The profession of the respondent's shows that 32.1% respondents are students followed by 28.1% employed, 18.9% self-employed, 5.1% house wife and 4.6% retired. In terms of the respondents' academic qualification, the largest group is masters' degree (48.5%), the second largest group is bachelor degrees (30.1%), third largest group is intermediate and below 17.3%, followed by the MS/M.Phil 3.1% and PhD 1% and Among total respondent's, 2.6% lies on income group 20000, 41.8% are in income group 20001-40000, 47.4% respondent's are in income group 40001-60000 and remaining 8.2% are in income group above 60001.

Table 4.2
Response towards Satisfaction

This table shows the number of respondents from different commercial banks of Nepal to identify the response towards satisfaction on credit card usage.

Options	Nabil	HBL	SCBNL	Overall Result	
				No. of Respondents	Percent
Yes	32 (66.66%)	28 (59.57%)	55 (54.46%)	115	58.67
No	11 (22.92%)	18 (38.30%)	30 (29.70%)	59	30.1
Neutral	5 (10.42%)	1 (2.13%)	16 (15.84%)	22	11.22
Total	48 (100%)	47 (100%)	101 (100%)	196	100.0

Source: Field work November 2013

Table 4.2 reveals the response towards satisfaction on credit card usage, 58.67% are agreed that they are satisfied with using credit card of their bank where as 30.1% are not satisfied and rest 11.22% are neutral. Similarly according to segregate results there is not so difference in ratio of agree and disagree towards satisfaction. According to above table Nabil banks customers are highly satisfied as compare with customer of HBL and SCBNL.

Table 4.3
Response towards Convenience

This table shows the number of respondents from different commercial banks of Nepal to identify the response towards convenience on credit card usage.

Options	Nabil	HBL	SCBNL	Overall Result	
				No. of Respondents	Percent
Yes	30 (62.50%)	33 (70.21%)	61 (60.40%)	124	63.3
No	9 (18.75%)	12 (25.53%)	30 (29.70%)	51	26.0
Neutral	9 (18.75%)	2 (4.26%)	10 (9.90%)	21	10.7
Total	48 (100%)	47 (100%)	101 (100%)	196	100.0

Source: Field work November 2013

Table 4.3 is related with response towards convenience on credit card usage. The result shows that out of total respondents 43.3% feel convenience in card usage whereas 26% respondents don't feel convenience and rest 10.7% of respondents are neutral. In addition HBL bank's customers are highly feel convenience in credit card usage that is 70.21% and respondents of Nabil and SCBNL banks customers slightly feel less convenience which is of 62.5% and 60.40% respectively.

Table 4.4
Response towards Socialization and Modernization

This table shows the number of respondents from different commercial banks of Nepal to identify the response towards socialization and modernization on credit card usage.

Options	Nabil	HBL	SCBNL	Overall Result	
				No. of Respondents	Percent
Yes	20 (41.67%)	25 (53.19%)	59 (58.42%)	104	54.0
No	22 (45.83%)	18 (38.30%)	35 (34.65%)	75	38.3
Neutral	6 (12.50%)	4 (8.51%)	7 (6.93%)	17	8.7
Total	48 (100%)	47 (100%)	101 (100%)	196	100.0

Source: Field work November 2013

As shown in Table 4.4, 54% respondents think they use credit card as for socialization and modernization. 38.3% of the respondents don't agree that they use credit card for socialization and modernization and rest 8.7% are neutral to this, among three banks higher percentage of SCBNL customers think that they use credit card for socialization

and modernization that is by 58.42% which is higher as compare with HBL and Nabil their ratio is 53.19% and 41.67% respectively.

Table 4.5
Response towards Easiness and Safety

This table shows the number of respondents from different commercial banks of Nepal to identify the response towards easiness and safety on credit card usage.

Options	Nabil	HBL	SCBNL	Overall Result	
				No. of Respondents	Percent
Yes	28 (58.33%)	33 (70.21%)	59 (58.40%)	120	61.2
No	14 (29.16%)	10 (21.27%)	27 (26.73%)	51	26.0
Neutral	6 (12.50%)	4 (8.51%)	15 (14.85%)	25	12.8
Total	48 (100%)	47 (100%)	101 (100%)	196	100.0

Source: Field work November 2013

The data in Table 4.5 exhibits respondents' response towards easiness and safety on card usage. here 61.2% respondents feel easiness and safety on card usages, where as 26% respondents do not feel easiness and safety on card usage. and 12.8% customers are neutral. Table 4.5 also indicates HBL customers feel more easiness and safety on card usage which is 70.21% than SCBNL and Nabil customers with respect of 58.4% and 58.33% respectively.

Table 4.6
Response towards Internet Shopping

This table shows the number of respondents from different commercial banks of Nepal to identify the response towards internet shopping using credit card.

Options	Nabil	HBL	SCBNL	Overall Result	
				No. of Respondents	Percent
Yes	19 (39.58%)	25 (53.19%)	42 (41.58%)	86	43.9
No	19 (39.58%)	14 (29.78%)	36 (35.64%)	69	35.2
Neutral	10 (20.83%)	8 (17.00%)	23 (22.77%)	41	20.9
Total	48 (100%)	47 (100%)	101 (100%)	196	100.0

Source: Field work November 2013

Table 4.6 illustrate the credit card usage on internet shopping, most of the respondents 43.9% believe that they use credit card for internet shopping, similarly and 35.2% don't agree that they use credit card for internet shopping and rest 20.9% respondents are neutral to this. similarly in comparison with the customers of Nabil, HBL and SCBNL, HBL customers which is 53.19% thinks that they use credit card for internet shopping which is higher percentage as compare with SCBNL and Nabil which is by 41.58% and 39.58% respectively.

Table 4.7
Responses on the Aspects of Credit Card Usages Instrument's Level in selected Nepalese Commercial Banks

This table shows the number of responses on the five point Likert scale items about the aspects of card usages level of selected Nepalese commercial banks along with the percentage of agree with each statement.

Statement	Number of Responses	Percentage (%)
Satisfaction		
The insufficiency of my income	25	22
The fact that my income does not cover by expenses	28	24
The needs and desires that cannot be postponed	26	23
My desire to have a higher living standard	36	31
Convenience		
The convenience of a credit card when shopping	31	25
It enables me to shop without using any cash	20	16
My credit card allows me to shop even when I have no money	25	20
How a credit card can give out cash under unexpected circumstances	19	15
I donot have to think of how I will pay for my shopping	29	23
Socialization and Modernization		
It is a modern and fashionable way to pay bills	35	38
The thought of failing behind of new things and my general needs	16	18
The fact that the people I know around me all use credit cards	40	44

Easiness and Safety		
I donot like to carry cash on me	42	35
It is more safe than carrying cash, carrying cash is risky	51	43
Enables me to invest cash into securities	27	23
Internet Shopping		
It enables me to shop via my telephone	2	2
It enable me to shop via the internet	84	98

Source: Responses on survey questionnaire in Appendix A

The major purpose of the study is to analyze the level of motivational factors for credit card usages of selected Nepalese commercial banks which are Nabil, HBL and SCBNL. For achieving its purpose, this study used questionnaire regarding the level of service quality using the five likert scale.

In case of satisfaction, most of the respondents 31% agree that they desire to have higher living standard where as other three factors The insufficiency of my income, The fact that my income does not cover by expenses and The needs and desires that cannot be postponed have almost equal respondents.

Similarly, in case of convenience most of the customers 25% believe that they feel convenience using credit card when shopping. 23% believe that they donot have to think of how I will pay for my shopping. 20% believes that credit card allows them to shop even when they have no money.

In the Nepalese banking sectors, most of the respondents usage credit card because of the fact that the people they know around them all use credit cards percentage fall into this category are 44% where as almost similar percentage i.e. 38% believes that it is a modern and fashionable way to pay bills rest only 18% believes that the thought of failing behind of new things and my general needs.

In the case of easiness and safety, majority of the respondents are agree with the statements: it is more safe than carrying cash, carrying cash is risky. 43% respondents finds risk in carry cash whereas 35% donot like to carry cash on them and 23% think that credit card enables them to invest cash into other securities.

Lastly, in case of internet shopping 98% believes that It enable them to shop via the internet and only 2% believes that it enables them to shop via my telephone.

Table 4.8
Response towards the Aspects of Credit Card Usages Instrument

Table 4.8 shows the response towards the credit card usages instrument which consists of satisfaction, convenience, socialization and modernization, easiness and safety and internet shopping. The calculated mean scores indicate the level of card usages in selected Nepalese commercial banks Nabil, HBL and SCBNL. Lower mean score indicates higher level of motivation factor for card usages which is 1 and higher mean score indicates less motivational factor for card usage which is 5.

Dimension	Banks	Mean
Satisfaction	Nabil	2.13
	HBL	2.57
	SCBNL	2.50
	Aggregate	2.40
Convenience	Nabil	2.13
	HBL	2.11
	SCBNL	2.39
	Aggregate	2.21
Socialization and modernization	Nabil	3.08
	HBL	2.70
	SCBNL	2.52
	Aggregate	2.77
Easiness and Safety	Nabil	2.42
	HBL	2.02
	SCBNL	2.37
	Aggregate	2.27
Internet Shopping	Nabil	3.00
	HBL	2.53
	SCBNL	2.88
	Aggregate	2.80

Source: Response on survey questionnaire in Appendix A

The table shows the mean scores of credit card usages factors based on result respondents/customers thinks convenience in using credit card is higher than other motivational factors which mean score is 2.21 and in strata convenience level of HBL respondents are in top which is 2.11. Similarly, Nabil banks respondents are in second

with mean score of 2.13 and lastly SCBNL banks respondents have lower level of convenience with 2.39 mean score.

Easiness and safety has been chosen as second better motivational factor in Nepalese commercial banks which mean score is 2.27. According to segregate result HBL banks customers feel more easiness and safety in using credit card with mean score of 2.02 compared to other commercial banks. Likewise, SCBNL banks have mean score of 2.37 followed by Nabil banks with mean score of 2.42.

As per result shown, satisfaction has been chosen as third better motivational factors on using credit card, Nepalese commercial banks with mean score of 2.40. Also according to individual results Nabil banks customers have high level of satisfaction compared to SCBNL and HBL which is 2.13. Similarly, SCBNL have 2.50 mean score followed by HBL banks with mean score of 2.57. Therefore, in Nabil banks customers there are high level of satisfaction as compare with SCBNL and HBL.

Socialization and modernization is chosen as fourth important motivational factors in Nepalese commercial banks with mean score of 2.77. Similarly according to strata result of SCBNL banks are respondents thinks they are more socialize and modernize than HBL and Nabil bank with mean score of 2.52, this followed by HBL banks having mean score of 2.70 and Nabil banks with mean score of 3.08.

Finally, internet shopping prefer as least important motivational factor with mean score of 2.80 in Nepalese commercial banks. Further indicates the segregate result HBL banks' respondents are more to towards internet shopping than others banks with mean score of 2.53 followed by SCBNL and Nabil banks having respective mean score of 2.88 and 3.00.

Further accessing the table 4.14 respondents of Kathmandu valley thinks convenience is most important factors for which they use credit card and internet shopping is the least motivational factor for using credit card therefore from above table 4.8 following result is tabled.

Table 4.9
Ranking and Summarizing Response towards the Aspects of Credit Card Usages Instrument

Factors	Mean	Rank
Convenience	2.21	1
Easiness and Safety	2.27	2
Satisfaction	2.40	3
Socialization and Modernization	2.77	4
Internet Shopping	2.80	5

4.4. Concluding Remarks

This chapter presented the empirical results according to the research data and the methodology outlined in chapter four. Since the research is totally based on primary data so the examination of the data indicated that the questionnaire is valid and reliable, and the statistical assumptions of customer satisfaction. From the primary data analysis; most of the respondents believe motivational on using credit is affected by convenience on using credit card therefore bank should focus on making better environment on using credit card it could be done by doing awareness programs for customer as well as merchants, making aware of advantages of using credit card both to customers and merchants, giving reasonable interest on credit usage, for merchants proving good commission on credit card sales, addressing the problem of electronic credit card transaction. by creating fine network between merchant and banks.

CHAPTER-V

Summary Conclusion and Recommendation

This chapter gives a summary of key findings of the study presented according to the objectives of the study. Conclusions are drawn from the findings and recommendations are given to help Nepalese commercial banks to make convenient on using credit card.

5.1 Summary

Credit card is a plastic card, which allows holder to purchase the goods and services on credit, issued by bank or financial institution. But in context of Nepal this concept is quite new and most of the people are not aware about this service. Even card business has passed one decade successfully. So in depth study and research have to be made in this sector.

This research is aimed at studying the motivational factors on credit card usages in Nepal. In Nepalese card business Nabil, HBL and SCBNL are involved. For the analysis of data The major objective of the study is to determine motivation on credit card usage factor in Nepalese commercial banks. Therefore to determine level credit card usages, the study based on primary data regarding credit card usages factor and customer three public banks out of 196 respondents of different commercial banks. A set of questionnaire contained mixed type options such as personal information, yes/no questions, five likert scale questions and open ended question concerning their motivational factor of commercial banks.

5.2 Conclusion

The analysis of data revealed various facts about the credit card business in Nepal. From the statistical analysis of the data, it is obvious that credit card business is in optimistic track. In the present context of globalization and modernization each country has enough opportunities to develop its economy and citizen of the nation. But due to different direct and indirect factors, Nepalese economy is lagging behind. In the present world, there are various new advancement is applied like credit card but in context of Nepal, Nepal had started the credit card business after 35 years of business begin in the world. So the card business has not gained its momentum as it has in other nations. In Nepal, card business was started only 12 years before. Since then it has faced various circumstances even through it is moving ahead. In card business just three commercial banks Nabil, HBL and

SCBNL are involved in this research. The major conclusion is that the level of credit card usages is effect on customer convenient, while comparing three category of banks' convenient level of HBL banks customers are high as compare with Nabil and SCBNL. In aggregate card business is in increasing trend. So, all other factors easiness and safety, satisfaction, socialization and modernization and internet shopping are equally important factors which show the optimistic condition of card business in future. Therefore, from above analysis following conclusions have been made.

-) There are various factors that effects the usage of credit card among them only five factors have been analyse in this research they are Convenience, Easiness and Safety, Satisfaction, Socialization and Modernization and Internet Shopping. Among them convenience factor is found to be highly effective factor which affect most in the use of credit card.
-) Differences found in credit card usage factors among selected commercial banks Nabil, HBL and SCBNL. From analysis it was found that Nabil banks customers were highly satisfied compare with SCBNL and HBL bank. In terms of satisfaction SCBNL lies on second and HBL is on third position. Where as in convenience level HBL banks customers were found more convenient as compare with Nabil and SCBNL banks. Nabil lies on second and SCBNL is on third position. In terms of socialization and modernization factor most of the SBCNL banks customers agreed that they use credit card for socialization and modernization and while positioning SCBNL customers are at top and followed by HBL and then by Nabil banks customers. Furthermore, in case of easiness and safety factor again HBL customers were found highly agreed as compare with SCBNL and Nabil banks customers. Similarly in terms of internet banking factor as well HBL customers agreed most as compare with SCBNL and Nabil banks customers.
-) While ranking the credit card usage factors as per customers comfort level on using it. In aggregate, Convenience is found to be foremost factor due to which customers usage credit card the most and other factors Easiness and Safety, Satisfaction, Socialization and Modernization lies in second, third and fourth in a rank and Internet Shopping factor is the firth or last in the rank.

5.3 Recommendation

In present context of modernization and IT or Information Technology credit card also plays vital role in financial as well as personal life. As credit card business growing slowly concerned authorities must think how to increase this business so that Nepal can keep pace with ever changing international market. As there are lots of limitations regarding credit card business in Nepal. On the basis of the study following suggestions and recommendations are provided to banks, merchants and cardholders.

5.3.1 Recommendation to the Bank (Issuer)

From the research, it is found that the following steps should be taken by the concerned bank to boost the credit card business.

) Advertising

All concerned banks should advertise a lot because most people do not know about credit card. For this they can choose TV, magazine and web advertising media. Clear concept plays the appreciable role to enhance card business. The advertisement should be focused to middle level citizens.

) Attractive Scheme

The concerned bank should come up with attractive scheme like low balance, low service charge, additional card, student card, rewards points an every purchase etc.

) Seminar

Bank should organize the seminar in regular interval of time to know the current position of the market. Seminar must concentrate on interaction among cardholder, merchant and banks. This will help them to know the pros and cons of promote market condition.

) ATM

As far as cash advance business from credit card is concerned, each bank needs to install the global ATM's and connect their existing ATM's making them compatible to accept the internationally branded cards. Since card advance from international card generates more fee based income for the banks and also earn foreign currency. Every effort should be made to increase this market.

) **Merchant**

To increase the card businesses merchant play vital role. In Nepalese market there is a lack of acceptance infrastructure. So, acquiring bank must concentrate on the local market and signed up with local merchants to increase the acceptance of card. As card business in Nepal is in increasing trend, more people will use their card in the local market provided they find more shopping outlets to use their card. This will again increase the card market result more profit for the bank.

Further, concerned bank should issue Master Card as well as Visa Card which are leading brand along with local cards. Bank should also issue small business credit card like in other countries. In Nepal there are lots of small businesses which contribute in the economy of Nepal. If concerned bank issued small business card with low interest rate it might move the card business ahead. Likewise banks should provide fast and reliable service to customer. Statement should be issued on time. Card business is totally depends upon faith so before issuing the card concern authority should take detail analysis of parties and take precaution regarding fraud. It will help to minimize fraud. Banks must be flexible while issuing credit cards such as avoider of service charges, no deposit required for card this will encourage customer of the banks to apply for credit card. On the other hand, banks should have specific guidelines, manuals and rules for cardholder. So that, their credit portfolio is safe and reliable. Concerned government authorities must act to bring rules and regulation governing repayment of credit card loan. Then after, card business will gain new height in Nepal.

5.3.2 Recommendation to the Merchant

) **Advertising**

Advertising is key of success for any business. As of date, people are still in doubt whether the merchant accepts card or not. Hence, to aware the customer regarding card acceptance more aware nonce programmers is required so that people can go out in the market with only plastic card in their bag.

) **Quality Service**

Merchant should provide quality service by providing quick service and should not take unnecessary charges to cardholder.

) **Faith Maintain**

There must be relation of faith between merchant and cardholder. Merchant should not manipulate the Currency, amount and other manipulation related with card user to build of faith. As a result, more people will be confident in using their card.

5.3.3 Recommendation to the Cardholder

) **Proper Utilization**

The cardholders should utilize the credit card properly. Timely payment of balance, Renew and to take precaution regarding card fraud.

) **Faith Maintain**

The cardholder should provide correct information about self-financial condition.

) **General Awareness**

The cardholder should utilize the card as a service provided by bank as other service. So the cardholder also co-operate with bank. Besides this government also should takes some step regarding card business. Only private and joint venture banks are involved in this business but most people transact with government banks. So government should be provided card service to their customer. The government should make necessary rules and regulation, laws for the handling of card business. In context of Nepal, card service is taken as minor service but it should be taken as major service, which leads to modernization and globalization. At present some other commercial banks like Investment Bank Ltd. and Everest Bank Ltd. are involving in card business by issuing Debit Card. This is matter of happiness in business sector. In future Nepal also may have cash free zone. Therefore government should think about the progress and prosperity of card business.

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Appendix

Appendix: A
Survey Questionnaire

Dear Sir/Madam

I would like to inform you that I am undertaking a research on “**A Study on Factors Affecting the usage of Credit Card in Selected Commercial Banks of Nepal**” to meet the partial fulfillment of the requirements of the Master’s Degree in Business Studies (MBS) from Central Department of Management, Tribhuvan University. I would also like to assure you that all information contained in this questionnaire will be kept confidential and used only at the aggregate level. Your kind cooperation will be highly appreciated.

Thanking You.

Rajesh Bajracharya

A. Respondent’s Information

Q.1) Which age group do you fall under?

Below 20 21-30 31-40 41 and above

Q.2) Gender Male Female

Q.3) Which Profession are you in?

Student Self-employed Employed House wife Unemployed Retired

Q.3) Which is your month income?

Below 20000 20001-40000 40001-60000 60001 and above

B. Factors Affecting Credit Card Uses.

Q.4) Do you use any credit cards?

Yes No

Q.5) If your answer in Q.4 is yes, which bank’s card(s) do you use?

NABIL HBL SCBNL If other please specify.....

Q.6) Are you totally get satisfaction using credit card?

Yes No Neutral

Q.7) if your answer in Q.6 is yes, at which points do you satisfied?

- The insufficiency of my income
- The fact that my income does not cover by expenses
- The needs and desires that cannot be postponed
- My desire to have a higher living standard

Q.8) Are you totally feel convenience using credit card?

[] Yes [] No [] Neutral

Q.9) if your answer in Q.8 is yes, at which points do you feel convenient?

- The convenience of a credit card when shopping
- It enables me to shop without using any cash
- My credit card allows me to shop even when I have no money
- How a credit card can give out cash under unexpected circumstances
- I donot have to think of how I will pay for my shopping

Q.10) Are you totally feel that you use credit card for socialization and modernization?

[] Yes [] No [] Neutral

Q.11) if your answer in Q.10 is yes, at which points do you agree?

- It is a modern and fashionable way to pay bills
- The thought of failing behind of new things and my general needs
- The fact that the people I know around me all use credit cards

Q.10) Are you totally feel easiness and safety while using credit card?

[] Yes [] No [] Neutral

Q.11) if your answer in Q.10 is yes, at which points do you agree?

- I donot like to carry cash on me
- It is more safe than carrying cash, carrying cash is risky
- Enables me to invest cash into securities

Q.11) Are you totally do shopping using credit card?

- Yes No Neutral

Q.12) if your answer in Q.11 is yes, at which points do you agree?

- It enables me to shop via my telephone
- It enable me to shop via the internet