

# **THE TRENDS OF CREDIT CARD BUSINESS IN NEPALESE BANKING SECTOR**

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Faculty of Management  
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*In partial fulfillment of the requirement for the Degree of  
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**Butwal  
December, 2012**

# RECOMMENDATION

This is to certify that the Thesis

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Entitled:

**THE TRENDS OF CREDIT CARD BUSINESS  
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*has been prepared as approved by this Department in the prescribed format of the  
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## THE TRENDS OF CREDIT CARD BUSINESS IN NEPALESE BANKING SECTOR

and found the thesis to be the original work of the student and written according to the prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirement for  
**Master Degree of Business Studies (M.B.S.)**

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# DECLARATION

I hereby declare that the work reported in this thesis entitled “*THE TRENDS OF CREDIT CARD BUSINESS IN NEPALESE BANKING SECTOR*” submitted to 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 Degree in Business Studies (M.B.S.) under the supervision of **Prof. Indra Chapai** of **LUMBINI BANIJYA CAMPUS**.

.....

**Purnikala Rana**

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**Symbol No. : 1276**

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## **ABBREVIATIONS**

EFTPOS	:	Electronic Fund Transfer at Points of Sales
ATM	:	Automatic Teller Machine
ATS	:	Alpine Travel Service
BIN	:	Bank Identification Number
CNP	:	Card/Cardholder not Present
HBL	:	Himalayan Bank Limited
IC Chip	:	Integrated circuit chip
JBC	:	Japan Commercial Bank Card
JCB	:	Japanese Card Business
MSF	:	Merchant Service Fee
NABIL	:	Nabil Bank Limited
NIBL	:	Nepal Investment Bank Limited
NRB	:	Nepal Rastra Bank
POS	:	Point of sale
PIN	:	Personal Identification Number
SCBNL	:	Standard Chartered Bank Nepal Limited
SCT	:	Smart Choice Technology
T&E	:	Travel and Entertainment
USD	:	U.S. Dollar
BOK	:	Bank of Kathmandu
GLOBAL	:	Global Bank
AMEX	:	American Express
USA	:	United States of America

# CHAPTER – I

## INTRODUCTION

### 1.1 General Background

A banker or bank is a financial institution whose primary activity is to act as a payment agent for customers and to borrow and lend money. The first modern bank was founded in Italy in Genoa in 1406, its name was Banco di San Giorgio (Bank of St. George). Many other financial activities are added over time. For example, banks are important players in financial markets and offer financial services such as investment funds. In some countries such as Germany, banks are the primary owners of industrial corporations while in other countries such as the United States banks are prohibited from owning non-financial companies. In Japan, banks are usually the nexus of cross share holding entity known as zaibatsu. In France "Banc assurance" is highly present, as most banks offer insurance services (and now real estate services) to their clients.

Banks act as payment agents by conducting checking or current accounts for customers, paying cheques drawn by customers on the bank, and collecting cheques deposited to customers' current accounts. Banks also enable customer payments via other payment methods such as telegraphic transfer, EFTPOS, and ATM. Banks borrow money by accepting funds deposited on current/saving accounts, accepting term deposits and by issuing debt securities such as banknotes and bonds. Banks lend money by making advances to customers on current account, by making installment loans, and by investing in marketable debt securities and other forms of money lending.

Banks provide almost all payment services, and a bank account is considered indispensable by most businesses, individuals and governments. Non-banks that provide payment services such as remittance companies are not normally considered an adequate substitute for having a bank account. Banks borrow most funds from households and non-financial businesses, and lend most funds to households and non-financial businesses, but non-bank lenders provide a significant and in many cases adequate substitute for bank loans, and money market funds, cash management trusts and other non-bank financial institutions in many cases provide an adequate substitute to banks for lending savings to.

Banking sector is the main element of any financial sectors. So banking sector is also known as backbone of economy, because it helps to formulate capital by collecting scattered amount among people and invest in different infrastructure like transportation, health and other basic needs of development in which private sector does not want to invest. That is why banking sector is a platform through which scattered saving and scares resources can be transferred from the idle sector into productive sectors. This ultimately helps to uplift the economic development of the country.

So, Nepal needs to emphasize banking among its people in this modern era. Further, in this modern century, banking business transaction and personal life have become advanced in Nepal too, so nowadays to make easy business transaction, various types of equipments and new techniques are introduced. As a result of this banking sectors and financial institution provide non banking service beside instructed banking service to move towards modernization. Previously, people used goods for goods to exchange necessary things that they need to survive but it is very difficult to measure and pay through barter system. That is why money was introduced. Money makes exchange system easy but at the same time even money is inconvenient because it is uncomfortable to carry huge amount to pay large bills, difficult to protect from theft and pick picketers and some other drawbacks. So that nowadays, different payment systems have evolved, especially after the revolution in information technology.

The growth of technology has changed the payment systems world over during the past two decades. More and more innovations are being introduced in both cash payment systems and non-cash payment systems. Cash in the form of notes and coin was the principal method of payment system before the introduction of 'Banking'. Paper instruments such as 'Cheques' and 'Credit Transfer' now have become a part of the payment system with the popularity of banking. With the introduction and implementation of recent technology in banking, electronic devices are making the job of cash payment as well as non-cash payments easy and efficient. The introduction of Automatic Teller Machine (ATMs) and the Plastic Cards have given the banking customers the facility of round the clock (24 hours) banking.

A credit card is part of a system of payments named after the small plastic card issued to users of the system. The issuer of the card grants a line of credit to the consumer (or the user) from which the user can borrow money for payment to a merchant or as a cash advance to the user. A credit card is different from a charge card, which requires the balance to be paid in full each month. In contrast, credit cards allow the consumers to 'revolve' their balance, at the cost of having interest charged. Most credit cards are issued by local banks or credit unions, and are the same shape and size, as specified by the ISO 7810 standard.

In modern day commerce, Credit cards have acquired a fairly prominent and pervasive role. With the increasing use of the credit cards, the society is moving towards cashless transactions. It is one of the highly used and convenient forms of electromagnetic cards that are nowadays available. It has helped to eliminate drawbacks of cash payment system and made life easy and tension free. Credit card is one of the most popular forms of payment of consumer goods services.

Generally, a bank enters into an agreement with its customer and issues the customer a credit card. Credit card is a small plastic card around 8.5cm by 5.5 cm having a magnetic stripe, issued by a bank and financial institution which allows the holder to buy goods or services on credit. It has the name and the account number of the holder embossed on it. In addition, the date up to which the card is valid will also be embossed and a specimen signature panel on the reverse. The card issuer should normally get the card holder to sign in the specimen signature panel in his presence before parting with the credit card. The limit up to which the card holder can make purchases in a month is also informed to the card holder; this limit is called the card-limit.

Credit card is a very convenient way of making purchase on credit without carrying cash. The way a normal credit card works is that the cardholder purchase goods by using his /her credit card and the concerned bank pays bill in the behalf of card user to the merchant, which provides the product and services. The bank charges certain percentage from the merchant in return for processing the transaction by paying the purchased amount less banks commission to the merchant's account.

From the customers side he is given a loan for that amount, generally the bank gives monthly statement of cardholder's expenses, but the date of statement issue may be different from one bank to another bank. The cardholder will have to pay that amount

within the time period given by the bank. If the cardholder does not want to pay the full amount he can pay minimum (printed on the monthly statement) or 5 percent of total expense whichever is high within 15 days of statement issued. Many card issuers being banks also allow withdrawals of cash for emergency purposes and levy a service fee for such withdrawals. Many banks also have credit cards which double up as ATM cards.

## **1.2 Focus of the Study**

In the context of Nepal, credit card is newly entered area in financial and business sector. That is why credit card concept is quite new for both sector; business and general public. Hence, its business is growing slowly. So the general information and current situation of card business are the subject matter of this study.

## **1.3 Statement of the Problem**

Credit card is quite new topic in context of Nepalese banking sector. Only seven commercial banks issue credit cards but only three banks i.e. NABIL, SCBNL & HBL are the banks which are issuing these cards since 1993. Though the card history in Nepal is almost completing its twenty years, card business can not grow in the way it should be. The reason behind the slow growth are the quickly changing political situations, lack of knowledge about the credit card among the general people, very few acceptances of outlets and many more which we will look after later in our study. The card business in Nepal is slowly taking its pace of growth. We are able to study case of the above three banks only. Data are easily not available due to security reasons. Himalayan Bank limited and NABIL bank Ltd both started card business at once by issuing different cards like domestic credit card and master card respectively. The number of people holding credit cards has jumped by almost 9% to 27113 by the end of the first quarter of fiscal year 2009/10. Himalayan Bank Ltd, which succeeded in increasing its cardholders by over 10% to 10249 in the period, continues to be the leader in credit card business. In spite of credit card facility provided to its customers, the banks are not able to notice any significant change in their customer growth. The businesses of these banks are not much affected by the additional card business. The reason behind this can be the lack of basic infrastructure and environment to support the card business in Nepal. Card business is fluctuating till now from beginning. Acquiring volume mostly depends upon arrival of tourists but tourism sector in Nepal is very sensitive to the quickly changing political situations of the country to fully rely

upon it. So the concerned banks are forced to find domestic internal user. So the study will focus on the following problems related to the subject chosen:

- J What are the positions of different banks regarding market share in credit card business?
- J What are the trends of credit card users in Nepalese market?
- J What are the factors that affect credit card business?
- J What are the problems that the card holder face while transacting credit card?
- J What are the pros and cons of credit card as viewed by cardholders, concerned banks and merchants?
- J What are the problems related to various transaction of credit cards?

#### **1.4 Objectives of the Study**

The primary objective of the undertaken research is fulfillment of a course of requirement of the M.B.S program at Tribhuvan University during the thesis year. As known to us Credit card business is quite new in Nepalese business market. And our objective is to help increase awareness on credit card to general public through the medium of business students and also present the banks with a picture of current market scenario of card business in Nepal, the underlying issues in it and the challenges, and subsequently offer them with some suggestions that will help their business and help them come up with appropriate plans and actions. Taking into consideration all these aspects, the specific objectives of the study are as follows:

- J To identify the positions of different commercial banks regarding market share in credit card business.
- J To find out the trends of credit card users in Nepalese market.
- J To find out the factors affecting credit card business.
- J To find out the solutions of the problems that the card holder face while transacting credit card.
- J To analyze the strengths and weaknesses related to various transaction of credit card as viewed by cardholders, concerned banks and merchants in Nepalese banking sectors.
- J To recommend and suggest for improvement of credit card business in Nepal, based on the analysis.

## **1.5 Limitation of the Study**

The study will be limited to the:

- ) Study of performance of Nabil Bank Limited, Himalayan Bank Limited, and Standard Chartered bank limited towards credit card business in Nepal.
- ) Since, credit card is new concept for Nepalese business and personal life, an in-depth study and research has yet to be done. Probably such studies have not been made previously. Hence it is difficult to find the references and required information.
- ) The attempt has been made to be limited within the boundary of available information.
- ) Also efforts have been made to present the possibly collected data and information.
- ) The study covered only a period of 5 years since 2007 – 2011
- ) No availability of financial statement and other data due to privacy so a thorough analysis cannot be conducted.

The data on card user trend and merchant trend were gathered from concerned staffs of the banks. No account has been taken for inactive card users or lapse cards. Research is confined only to analysis of credit card business.

## **1.6 Organization of the Study**

The whole study is divided into five different chapters. Each chapter includes following subject.

### **Chapter – I: Introduction**

The introduction chapter has been include background, a brief introduction to banks involved in credit card business, history of credit card in the world, historical background of credit card in Nepal, focus of the study, statement of problem, objective of the study, importance of the study, and limitation of the study and organization of the study.

## **Chapter- II: Review of Literature**

The review of literature chapter has been including conceptual reviews, review of related study and previous theses.

## **Chapter – III: Research Methodology**

The research methodology chapter has included research design, population and sample, sampling procedure, sources of data, data collection techniques, data presentation and analysis and statistical tools.

## **Chapter – IV: Data Presentation and Analysis**

In data presentation and analysis chapter statistical analysis has been included.

## **Chapter- V: Summary, Conclusion and Recommendations**

Summary, Conclusion and Recommendation has been presented in the last chapter after data presentation and analysis.

# **CHAPTER – II**

## **REVIEW OF LITERATURE**

Review of literature refers to the reviewing of the past studies in the concerned field. Many researchers have conducted their research in the field of card operation. Besides this, there are some books, articles, dissertation and other relevant study concerned with credit card operation. Some of relevant studies, their objectives, findings, conclusions and other literatures relating to the topic have been reviewed in this chapter. In other words review of literature helps to find what already has been discovered by previous researchers, their findings, research gaps that this study will try to find and foretells the very worthiness of the study being undertaken. The topic credit card in fact is quite a new topic for researcher due to this reason very few reviews are found.

This part of study is divided into following sections:

- ) Conceptual Reviews
- ) Review of related studies
- ) Research Gap

### **2.1 Conceptual Reviews**

This part of literature review focuses on the conceptual review of credit card.

#### **2.1.1 Payment Card**

A payment card is small plastic card, which allows its holder to pay for goods purchased or services available at different outlets or on-line through site. It also allows the holder to withdraw money from the automatic teller machine (A.T.M.) or from the bank. (source:[http://en.wikipedia.org/wiki/credit\\_card](http://en.wikipedia.org/wiki/credit_card)).

#### **2.1.2 Credit Card**

It is an instrument of payment used for making payment of services and goods in place of cash or cash items, while repayment can be made after fixed time or over a period of time. It has the option of revolving credit. The cardholders can have the option of partial payment, and on the remaining dues, one has to pay interest. Banks and finance companies issue credit cards carrying the brand of any international payment association such as Visa Card or Master Card. (source:[http://en.wikipedia.org/wiki/credit\\_card](http://en.wikipedia.org/wiki/credit_card)).

### **2.1.3 Debit Card**

Debit card is also a plastic card, an instrument used to pay the price of services and goods in lieu of cash or cash items, where payment is made only against the deposits available in the customer's depository account and payment is effected immediately. It exactly looks like a credit card but the features are completely different .A debit cardholder must have an account with the bank and the moment he makes any purchase, his account gets immediately debited at the point of purchase and hence is called a debit card. (source:[http://en.wikipedia.org/wiki/Debit\\_card](http://en.wikipedia.org/wiki/Debit_card)).

### **2.1.4 VISA**

Visa international is a membership corporation that is owned by its members. Visa operates the world's largest retail electronic payments network and is one of the most recognized global financial services brands. Visa facilitates global commerce through the transfer of value and information among financial institutions, merchants, consumers, businesses and government entities. Visa's family of global payment brands, including Visa, Visa Electron, Plus and Interlink, enjoy unsurpassed acceptance at 27 million merchant outlets and 1 million ATMs across the world. It is the world's largest payment system owned by more than 22000 financial institutions worldwide (source:[http://en.wikipedia.org/wiki/Visa\\_document](http://en.wikipedia.org/wiki/Visa_document)).

### **2.1.5 Master Card**

Another type of credit card issued by the banks is the master card.MasterCard is committed to innovating and growing the range of products and services the company brings to market through its strong partnerships with its customers. MasterCard Worldwide is a driving force at the heart of commerce, enabling global transactions and bringing insight into the payments process to make commerce faster, more secure, and more valuable to everyone involved. As a critical link among financial institutions and millions of businesses, cardholders and merchants worldwide, MasterCard provides services in more than 210 countries and territories. MasterCard advances commerce worldwide by developing more secure, convenient and rewarding payment solutions, processing billions of payments seamlessly across the globe, and building economic connections that accelerate business (source: [www.mastercard.com](http://www.mastercard.com)).

### **2.1.6 Parties Involved**

The parties involved in credit card business are as below:

- ) Cardholder
- ) Card-Issuing Bank
- ) Merchant
- ) Acquiring Bank
- ) Merchant account
- ) Credit Card Association

(Source: Hada, Sunita 2004)

### **2.1.7 Historical Background of Credit Cards in Nepal**

Credit card is generally associated with a financial institution or bank. However, the history of credit card business in Nepal is associated with a travel agency named Alpine Travel Services private limited (ATS). ATS first obtained the license from VISA and MasterCard International in 1985 A.D. as the representative of the chase Manhattan Bank, NA Singapore. It was horsed to sign up merchant establishment to the various outlets. Now, Alpine accepts credit card service from more than 2000 merchants all over the country. From its association with the chase Manhattan Bank, Singapore and then in 1993 with the Overseas Union Bank Ltd, Credit Card in Nepal has come a long way(source:www.creditcards.com.np).

After ATS, Nepal Grindlays Bank Limited, NGBL, (later named Standard Chartered Bank Limited, SCBL) also entered credit card acquiring market in 1989 with Visa and NABIL acquired Master Card. Later, NGBL acquired Master Card in 1990A.D. and JCB in 1992 A.D. It was the Himalayan Bank Limited and NABIL to start the issue of cards in Nepal for the first time in November 1993 A.D. NABIL issued Master Card whereas HBL entered the credit card issuing business with its typical local proprietary card branding "HBL Regular" which is the Nepal's first ever (domestic) Credit Card. In December 1997, HBL improved its technology to issue HBL Gold Card that was more reliable and safe. These cards become very popular in Nepalese general public, especially in the Katmandu valley. But now HBL Gold is not issuing because of manipulation problem. Himalayan Bank Ltd started to acquire international credit card (Visa) only since 1996. Likewise NGBL started issuing Visa and Master Card in April 1997 A.D. and July 1998 A.D (source: Hada, Sunita 2004).

Today Credit card business in Nepal is provided mainly by seven banks; Himalayan Bank, NABIL Bank, SCBNL and very recently NIBL, LAXMI, BOK and GLOBAL IME Bank. All of these banks are both issuer and acquirer. Credit card is still in initial stage in Nepalese market. So it is facing some problems. The major problem with the card business is that most of the people are not aware of its benefit. They are only familiar with the general services provided by the Bank. They don't know what the credit card is, how its operation is carried out, how the entire system works and what are the advantages if one becomes the card holder. The primary reason behind this may be huge investment to start card business and comparatively very low return due to small market size. Hence this has been one of the problems to tap the foreside business. The main purpose of this study is to analyze, evaluate the card business of Nepal particularly with reference to HBL, NABIL and SCBNL.

### 2.1.8 Players of Credit Cards in Nepal

Himalayan Bank, NABIL Bank, SCBNL NIBL, LAXMI, BOK and GLOBAL IME Bank are carrying the credit card business in Nepal. All of these banks are both issuer and acquirer. Types of credit cards they are acquiring and issuing are shown in the following table:

**Table 1.1**  
**Players of Credit Cards in Nepal**

<b>Banks</b>	<b>Cards Issued</b>	<b>Cards Acquired</b>
NABIL	Master cards	MasterCard/Visa/Dinner cards
SCBNL	Master cards/ Visa Cards	Master card/Visa cards/JCB
HBL	Visa cards	Visa Cards
NIBL	Visa Cards	Visa Cards
LAXMI	Visa cards	Visa cards
BOK	Visa cards	Visa cards
GLOBAL IME BANK	Visa cards	Visa cards

(source: appendix II)

### 2.1.9 Components of Credit Card

The component of credit card is as follows:

- ) Unique Card Number
- ) Name of Cardholder

- )] Validity Date
- )] Issuing Bank
- )] Brand Name
- )] Magnetic Stripes
- )] Photo of the holder

(Source: [www.nabilbank.com.np](http://www.nabilbank.com.np))

### **2.1.10 Basic Eligibility Criteria for Being a Card Holder**

The following criteria must be fulfilled to be a card holder in context of Nepal.

- )] Age 18 Years above
- )] Have a regular income sources with annual income more than Rs. 120000/-
- )] Maintain accounts with any branch of concern bank
- )] As prescribed under Nepal Rastra Bank regulation( For International Dollar card)

(Source: [www.nabilbank.com.np](http://www.nabilbank.com.np))

### **2.1.11 Documents Required**

When once applying for a credit card following documents must be submitted with credit card application form

#### **Required Documents for applying Personal Card**

- )] Salary certificate/ documentation to prove income source.
- )] Identification paper ( copy of citizenship certificate / passport)
- )] Two passport size color photograph.

(Source: [www.nabilbank.com.np](http://www.nabilbank.com.np))

#### **Required Documents for applying a Corporate Card**

- )] Company/Firm registration certificate
- )] Income tax registration and tax clearance certificate
- )] Board resolution authorizing availing of credit card and debiting company account for all charge.
- )] Letter by authorized management personnel for issuing individual credit card.
- )] A copy of latest audited balance sheet and statement of profit & loss of the firm along with proof of any other income sources.

- ) Identification paper (copy of citizenship certificate /passport)
  - ) Two passport size color photograph
- (Source: [www.nabilbank.com.np](http://www.nabilbank.com.np))

### **2.1.12 Transaction Process of Credit Cards**

A credit card is a convenient method of payment providing many benefits to the card holder. When we pay via credit card in a store or online, we are using a sophisticated and reliable worldwide payment system. The below steps are there in transaction process of credit cards:

#### **Step 1:**

You present your credit card to merchant as payment.

#### **Step 2:**

Merchant accepts card and sends transaction details to payment processor. Transactions generally take a few seconds.

#### **Step 3:**

Processor forwards transaction details to credit card Company's network.

#### **Step 4:**

Card Company routes transaction details to card issuer for authorization.

#### **Step 5:**

Issuer approves transaction and sends notification back through same channels.

(Source: [www.google.com](http://www.google.com))

### **2.1.13 Risk and Fraud in Card Business**

Besides high profitability in credit card business, there occur risks such as fraud. Profitability of card business may seriously undermine if losses occur due to fraud. Therefore, minimizing losses due to fraud forms an important responsibility of issuer and acquirer. The largest fraud losses may result from unauthorized use of lost and stolen cards. So, when a card is discovered to be lost or stolen, the cardholder should lodge an FIR with nearest police station as soon as he finds out the card is lost or stolen and immediately inform the concerned bank and send it a copy of the FIR. The issuer should act and quickly and record the lost or stolen card in the authorization file.

The cardholder's a/c should be closed and open new a/c in order to segregate genuine transaction and unauthorized transaction. The cardholder's a/c should be monitored

carefully and the merchant should carefully check warning bulletins before processing a transaction under the merchant floor limit.

### **2.1.14 Risk Minimize Mechanism**

In order to minimize the risk and losses in fraud cards transaction, the parties involved should keep proper monitoring of sudden high charge transaction. In case of potentially loss cards immediate use of warning bulletins and electronic negative file can be crucial for early detection and to the minimize fraud losses .The card holder should immediately notify the issuer if cards are lost or stolen. Most credit card companies have toll-free numbers and 24-hour service to deal with these emergencies.

The banks in credit card business should adopt following risk management steps:

- a. Cardholder application must be carefully screened
- b. Proper monitoring of card use.
- c. Judicious collection practices.
- d. Educating the cardholder
- e. Responsiveness to risk situation in order to minimize fraud losses.
- f. The bank should keep proper monitoring for high charge transaction.

The card holder should adopt following risk management steps.

1. Card holder should keep an eye on his/her credit card every time he/she uses it, and make sure you get it back as quickly as possible.
2. It is better not to lend a credit card to anyone else.
3. Never respond to emails that request you provide your credit card info via email
4. Card holder should sign credit cards as soon as he/she receives them.
5. Don't write PIN number on credit card or have it anywhere near your credit card (in the event that your wallet gets stolen).
6. Never leave your credit cards or receipts lying around.
7. Never sign a blank credit card receipt.
8. Carbon paper is rarely used these days, but if there is a carbon that is used in a credit card transaction, destroy it immediately.
9. Never write credit card account number in a public place (such as on a postcard or so that it shows through the envelope payment window).
10. If the card holder changes his/her address he/she should inform credit card issuers in advance of change of address.

(source:[http://en.wikipedia.org/wiki/credit\\_card](http://en.wikipedia.org/wiki/credit_card)).

## **2.2 Review of Related Studies**

The following work papers and abstracts about credit cards are drawn from websites:

Visa International (2000), states in 1998 over 185 million bankcards were issued in Asia Pacific region alone which accounted for transaction worth over US \$330 billion. When compared to other regions such as European Union, North America, etc the volume is quite low but a consistent growth of 30% has been maintained by the payment cards sector in the payment industry .Merchant locations outlets that accepts these cards as a means of payment is over 5.4million. The growth of electronic terminals (device which executes transaction electronically) is growing at an annual rate of 40% whereas the numbers of ATMs (Automatic Teller Machines) has grown at the rate of 25%. With demo Figures of about two third of the worlds populations and 25% of the worlds gross domestic products- Asia pacific Region has more than 500 million bank customers

Kinley (2002), states Visa's regional head stating that East Asia is and will be in years to come Visa's fastest growing market. In the same work it is also stated that credit card usually generates returns on assets above 5%.credit card spending in Korea is increasing at a rate of 90% per year.

Staten & Barron (2002), this report provides benchmark measures of prominent attributes of college student credit card usage by utilizing a polled sample of credit card accounts randomly selected from the portfolios of five of the top 15 general purpose credit cards issuers in the U.S. The analysis compares behavior across three types of accounts. Those opened through college student card marketing programs those opened by young adults aged 18-24 through college student card marketing channels (i.e. not through normal marketing programs), and those opened by order adults through normal marketing channels. All accounts analyzed in this study were opened during the periods during 2000-2001. The study is the first to utilize random sample of account-level data from a number of large credit card issuers to compare the activity and performance of student of student-large credit cards accounts to other types of account

Chakravorti (2003), Credit cards provide benefits to consumers and merchants not provided by other payment instruments as evidenced by their explosive growth in the number and value of transactions over the last 20 years. Recently, credit card

networks have come under scrutiny from regulators and antitrust authorities around the world. The costs and benefits of credit cards to network participants are discussed. Focusing on interrelated bilateral transactions, several theoretical models have been constructed to study the implications of several business practices of credit card networks. The results and implications of these economic models along with future research topics are discussed.

With the above stated growth rate and the emergence of middle class consumers, this market displays tremendous potential to become a cash free zone with all the fertile financial needs being handled by bankcards.

Although at present card market is mainly limited to Katmandu valley and other relatively bigger cities and tourist locations only, there is also a vast potential in smaller cities. Domestic banks, owing to their vast network and reach to smaller cities, can easily tap this potential. They would be better off, penetrating into smaller cities and bringing cards to the masses rather than sharing a small urban pie that is day to day shrinking (The Himalayan Times, 2009).

Credit card is a kind of facility provided by financial or commercial bank. It is very popular in international business and their personal life but in our country it is new concept .Due to lack of necessary infrastructure for using credit card its business position is still in unsatisfactory level. However, only few researchers have done research on this credit card market. So only few working paper and previous thesis were reviewed in this thesis.

### **2.3 Review of Thesis**

Thapa (2002), had conducted research on “*Prospect and Challenge of credit card Business in the banking sector of Nepal*” .The main objective of the research was to find out the prospects and challenges of credit card business in the banking sector of Nepal. Researcher has taken Nabil bank Ltd and Standard Chartered Bank as a sample bank. The researcher found that the main problem of credit card business is acceptance infrastructure, which takes huge amount of investment to commence. The credit card business in Nepal depends mainly upon the arrival of tourist and high fixed cost associated with card operation was portrayed as a barrier

But the study does not give the complete answer to the research problem. The study mainly focuses on Nabil Bank Ltd and only Nabil Bank does not represent the total card market. His initiation to present the card market scenario of Nepal is highly commendable and is worth noting for further more studies on it. Hence, the necessity of research does not finish.

Hada (2004), had conducted "*Credit card Practices in Nepal*". In this research, researcher had tried to find out the situation of credit card in Nepal at that period considering three banks and the leader bank that led the card business and viability of card business in Nepal. In this research too the researcher had failed to present the exact business of credit card and the research is only based on secondary data. Hence the necessity of research is still not finished.

Shrestha (2007), had conducted research on "*Credit card business in Nepal with reference to Himalayan Bank Limited*". Her work is highly commendable and she had drawn significant conclusions and remarkable recommendations for Himalayan Bank. Her study is more analytical and also attempts to give a slight picture of credit card market in Nepal. But the study only deals with one bank and is only directed to identify problems of that particular bank only

Gaire (2009), had conducted "*Credit card Practices in Nepal*". In this research, researcher had tried to find out the situation of credit card in Nepal at that period considering three banks and the leader bank that led the card business and viability of card business in Nepal. In this research too the researcher had failed to present the exact business of credit card and the research is only based on secondary data. Hence the necessity of research is still not finished.

Bhandari (2010), had conducted research on "*A trend study on Credit card business in Nepal*". Her work is highly commendable and she had drawn significant conclusions and remarkable recommendations for credit card business in Pokhara. She also attempts to give a slight picture of credit card market in Pokhara. However, the study is focused and deals with only one place and directed to identify the problems & remedial measures for particular place.

Shrestha (2010), had conducted her study on “*Perceived Attributes of Automated Teller Machines and their Marketing Implications*”. In her study she found that ATM cards are no more than convenient cash dispensers. Besides, some of the respondents perceive other features such as prompt service, balance check and making payment for shopping bills. The study have found out three major aspects of ATM card which are no. of merchant locations and ATM where the card can be used, the amount of money you can withdraw per transaction and the number of transaction you can make per day.

## **.2.4 Research Gap**

Credit card business is most popular form of payment among the types of payment due to its special features. But in Nepal the popularity of credit card is quite low due to ignorance about this card business. There are not many researches conducted on this topic and the study which is related to this topic.

- ) The previous researches are unable to brief on the detail meaning and importance of credit card in modern life hence in this study we had tried to find out the detail meaning and importance of credit card in modern life.
- ) The above researches are only based on the secondary data but in this study we had tried to take both primary as well as secondary data which shows the concise figure of credit card business in Nepalese market.
- ) Above study focuses only on one aspect but in this study we had tried to find out the different aspects of credit card business in Nepalese market for e.g. finding market scenario, card players, customer behavior, attitude of credit card users toward card services
- ) Above researches had taken only one or two sample for the study but in this study we had tried to take all major banks involved in credit card business.

# **CHAPTER - III**

## **RESEARCH METHODOLOGY**

### **3.1 Introduction**

Stated simply, research means to search again. We study the social problems again and again to find out something more about the phenomena. The first look may not always be adequate. It may be prone to error. Therefore, we look into the phenomenon again and again and study the problem differently and thoroughly each time. This process of searching again and again is known as research.

Research Methodology is the way of doing and completing research work. It is the way to solve the research problem systematically. The systematic and well organized way of solving the research problem can be referred to as research methodology.

### **3.2 Research Design**

This study is based on descriptive analytical research design. Descriptive research is essentially a fact finding approach relative largely to present and abstracting generalizations by cross sectional study of the current situation and diagnostic research design relates to problem and to find out that solution. The research can also be taken as a development approach as it takes the developmental approach in finding out the solution.

The research can also be taken as a development trend of credit card business in Nepal. This research shows trend of credit card business in Nepal.

### **3.3 Population and Sample**

There are thirty two commercial banks operating in Nepal at present. Population refers to the target group on whom we have conducted our research. Currently there are six banks providing credit card facility and they are HBL, SCBNL, BOK, GLOBAL IME BANK, Laxmi bank and NABIL bank. But we have chosen only three banks; they are HBL, SCBNL and NABIL.

### **3.4 Sampling Procedure**

Sampling is the process of selecting the sample from the given population. The method of selecting a sample usually depends upon the nature of the investigation. Under different techniques of sampling, judgmental sampling technique has been used in this study. In judgmental sampling, the researcher uses his/her judgement in selecting the units from the population for the study based on the population parameters. The sample banks for this study are HBL, SCBNL and NABIL bank.

### **3.5 Sources of Data**

Each fieldwork has its own data needs and data sources. Data for this study has been collected from basic two sources namely primary data and secondary data.

#### **3.5.1 Primary Data**

They are first hand data. They are obtained directly from the source. For primary data collection interview was taken with staffs in the concerned department. Interaction and interviews with card users and merchants were also carried out. Direct interview with the staffs, officers and departmental heads involved in the credit card center was also made.

The officer clarified all the data and gave all the required information in relation to the study. Regular unstructured and structured interviews were conducted with the said groups during the research period.

#### **3.5.2 Secondary Data**

Secondary data are those data that has already been generated by others. Sources of secondary data for this study includes sales information, accounting data, internally generated reports which are found within the company and web site of the company and sources refers to books, websites, publication periodicals, data service and computer data banks, reports and statistics gathered and compiled by other prior to study.

Sources for this study have been listed below:

- ) Data and information relating to Credit card collected from HBL, NABIL, and SCBNL and BOK.
- ) Consolidated report of Nepal card Member forum.
- ) Publication of HBL, NABIL, SCBNL.

- ) Annual reports of concerned banks of different years.
- ) By monthly newsletter of HBL, NABIL, SCBNL.
- ) Internet articles and previous thesis and project works.

### **3.6 Data Collection Procedure**

Both primary and secondary data were used in preparing these researches. And data was obtained directly from concerned staffs in the credit card centre of the concerned banks.

Previous thesis was also consulted for the consolidated data record from Nepal card member forum.

#### **3.6.1 Structured Questionnaire**

Structured questionnaires were prepared for two different sample groups; Customers (card users) and Merchants. There were 50 card users, 25 merchants and few banking staffs and friends working at various banks with acquaintance of credit card who were consulted.

##### **Customers**

This questionnaire was targeted to people regardless of sex, age, education or any other such demographic criteria, the only requirement was that the respondent had to have a credit card of any bank of Rupandehi. This questionnaire was designed so as to focus on specific reason for acquiring credit card and choosing particular banks for doing so. For the credit card holders, the question mainly focused on the types of credit card acquired, means of gathering information about credit card, reasons for acquirement and problems encountered with usage of card, frequency of usage, places of usage, reasons for usage, future plans of termination and reasons for doing so.

##### **Merchants**

The merchant's questionnaire was targeted to merchants of different establishment such as departmental stores, restaurants, hotels, travel agents and others such as retail outlets concentrated in Rupandehi. The questionnaire was divided into two portions; one focused on Merchants having credit cards facilities and the other merchants not having the facilities. The first section consists of questions focused on the acquiring bank, reasons for selection of bank, reasons for acquirement of facilities, frequency of usage of credit card and problems encountered with usage of card. The second section

comprises of questions regarding reasons for not acquiring credit card facilities, reaction of customers to absence of credit card facility and whether there is planning for installing credit card facility and reasons for doing so or if not then why.

Besides questions were also made to staffs of banks for their say on credit cards, the credit cards of their particular bank, problems in marketing, frauds and the general awareness and perception on credit card from their side as well as their view on general people thinking on credit cards.

### **3.7 Methods of Data Presentation and Analysis**

As stated earlier, the basic structure of this study is descriptive and analytical as well. In order to make the study more precise, the data are presented in tabular form. Figures and diagrams are used to clarify and verify the data presented. Various statistical tools are used like mean, standard deviation, covariance and correlation coefficient of sampled banks to evaluate the performance of credit cards business. Card business comparison among Nabil Bank Ltd, Himalayan Bank Ltd, Standard Chartered Bank Ltd and Nepal investment Bank Ltd is also made.

### **3.8 Statistical Tools Used**

The following statistical tools are used to evaluate the working performance of credit card business in credit card market in Nepal.

#### **) Standard Deviation**

$$\sigma = \sqrt{\frac{1}{N} \sum_{i=1}^N (x_i - \bar{x})^2}$$

#### **) Coefficient of Variation (C.V.)**

$$\text{Coefficient of variation (C.V.)} = \frac{\sigma}{\bar{x}}$$

## ) Correlation of Coefficient

$$\text{Correlation Coefficient (r)} = \frac{\sum(x - \bar{x})(y - \bar{y})}{\sqrt{\sum(x - \bar{x})^2 \sum(y - \bar{y})^2}}$$

## ) Arithmetic Growth rate

$$G = (V_2/V_1) - 1$$

where G = Growth rate

V<sub>2</sub> = Succeeding Value

V<sub>1</sub> = Previous Value

## ) Average growth rate

$$g = (g_1 + g_2 + g_3 + \dots + g_n) / n$$

where g = average growth rate

g<sub>1</sub> = growth rate for first year

g<sub>2</sub> = growth rate for second year

g<sub>n</sub> = growth rate for nth year

n = no. of years

## ) Trend Analysis/Time Series

The data of last five years from 2007 to 2011 has been used in measuring the trend analysis.

$$Y = a + b x$$

Here “Y” is used to designate the trend values to distinguish them from the actual “y” value; “a” is the y intercept of the computed trend figure of the y variables. It is the minimum value of Y when x=0, and b represents the slope of the trend line. It is the regression coefficient of Y on x or rate of change in Y for the unit change in x.

# CHAPTER - IV

## DATA PRESENTATION AND ANALYSIS

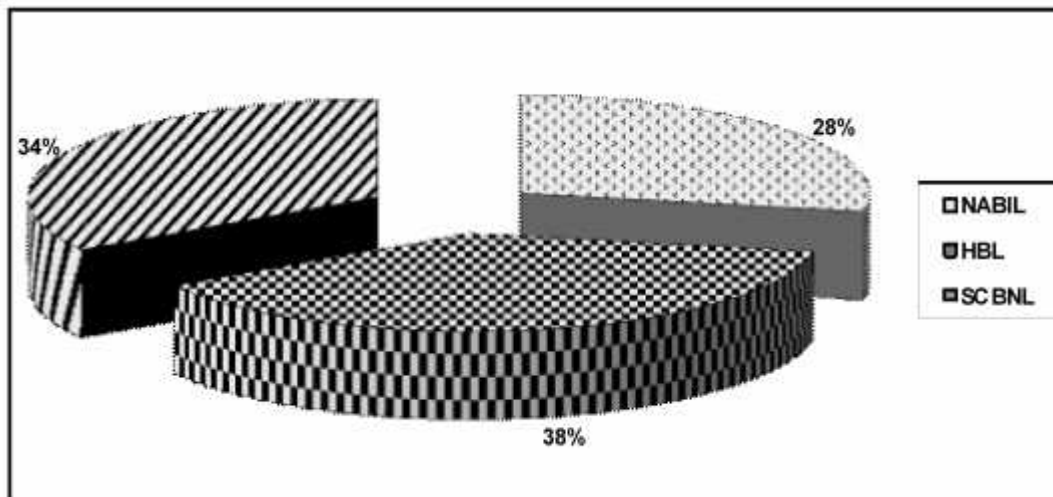
### 4.1 Introduction

This chapter deals with the analysis and interpretation of the data collected from various sources and research methodology. In the course of analysis, data gathered from the various sources has been presented in tabular form. Various tables prepared for the analysis purpose has been shown in the appendix. Data has been analyzed by using financial and statistical tools.

### 4.2 Present Market Share Hold by Different Banks

In context of Nepalese credit cards business NABIL, HBL, SCBNL, NIBL, GLOBAL IME Bank and Laxmi Bank as well are involved. Since, we are considering only three banks NABIL, HBL, and SCBNL, in the following Figure, market share of sampled banks are presented in case of number of cardholders and merchant.

Figure 4.1

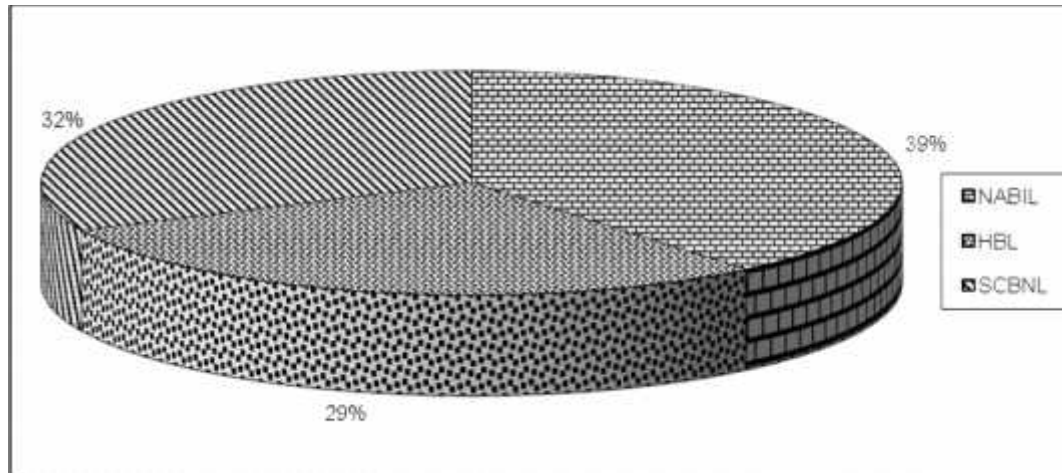


Market share of banks in terms of number of cardholders for the Year 2010/11

Above Figure shows the market share of different banks involved in credit cards business. In case of number of cardholders or issuance market HBL, SCBNL and NABIL hold 38 %, 34 % and 28 % respectively. HBL has the highest %age and NABIL has the lowest %age among three banks regarding card issues.

**Figure 4.2**

**Market share of banks in terms of merchant hold for the Year 2010/11**



Above figure shows the market share of number of merchant hold by banks in credit card business. NABIL, HBL and SCBNL hold 39 %, 29 % and 32 % respectively. The figure indicates the highest and lowest share of NABIL and HBL respectively. Though in terms of issuance HBL has the highest market share, in case of merchant it occupies the lowest market share. Similarly, in terms of issuance, NABIL has the lowest market share but with merchant hold, it almost has the largest market share.

### **Measuring Correlation (r)**

Correlation coefficient helps to find the relationship between variables and how they move together. In this study, relationship between different banks in case of cardholder and merchant is calculated and found as follows.

**Table 4.1**  
**Correlation Analysis of NABIL Bank**

<b>Tools</b>	<b>NABIL With HBL</b>	<b>NABIL With SCBNL</b>	<b>NABIL With INDUSTRY</b>
Correlation(No. of cardholder)	0.98	0.99	0.89
Correlation(No. of merchants)	0.91	0.98	0.99

*Source:-Appendix-1*

According to the above table the correlation between the number of cardholders of NABIL Bank with HBL, SCBNL and Industry are 0.98, 0.99, 0.89 respectively, and

number of merchant are 0.91, 0.98 and 0.99 respectively, which indicate NABIL has positive correlation with HBL and higher and positive degree of correlation with SCBNL and Industry. This means NABIL, SCBNL and HBL move in the same direction. In case of number of merchants, also NABIL has positive and high degree of correlation with other sampled banks and industry.

**Table 4.2**  
**Correlation Analysis of HBL**

<b>Tools</b>	<b>HBL With NABIL</b>	<b>HBL With SCBNL</b>	<b>HBL With INDUSTRY</b>
Correlation(No. of cardholder)	0.98	0.99	0.99
Correlation(No. of merchants)	0.91	0.96	0.96

*Source:-Appendix-1*

Above table shows the relationship of cardholders of HBL with NABIL, HBL with SCBNL and HBL with Industry. HBL has positive correlation with NABIL and a high degree of positive correlation with SCBNL and Industry. In case of number of merchant, also HBL has positive and high degree of correlation with NABIL, SCBNL and Industry.

**Table 4.3**  
**Correlation Analysis of SCBNL**

<b>Tools</b>	<b>SCNBL With NABIL</b>	<b>SCNBL With HBL</b>	<b>SCNBL With INDUSTRY</b>
Correlation(No. of cardholder)	0.99	0.99	0.99
Correlation(No. of merchants)	0.98	0.96	0.99

*Source:-Appendix-1*

According to above table, the correlation between the numbers of cardholders of SCBNL with NABIL, SCBNL with HBL and with Industry are 0.99, 0.99 and 0.99 respectively and number of merchants is 0.98, 0.96 and 0.99 respectively. SCBNL has positive and high degree of correlation with all other banks and industry in terms of both card issuance and merchant hold, which indicates that SCBNL is moving in positive direction with other banks and industry.

### 4.3 User Trend of Credit Card Business

The credit card business is in an initial phase in Nepalese market. Hence, the users of credit card are subsequently low. The following table shows the number of credit card users of the sample banks: NABIL, HBL and SCBNL for the past 5 years.

**Table 4.4**  
**User Trend of Credit Card Business**

<b>Year</b>	<b>NABIL</b>	<b>HBL</b>	<b>SCBNL</b>	<b>INDUSTRY</b>
2006/07	4910	4088	6777	15775
2007/08	5450	5683	7454	18587
2008/09	5940	7388	8200	21528
2009/10	7200	8852	9020	25072
2010/11	7500	10249	9364	27113
Average	6200	7252	8163	21615
Growth	11.34%	26.15%	8.45%	14.56%
Standard Deviation	998.42	2192.40	959.36	4134.27
Coefficient of variance	16.10%	30.23%	11.75%	19.13%

*(Source: Consolidated minute of Nepal Card Forum,(2010/11)*

*Calculation: - Appendix-1*

The above table shows the trend of cards users of NABIL, HBL, SCBNL and Industry. The average users of different banks: - NABIL, HBL, SCBNL and Industry are 6200, 7252, 8163, and 21615 respectively. In comparison among the three banks, HBL has the highest number of card users while it was SCBNL previous year. Similarly annual growth rate of sample banks NABIL, HBL, SCBNL and Industry are 11.34%, 26.15%, 8.45% and 14.56% % respectively. HBL has the highest growth rate among the three sample banks and SCBNL has the lowest growth rate, which is not different from the previous year.

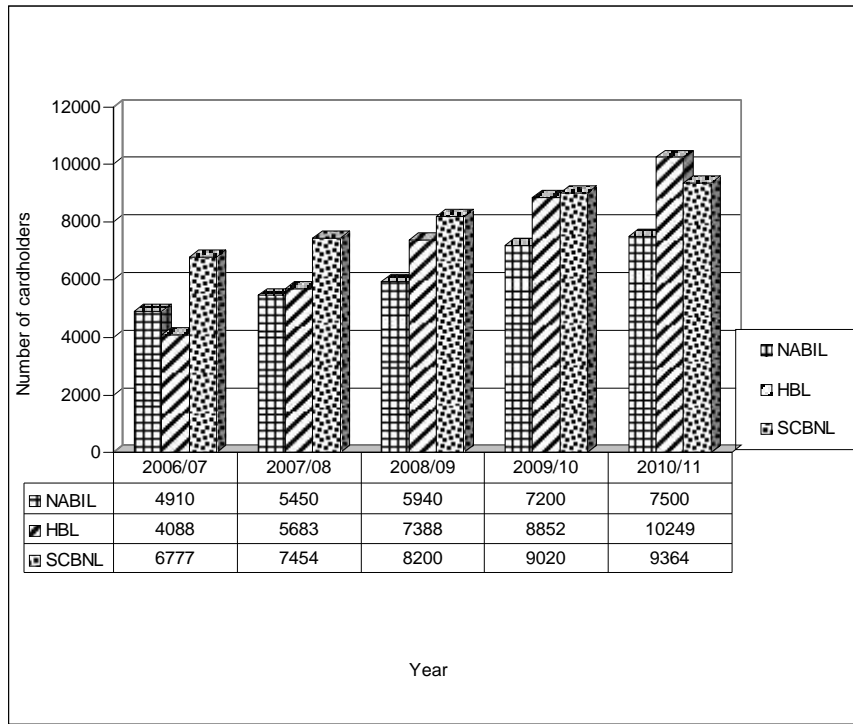
Standard deviation shows the volatility of the user trend. From above data, the standard deviation of NABIL, HBL, SCBNL and Industry are 998.42, 2192.40, 959.36, and 4134.27 respectively. While analyzing the volatility of user trend, HBL has the highest volatility among three sample banks but all banks have less volatility than the industry.

The coefficient of variance measures the risk of business, higher the C.V. higher the risk, lower the C.V. lower the risk of business. Form above data, the coefficient of variance of sample banks NABIL, HBL, SCBNL and Industry are 16.10 %, 30.23 %, 11.15 % and 19.13 % respectively. HBL has the highest C.V. It shows that HBL has

higher risk than other banks. Similarly, SCBNL has lowest C.V. and it shows that it has lower risk.

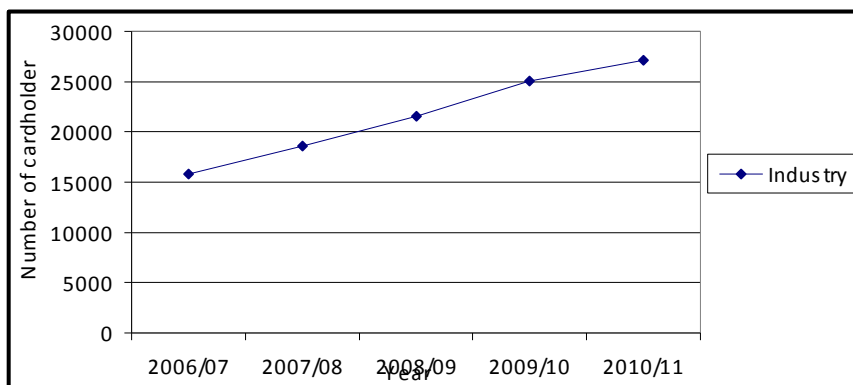
**Figure 4.3**

**User Trend of Credit Card Business of Nepal**



**Figure 4.4**

**User Trend of Industry**



In spite of having the highest number of cardholders and growth rate, HBL has the greatest volatility and risk. SCBNL has lowest growth rate but relatively lower risk.

#### 4.4 Merchant Trend of Credit Cards Business

The acceptance infrastructure plays vital role in boosting the card business. It encourages people to use the card and facilitates payments without immediate cash. The following table shows the merchant trend of credit card business.

**Table 4.5**  
**Merchant Trend of Credit Card Business**

<b>Year</b>	<b>NABIL</b>	<b>HBL</b>	<b>SCBNL</b>	<b>INDUSTRY</b>
2006/07	750	619	693	2062
2007/08	900	708	762	2370
2008/09	1050	750	838	2638
2009/10	1200	777	922	2899
2010/11	1250	926	1005	3181
Average	1030	756	844	2630
Growth	13.78%	10.77%	9.74%	11.47%
Standard Deviation	186.01	100.45	110.96	391.47
Coefficient of variance	18.05%	13.28%	13.14%	14.88%

*(Source: Consolidated minute of Nepal Card Forum(2010/11)*

*Calculation: - Appendix-1*

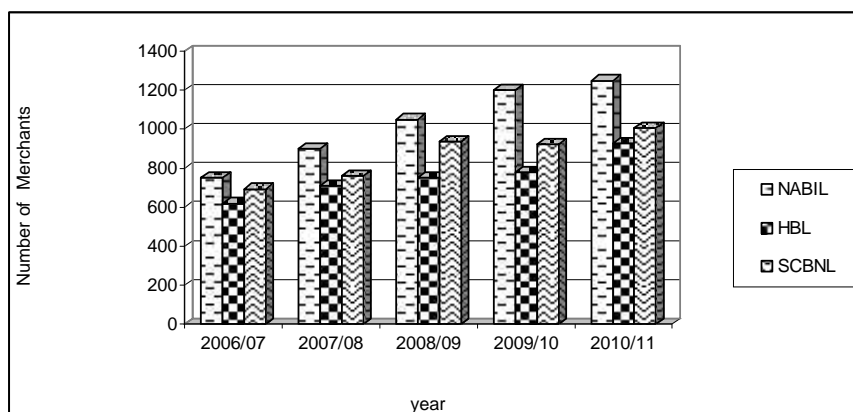
Above table and figure, show the merchant trend in card business. Among the sampled banks NABIL, HBL, SCBNL and Industry have average number of merchant 1030, 756, 844 and 2630 respectively. NABIL has the highest and HBL has lowest average number of merchant among the sample banks

Similarly annual growth rate of sample banks NABIL, HBL, SCBNL and Industry are 13.78 %, 10.77 %, 9.74 %, and 11.47 % respectively. NABIL bank has the higher growth rate than HBL and SCBNL. SCBNL has the lowest growth rate of merchant while it was HBL previous year.

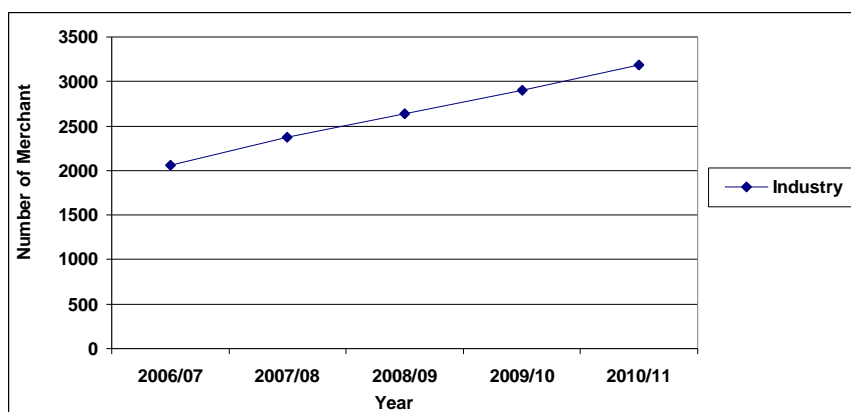
Standard deviation of NABIL, HBL, SCBNL and Industry are 186.01, 100.45, 110.96 and 391.47 respectively. It shows that volatility of merchant of NABIL is highest. All banks have less volatility compared to Industry.

The coefficient of variance of sampled bank NABIL, HBL, SCBNL and Industry are 18.05 %, 13.28 %, 13.14 %, and 14.88 % respectively. Analyzing these figures, NABIL has the highest risk and SCBNL has lowest risk.

**Figure 4.5**  
**Merchant Trend of Credit Card Business**



**Figure 4.6**  
**Merchant Trend of Industry**



Though NABIL has the highest number of merchant and growth rate, it has greater volatility and risk among the three banks.

### 4.5 Trend Analysis

For obtaining knowledge about the nature of variation of a quantity along with time, time series is used. When a series of data pertaining to a series of continuing periods should be studied, its characteristics and its future direction is best estimated by the

time series .The most commonly used method to describe the trend is the method of least square which helps us know the movement of variables and by using this tool the future value can be predicted. In this analysis for predicting the future value of new

number of cardholder and number of merchant for present year 2011/2012, least square method is used and the summarized values are as follows:

**Table 4.6**  
**Projected Values of Different Banks for the Year 2011/2012**

<b>Tools</b>	<b>NABIL</b>	<b>HBL</b>	<b>SCNBL</b>	<b>INDUSTRY</b>
No. of cardholder	8279	11899	10185	30363
No. of merchant	1420	961	1079	3460

*(Source: Consolidated minute of Nepal Card Forum, 2009/10-2010/11)*

*Calculation: - Appendix-1*

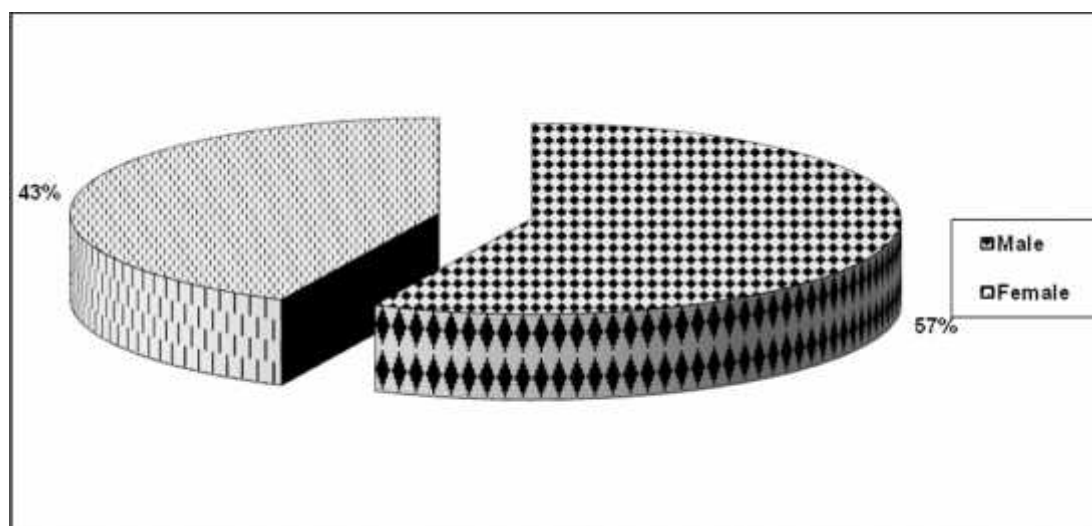
Above figures show the data for year 2011/2012 according to table, the number of cardholder and number of merchants of NABIL in 2012 is 8279 and 1420 respectively.

Similarly, number of cardholder of HBL in 2012 is 11899 and merchant is 961 and SCBNL's number of cardholder and merchant for 2012 is 10185 and 1079. Similarly, number of cardholders and merchants of Industry is 2012 is 30363 and 3460 respectively.

## 4.6 Result Section of Questionnaire

### Credit Card Customers

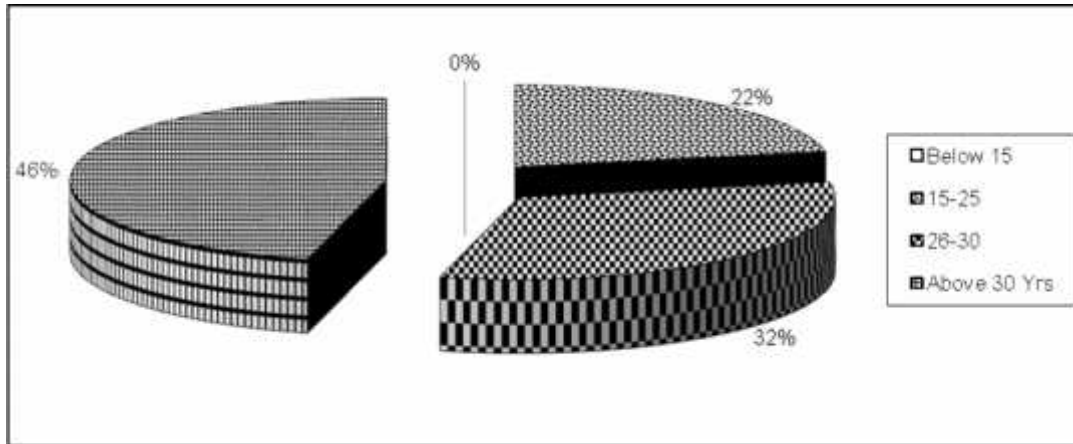
**Figure 4.7**  
**Gender Distribution of Customers**



*Source: - Appendix II*

As per Figure 4.7, out of 50 respondents (cardholding customers), 57% (28) were male and 43% (22) female.

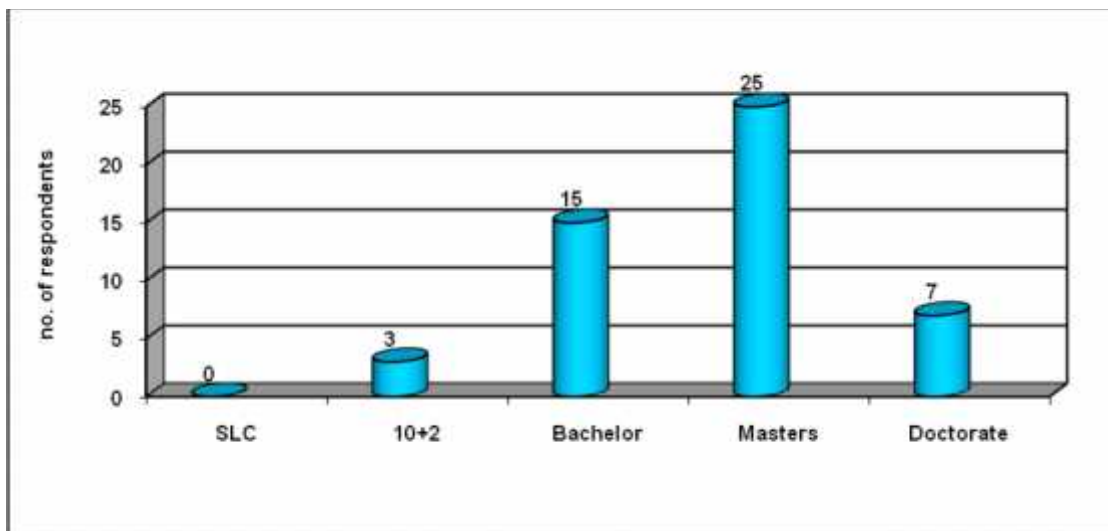
**Figure 4.8**  
**Age Distribution of Customers**



Source: - Appendix II

As per figure 4.8, out of 50 customers based on age group, 46% (23) were above 30, 22% (11) were between age 18-25 and 32% (16) were between 26-30 years.

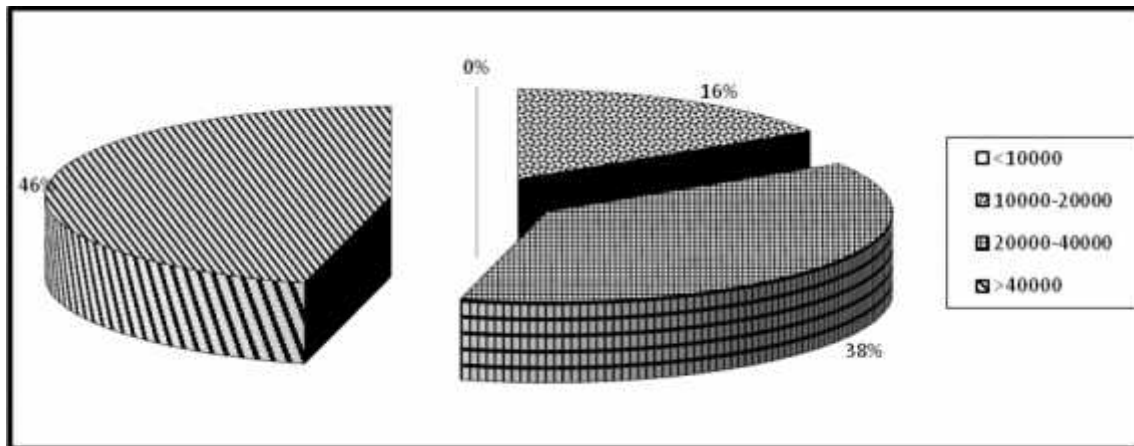
**Figure 4.9**  
**Education Level of Customers**



Source: - Appendix II

As per figure 4.9, out of 50 respondents based on educational background, 6 % (3) were of 10+2 level, 30% (15) had Bachelor degree, 50% (25) had master degree and the remaining 14 % (7) had doctorate degree.

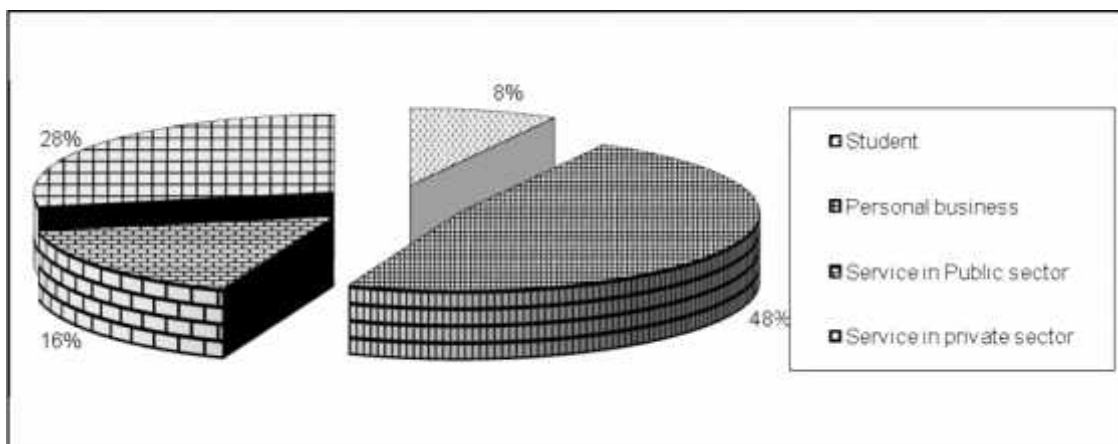
**Figure 4.10**  
**Income Level of Cardholders**



Source: - Appendix II

As per Figure 4.10, of the 50 respondents possessing credit card, 46 % ( 23) cardholders had monthly income above Rs.40, 000, 38 % ( 19) earned between 20,000-40,000 and 16% (8) earned monthly income between 10,000-20,000.

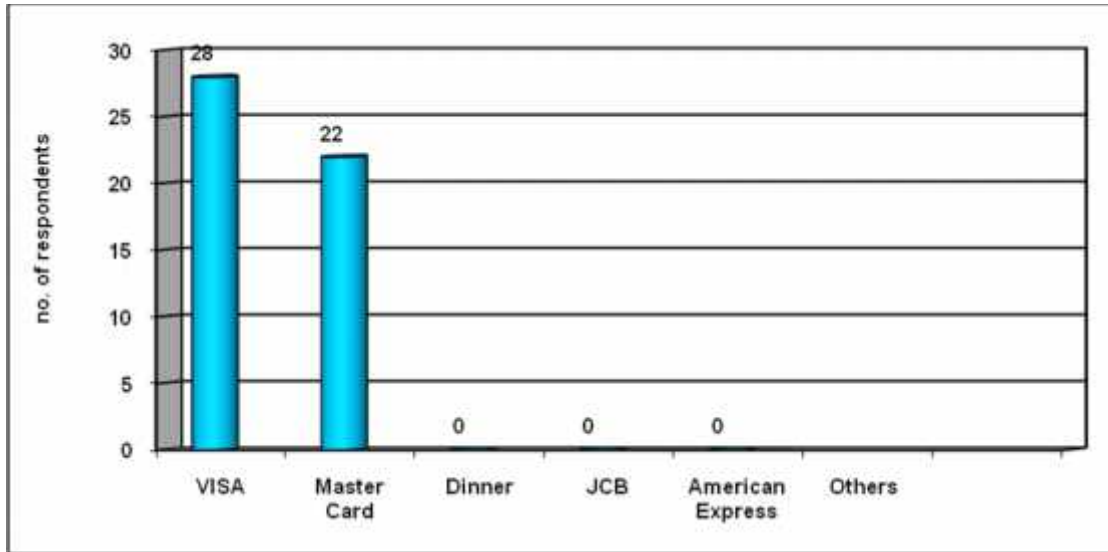
**Figure 4.11**  
**Profession of Cardholders**



Source: - Appendix II

As per figure 4.11, majority of the respondents surveyed own their own personal business. In fact 48% (24) had business of their own 28 % (14) worked in private sector and student at 8% (4) and public sector employee 16% (8) followed this.

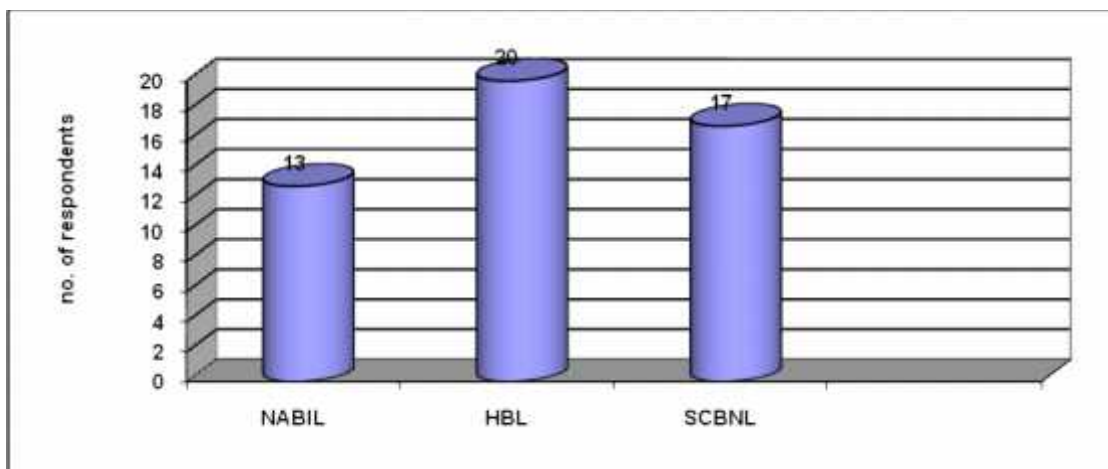
**Figure 4.12**  
**Types of Cards**



*Source: - Appendix II*

As per figure 4.12, out of 50 respondents, 56% (28) respondents have had VISA card and 44% (22) had master card. Hence, we have found that customers are simultaneously using VISA card and Master Card. None of my respondents possessed JCB, Diners, American Express and other cards. Tourists and foreigners mostly hold these cards and the acceptance infrastructure for these cards is slowly growing. These cards are accepted in few departmental stores, merchants (travel agency and hotels only).

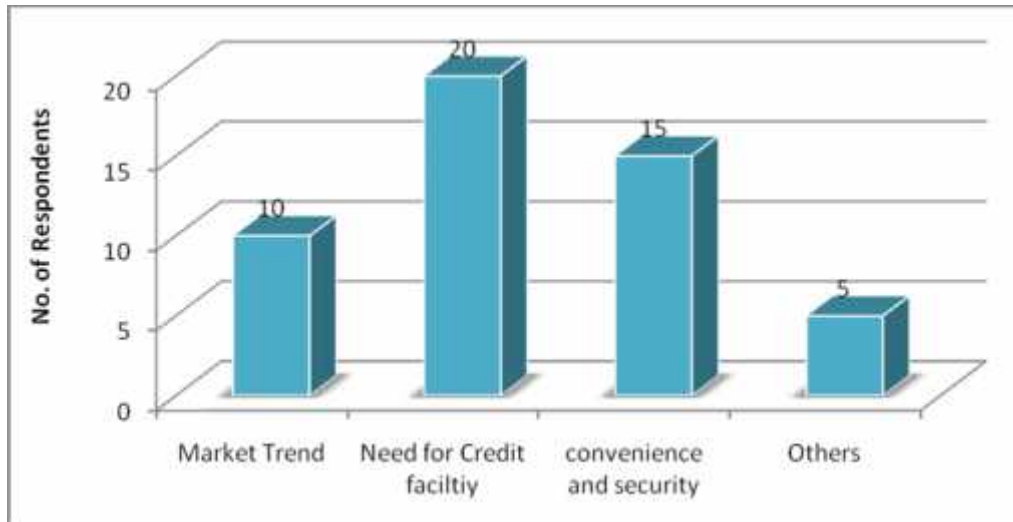
**Figure 4.13**  
**Cards Acquired of Different Banks**



*Source: - Appendix II*

As per figure 4.13, among the sample banks, it is seen that most of the customers have acquired credit card of Himalayan Bank Limited. 40% (20) cardholders acquired card of Himalayan bank, 33% (17) acquired card of SCBNL, 27% (13) acquired card of NABIL Bank Limited.

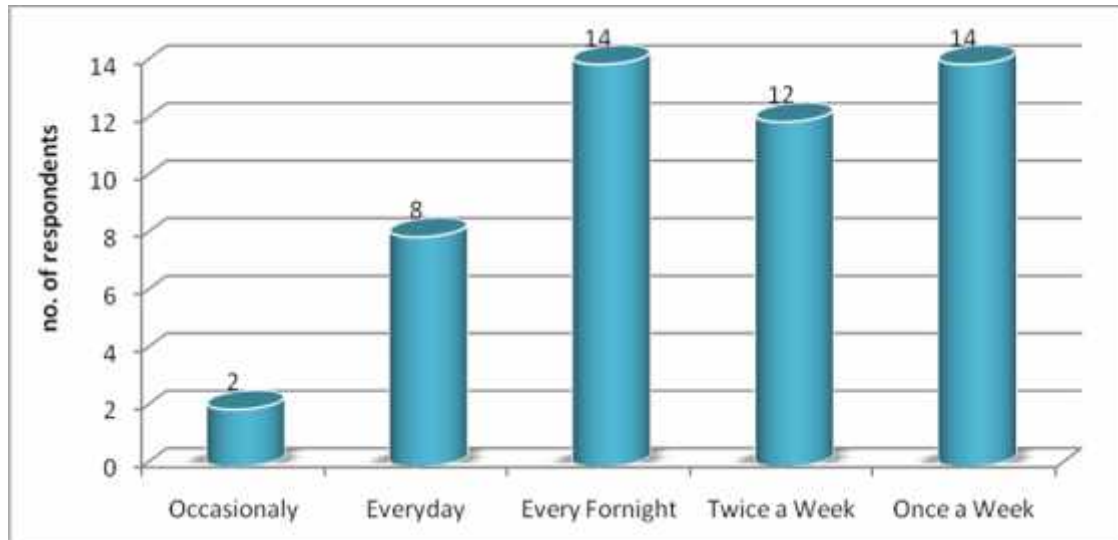
**Figure 4.14**  
**Reasons for Acquiring Credit Card**



*Source: - Appendix II*

As per figure 4.14, out of 50 respondents, 20% (10) decided to acquire credit card because of increasing market trend, 40% (20) decided to acquire card because they needed credit facilities, 30% (15) decided to acquire card because of convenience and security and 10% (5) acquired card for various other reasons. Hence, we can see that majority of customers acquired card for credit facility as well as to keep up with market trend, convenience and security.

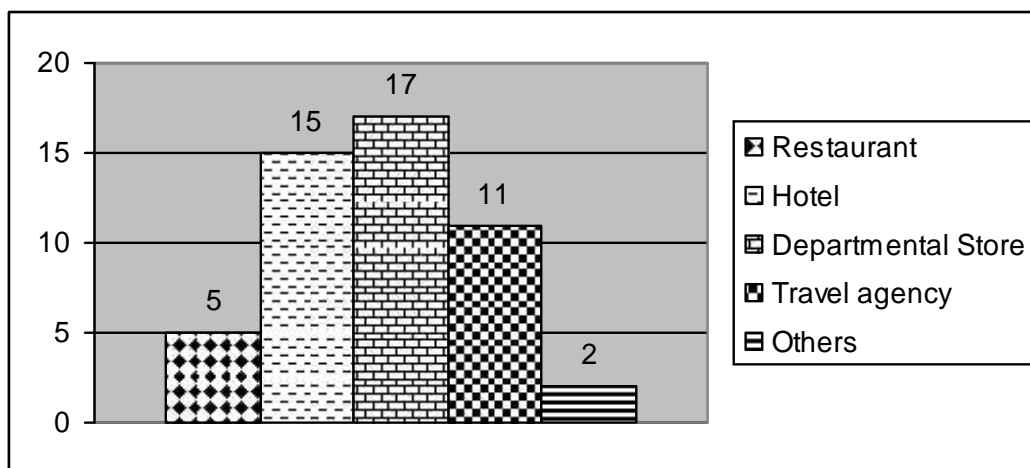
**Figure 4.15**  
**Purchase through Credit Card**



Source: - Appendix II

As per figure 4.15, of the 50 respondents, it was found that 28 % (14) of them purchase through credit card once a week, 24% (12) of them use it twice a week, 28 % (14) of them use it every fortnight, 16 % (8) of them use it every day and 4% (2) of them use it only occasionally.

**Figure 4.16**  
**Places of Usage of Credit Card**

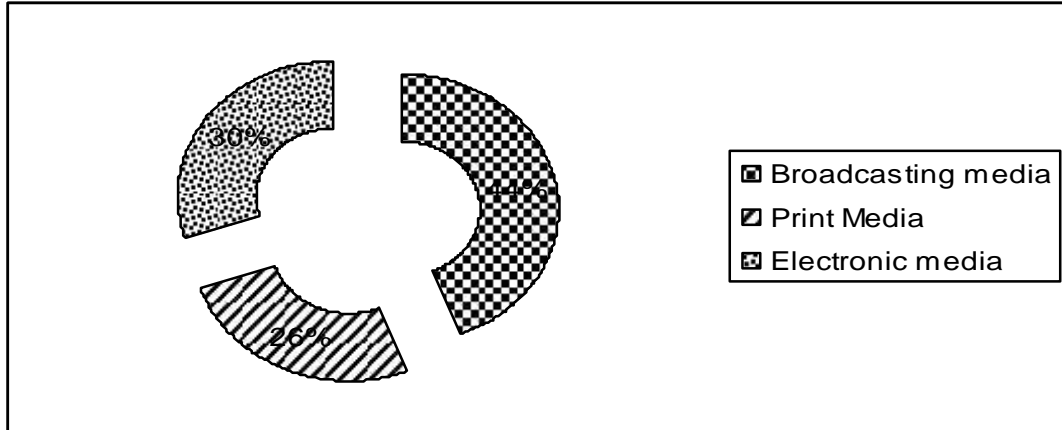


Source: - Appendix II

As per figure 4.16, out of 50 customers, 10 % (5) use credit card in restaurant, 30 % (15) of them use at the hotel and 34 % (17) of them use at departmental stores.

Likewise, 22 % (11) of them use credit card at travel agency and 4% (2) of them use others.

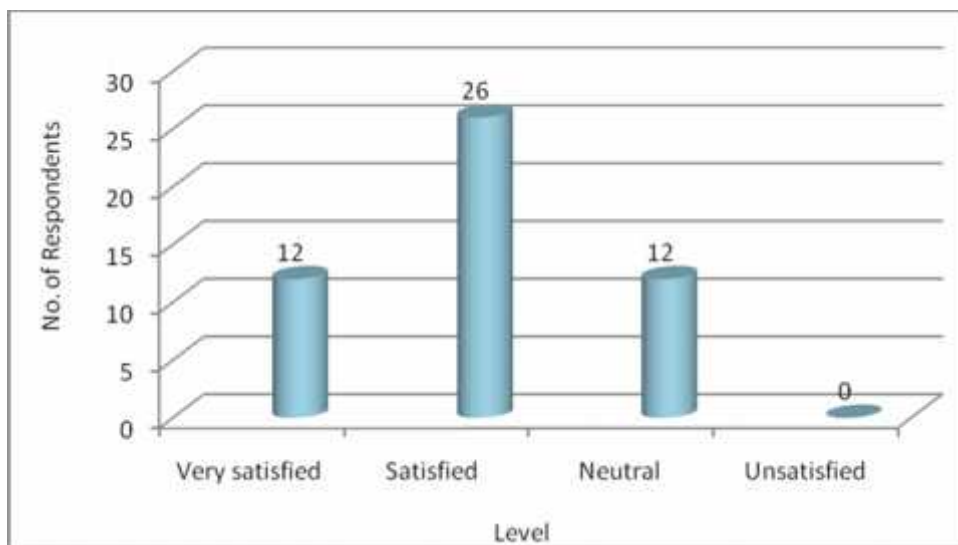
**Figure 4.17**  
**Appropriate Media**



Source: - Appendix II

As per figure 4.17, from the sample size of 50, it was seen that most of the customers, 44% (22) were acquainted with credit card through broadcasting media like, TV, radio and the next effective media from which they came to know about the credit card were electronic media and print media, which comprised of 30 % (15) and 26% (13) respectively.

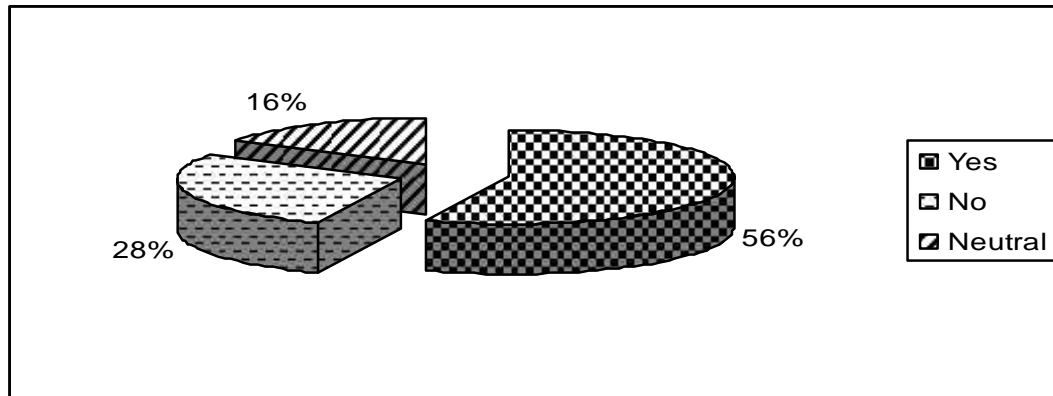
**Figure 4.18**  
**Level of Satisfaction**



Source: - Appendix II

As per figure 4.18, out of 50 customers, 24 % (12) of them possessing card were very satisfied, where as 52 % (26) of them said they were satisfied and 24 % (12) of them were neutral while no one felt they were unsatisfied by the credit card they availed.

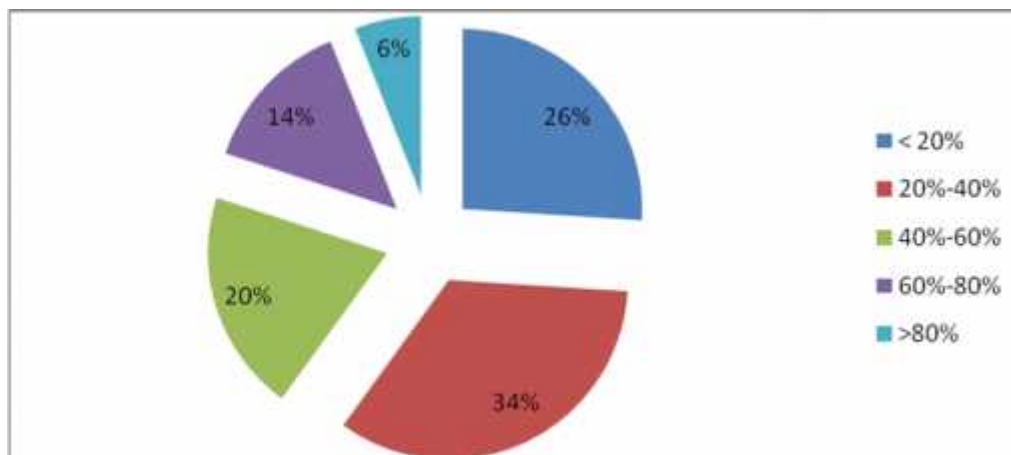
**Figure 4.19**  
**Satisfaction in Limit made by Bank**



Source: - Appendix II

As per figure 4.19, out of 50 customers, 56% (28) were satisfied with the limit made by the bank where as 16 % ( 8) were not satisfied with the limit and similarly 28% (14) of them were neutral about the limit made by the bank.

**Figure 4.20**  
**Expenses through Credit Card**

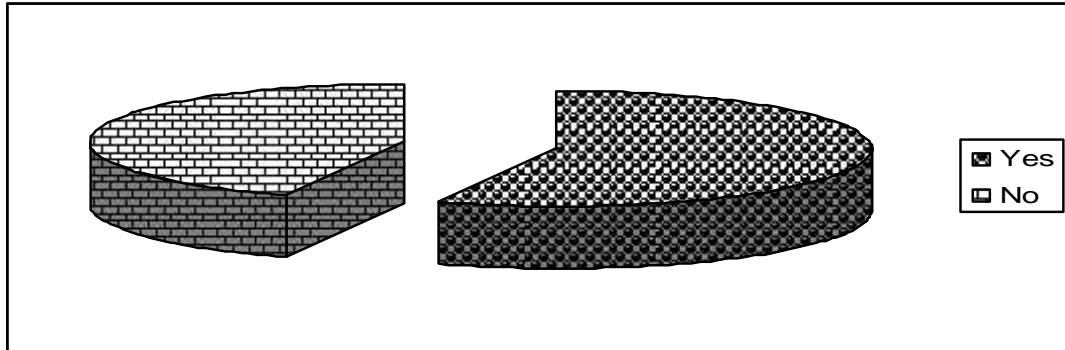


Source: - Appendix II

As per figure 4.20, out of the 50 cardholders, it was found that 26 % (13) of the card holders make less than 20% of their purchases through credit card. 34 % (17) of them make 20% - 40 % of their purchases through credit card. Similarly, another 20% (10) make 40% - 60% of their purchases through credit card, likewise 14% (7) of the

cardholders make 60%-80% of their purchase with it, and the customers who make more than 80% of their purchase only comprised 6 % (3) which is low.

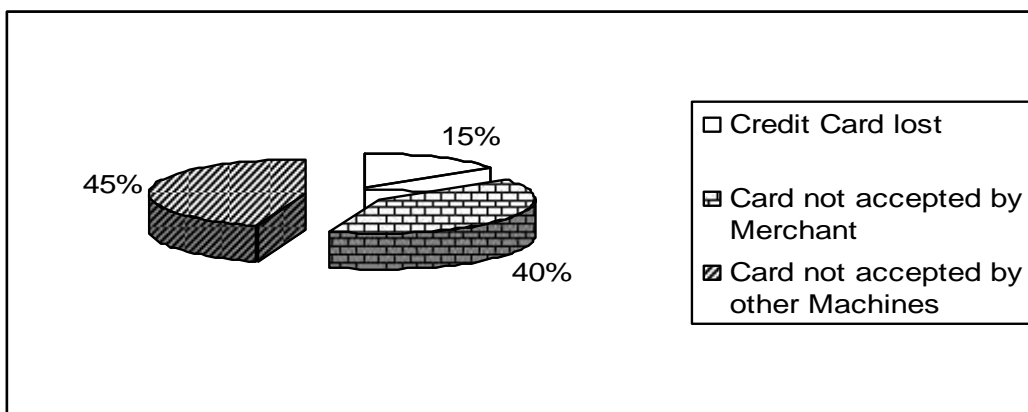
**Figure 4.21**  
**Problems Encountered**



Source: - Appendix II

As per figure 4.21, out of 50 cardholders, 56 % (28) had encountered different types of problems and rest of 44 % (22) of cardholder had not yet faced any sort problem.

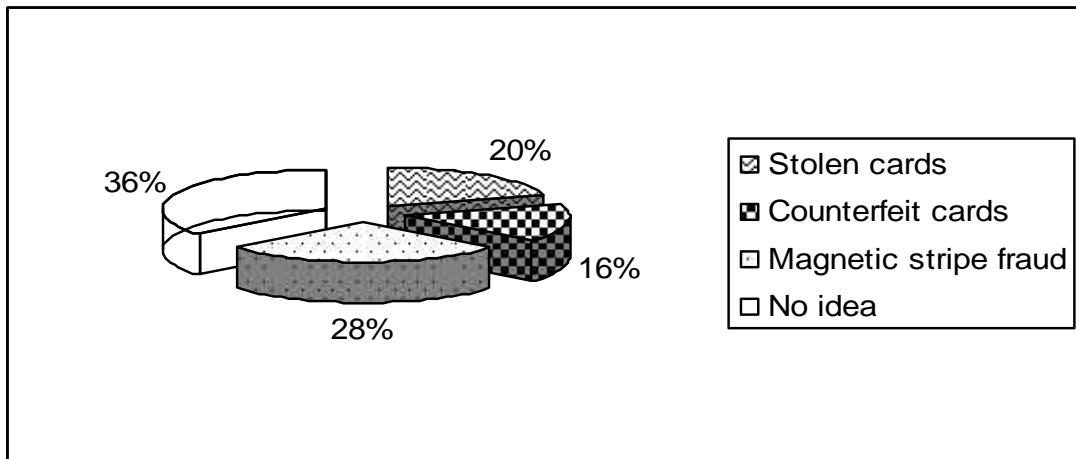
**Figure 4.22**  
**Types of Problems Encountered**



Source: - Appendix II

As per figure 4.22, among those who encountered problems with their credit card, 45% (23) faced problem of non-acceptance of card by machine, 40% (20) faced problem of non-acceptance by merchant, and 15% (7) faced problem of lost of credit card.

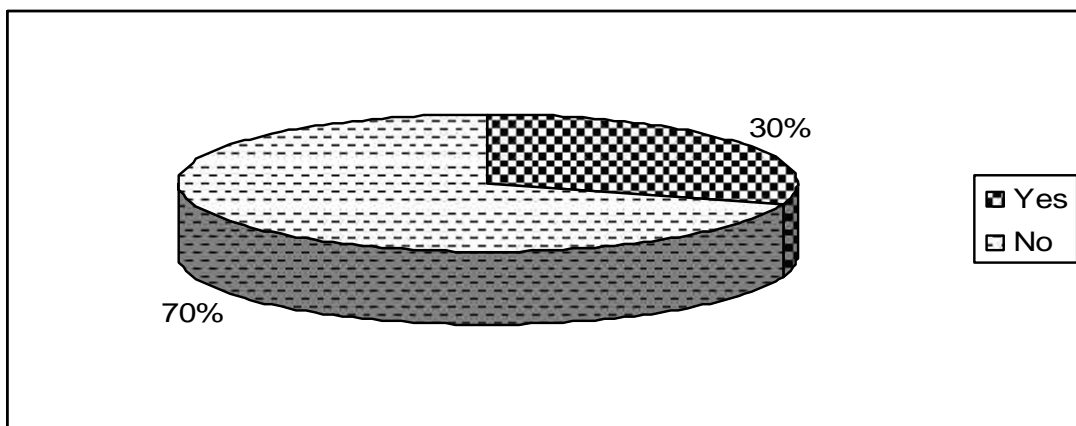
**Figure 4.23**  
**Knowledge on Card Frauds**



Source: - Appendix II

As per figure 4.23, out of 50 respondents, almost 36% (18) had no idea on credit card frauds, 20% (10) were aware on risk of cards stolen, 16 % (8) knew about counterfeit card frauds and 28% (14) knew about magnetic stripe fraud due to recent happening of such frauds in ATMs and POS machines.

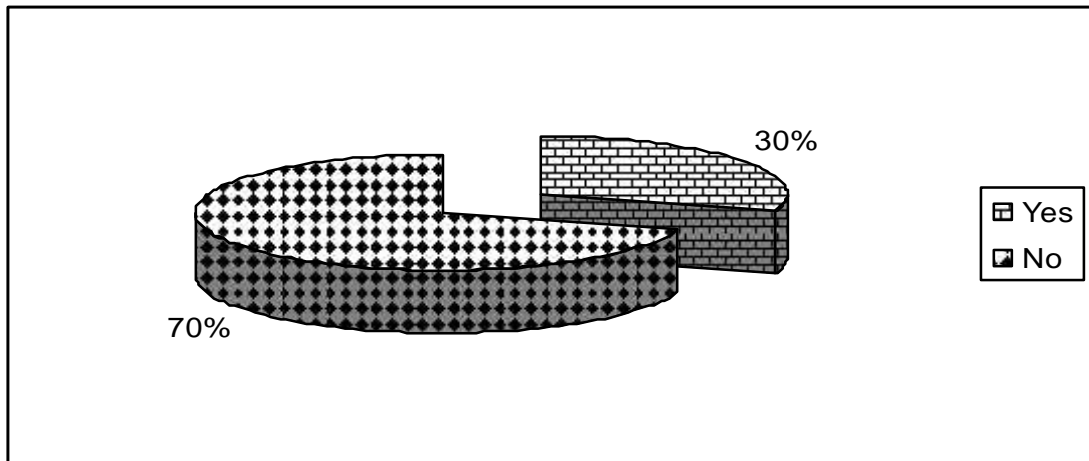
**Figure 4.24**  
**Knowledge on Credit Card Disputes**



Source: - Appendix II

As per figure 4.24, out of 50 respondents, only 30% (15) turned out to know about disputes in credit card and the settlement process due to their experience with it and by learning from internet. However, 70% (35) showed no familiarity with the process.

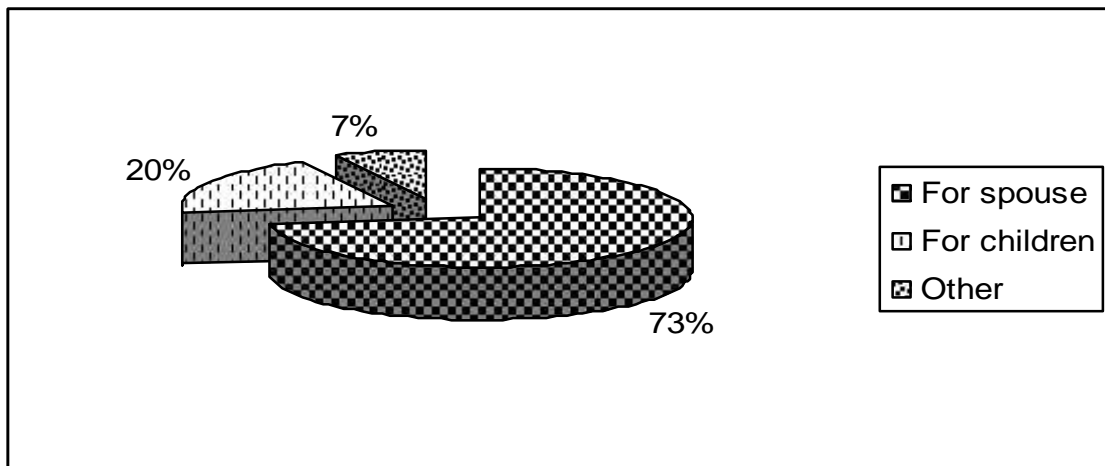
**Figure 4.25**  
**Supplementary Cards Possessed**



*Source: - Appendix II*

As per figure 4.25, out of the 50 respondents asked, 30% (15) have acquired supplementary cards with the main card for their spouse or children while 70% (35) have not acquired supplementary cards.

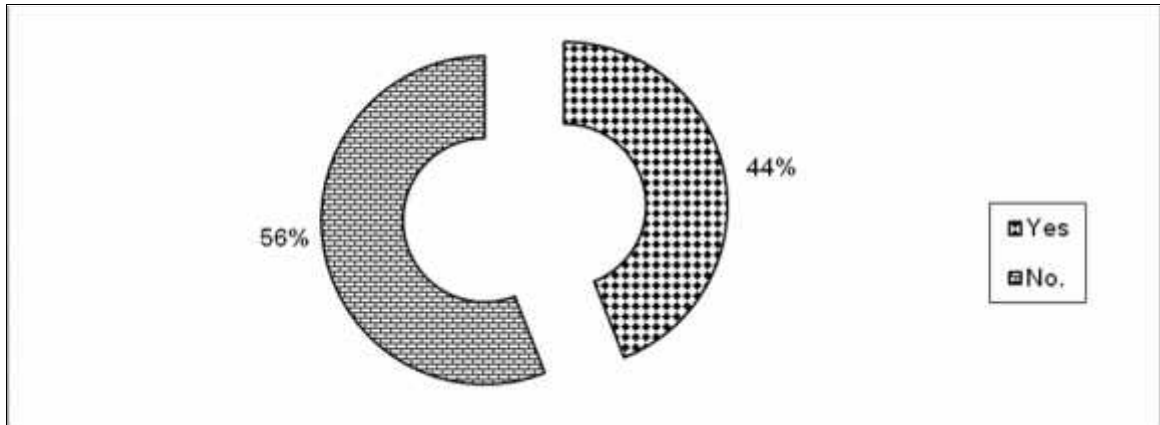
**Figure 4.26**  
**Supplementary Card Users**



*Source: - Appendix II*

As per figure 4.26, out of the 30% (15) who also acquired supplementary cards with the main card, 73% (11) acquired it for their spouse and 20% (3) acquired them for their children of eligible age and 7% (1) acquired them for others.

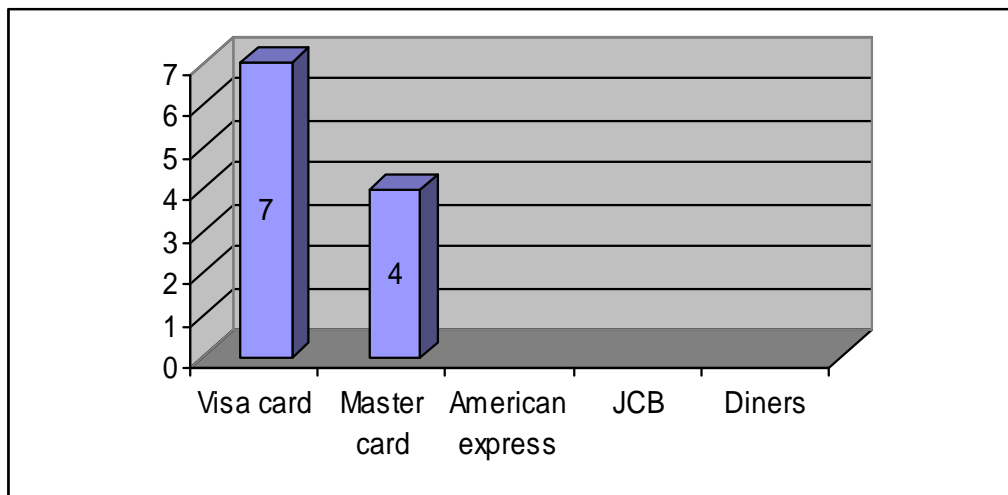
**Figure 4.27**  
**Merchants using Credit Cards**



*Source: - Appendix II*

As per figure 4.27, out of the sample size of 25 respondents, 44% (11) had installed credit card facility, while 56% (14) had rather decided not having it.

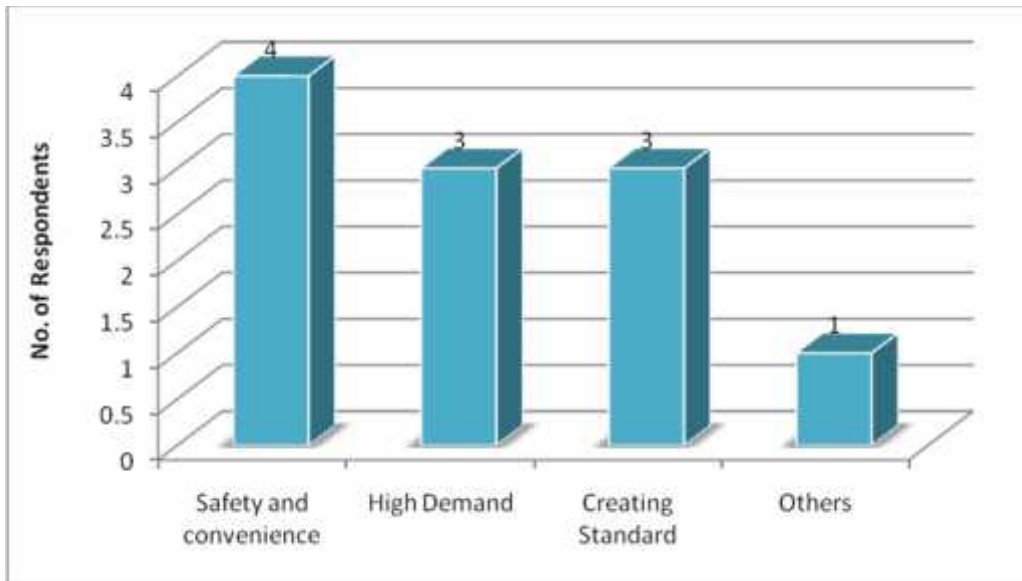
**Figure 4.28**  
**Types of Card Accepted**



*Source: - Appendix II*

As per figure 4.28, out of 11 respondents obtained from 25 merchants (who installed credit card facility) 64% (7) accept Visa card, while 36% (4) accept master card. Among them were also those who accept both card types (Visa and Master card) and few merchants, particularly the travel agents accept other cards as well like American express and JCB cards.

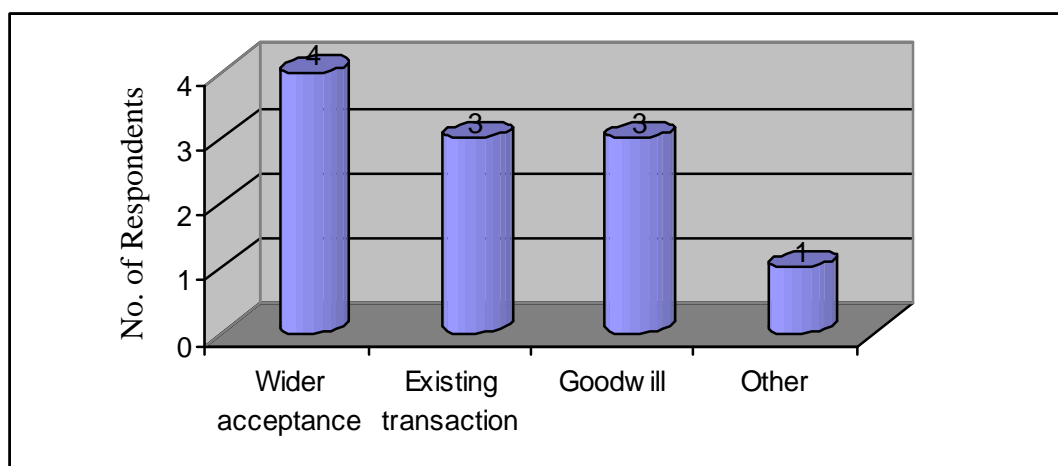
**Figure 4.29**  
**Reasons for Acquiring**



Source: - Appendix II

As per figure 4.29, out of 11 respondents having credit card facility, a majority 36.36% (4) cited safety (from bad debts as well as social evils) and convenience as a crucial reason for installing it, while 27.27% (3) to high demand for credit and the same %age also for creating standards. Similarly, 9.09% (1) had other reasons for the same, for example, competition, customer satisfaction, prestige and status issue etc.

**Figure 4.30**  
**Reasons for Selection**



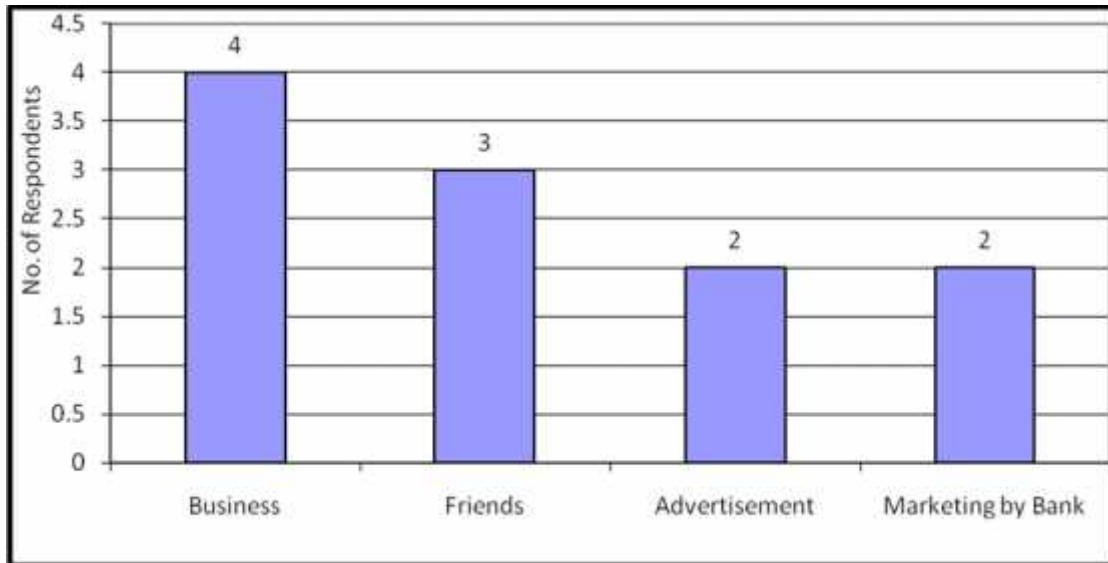
Source: - Appendix II

As per figure 4.30, out of 11 respondents having credit card facility 36.36% had selected particular bank for wider acceptance of the bank's service, 27.27% for their

existing transaction and relationship with banks, the same %age of the merchants for goodwill of banks and 9.09% for other reasons.

**Figure 4.31**

**Influence to Use Card**

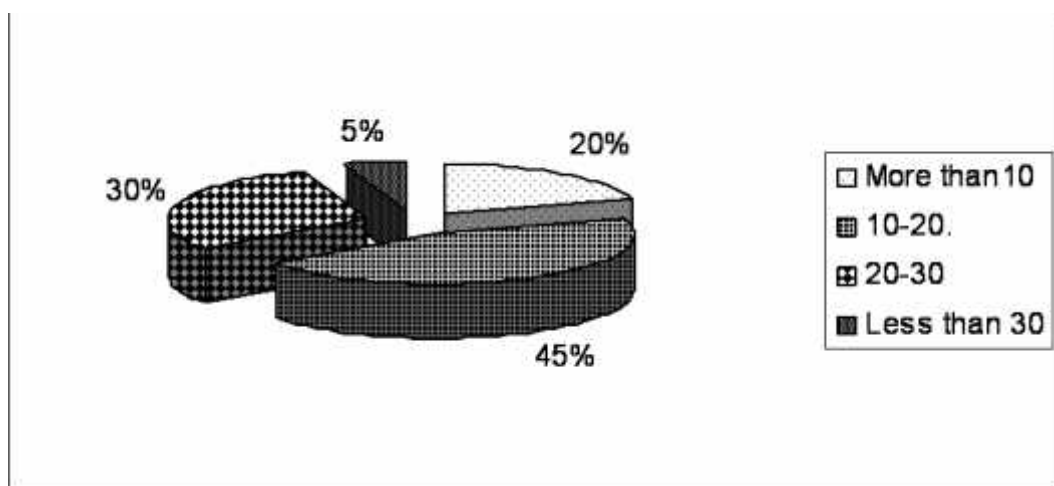


Source: - Appendix II

As per figure 4.31, out of 11 respondents having credit card facility, 36.36% were influenced by other business providing credit card facility, while 27.27% had installed it through friends, relatives and neighbors. Similarly, 18.18% were influenced from advertisement and the same %ages were influenced by the marketing effort from bank staffs.

**Figure 4.32**

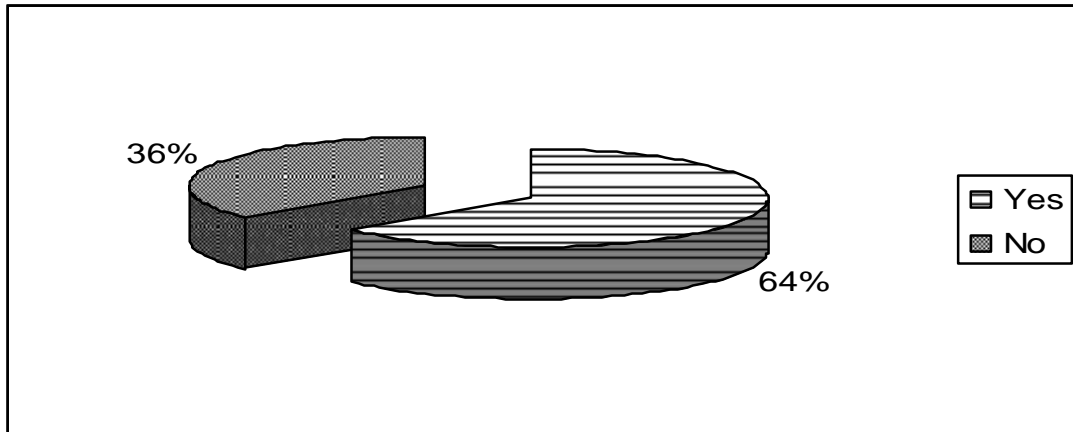
**Frequency of Credit Card Users**



Source: - Appendix II

As per figure 4.32, regarding the frequency of credit card users, 20% replies were for less than 10 customers, 45% for between 10-20 customers, 30% for between 20-30 customers and only 5% for above 30 customers.

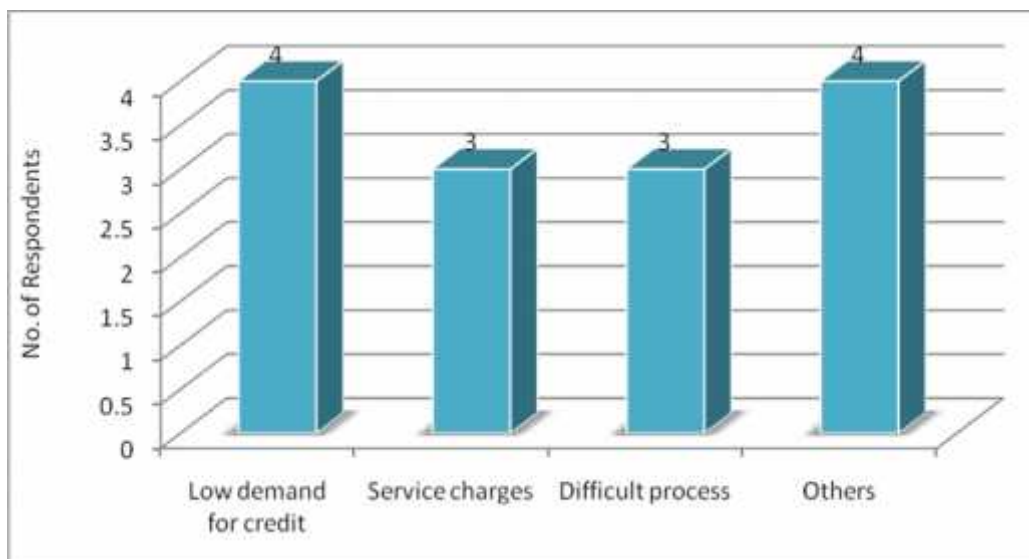
**Figure 4.33**  
**Growth of Business after Using Card**



Source: - Appendix II

As per figure 4.33, out of 11 respondents having credit card facility, 64% reported significant growth in their business volume while 36% did not notice any remarkable changes.

**Figure 4.34**  
**Reasons for Not Providing Card Facility**

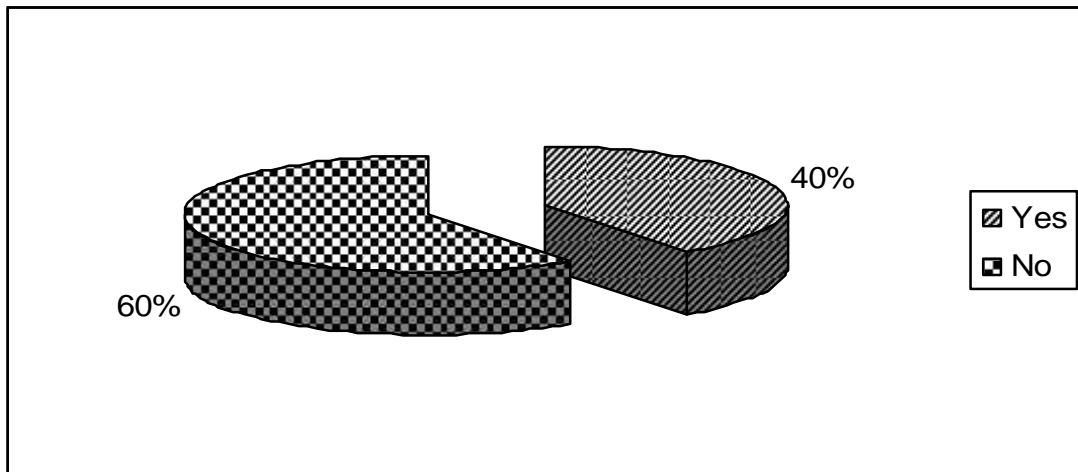


Source: - Appendix II

As per figure 4.34, out of 14 respondents not having credit card facility, 28.57% cited low demand for credit as reason for not installing credit facility and 21.42% cited the

higher service costs (including higher limit, fees and commissions) as a crucial reason for not installing credit card. The same %age claimed tedious process as reason for not installing and again 28.57% cited other reasons like lack of information, very few credit card users coming in their shops, their nature of business, difficulty in bargaining and no fixed price etc for not installing credit card facility.

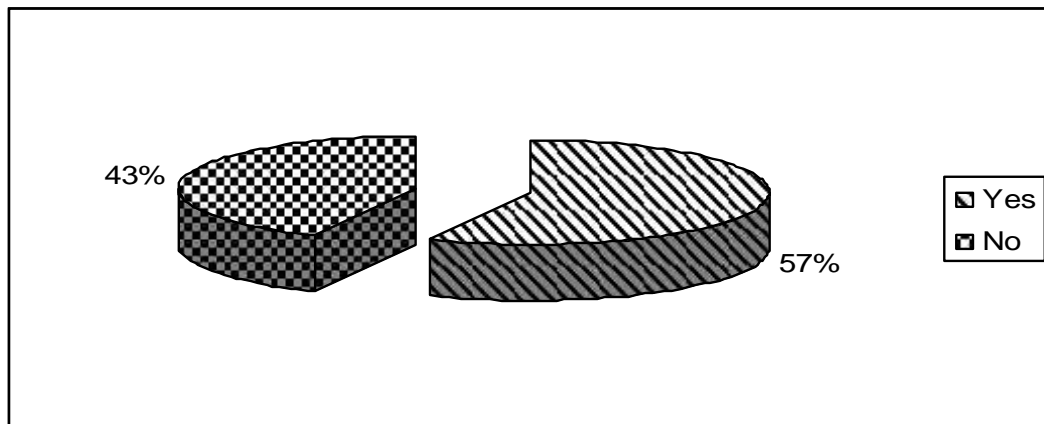
**Figure 4.35**  
**Credit Facilities**



Source: - Appendix II

As per figure 4.35, out of 25 respondents only 40% merchants provided credit facilities to their customer while 60% merchants did not give those facilities to their customers.

**Figure 4.36**  
**Plan to Acquire Credit Card Facility**



Source: - Appendix II

As per figure 4.36, out of 14 merchants not having credit card facilities, 57% still have no plans of installing credit card while 43% were interested in installing credit card facility in their shops in near future.

Of those planning to extend credit card facility, several factors were motivating them like increasing card users and enquiry from customers, increasing trend, expansion plans, creating standards ,marketing effort from banks and other factors.

## **4.7 Advantages and Disadvantages of Credit cards**

### **Advantages of Credit Card to the cardholders**

Credit Cards have numerous advantages, some of them are mentioned below:

- ) Safe and secure in comparison to traditional modes of payment like cash, cheques etc.
- ) Very convenient to carry it instead of bulky cash.
- ) Wide acceptance.
- ) Unlike cash it is easy to get replacement.
- ) A credit card can be used not only for purchases, but also to make cash advances. Hence, it is helpful during shortage of cash and in emergencies.
- ) It built credit instruments with the privilege of interest free credit period of 45 days maximum to 15 days minimum.
- ) Facility of revolving credit i.e. option of minimum stated payment on regular.

### **Advantages to the Merchants**

- ) Merchants need not worry about the payment as the bank is liable for payment and not the cardholder.
- ) Volume of sales increases as the card encourages consumers for purchases, as they do not have to pay in cash immediately.
- ) Payment received through credit card is more safe and secure than any other forms payment.

### **Disadvantages of Credit Card**

In spite of being a most extensively used financial tool, credit card has some inconvenience too. They are:

- J Sometimes card holders complain their goods are not delivered due to amount altered and transactions not authorized. There exist system errors.
- J Sometime merchant can make multiple imprints of the card and sometimes transaction may happen on lost card or counterfeit card etc.
- J Processing errors or violation of the rules set out in the Visa / Master card rules like late submission, transaction on expired card, transaction without code, wrong transaction etc.

## **4.8 Major Findings of the Study**

The main findings of the study have been derived on the basis of questionnaire and financial data:

### **4.8.1 Major Findings on Credit Card Customers**

- J 57% were male and 43% female
- J 46 % were above 30, 22 % were between age 18-25 and 32 % were between 26-30 years
- J 6 % were of 10+2 level, 30 % had bachelor degree, 50 % had master degree the remaining 14 % had doctorate degree
- J 46 % ( 23) cardholders had monthly income above Rs.40, 000, 38 % ( 19) earned between 20,000-40,000 and 16 % (8) earned monthly income between 10,000-20,000
- J 48 % (24) had business of their own 28 % (14) worked in private sector and this was followed by student at 8 %.
- J 56 % respondents have had VISA card and 44 % had master card.

Among the sample banks, it is seen that most of the customers have acquired credit card of Himalayan Bank Limited. We have found that customers are simultaneously using VISA card and Master Card. These cards are accepted in few departmental stores, merchants (travel agency and hotels only). Hence we can see that majority of customers acquired card for credit facility as well as to keep up with market trend, convenience and security. It was seen that most of the customers were acquainted with credit card through broadcasting media like, TV, radio and print media.

## 4.8.2 Major Findings on Merchants

- ) 0 % were departmental stores, restaurant and hotels both constituted 32 % (8), the remaining 20 % (5) were travel agents 16% (4) were retail outlets and other business
- ) 44 % (11) had installed credit card facility, while 56 % (14) had rather decided not having it.
- ) Out of 11 respondents obtained from 25 merchants (who installed credit card facility) 64 % accept Visa card, while 36 % accept master card. Among them were also those who accept both card types (Visa and Master card) and few merchants, particularly the travel agents accept other cards as well like American express and JCB cards.
- ) 27.27 % had acquired the service from SCBNL and the same % age acquired it from NIBL and NABIL banks while 18.18 % also acquired it from HBL.
- ) a majority 36.36 % cited safety (from bad debts as well as social evils) and convenience as a crucial reason for installing it, while 27.27 % to high demand for credit and the same% age also for creating standards. Similarly 9.09 % had other reasons for the same, for example, competition, customer satisfaction, prestige and status issue etc.
- ) 64 % reported significant growth in their business volume while 36 % did not notice any remarkable changes after installing POS.

Out of 14 respondents not having credit card facility, 28.57 % cited low demand for credit as reason for not installing credit facility, 21.42 % cited the higher service costs (including higher limit, fees and commissions) as a crucial reason for not installing credit card, the same %age claimed tedious process as reason for not installing and again 28.57 % cited other reasons like lack of information, very few credit card users coming in their shops, their nature of business, difficulty in bargaining and no fixed price etc for not installing credit card facility and Out of 25 respondents only 40 % merchants provided credit facilities to their customer while 60 % merchants didn't give those facilities to their customers.

## CHAPTER – V

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Summary

Many developed countries today have entered into a kind of cashless transactions. Credit cards have almost become a synonym for cash. As well as convenient, accessible credit, credit cards offer consumers an easy way to track expenses, which is necessary for both monitoring personal expenditures and the tracking of work-related expenses for taxation and reimbursement purposes. Credit cards are accepted worldwide, and are available with a large variety of credit limits, repayment arrangement, and other perks (such as rewards schemes in which points earned by purchasing goods with the card can be redeemed for further goods and services or credit card cash back).

Credit cards are not only used to make purchase but a range of other services are also available, to a name a few are cash advances, making a utility payments, securing all the security data, privilege award etc, and most importantly, above all, it is very helpful to cope with emergency situations.

Credit cards also minimize the risk associated with carrying money like loss of money, pick pocketing etc and also offers many discount and award schemes. From a merchant's points of view, it will increase the sales of the merchant as the trend today is of plastic money and he gets rid from taking collected money to banks for deposits. Everything happens electronically and the merchants account is credited very shortly after every purchases. In addition, it provides him safety from thefts by its own employee as well as looters.

Even though Credit card has so many advantages, the card business in Nepal has not gained its momentum as it has in other nations. Credit card business prospers in a volume driven nation where consumer financing plays a vital role to boost the economy of the nation. As stated earlier Nepalese population have not yet developed their banking habit, they are mostly happy with hard cash and in most of the cases, even our highly educated ones, do not at all have the sagacity regarding credit cards. Another important factor, which has constrained card business in Nepal, is the acceptance infrastructure. Most of the merchants are departmental stores, travel

agencies, big hotels etc; most which cater the needs of tourist and higher /upper middle class people. Nepalese people are still not used to visiting sophisticated departmental stores, travel agencies, and big restaurants though the trend is slowly increasing. Cards are not accepted at those places where most of the fixed income earners go for shopping such as Fancy Stores, our local grocery store (kirana pasal) etc. Again unlike other nations, cards in Nepal cannot be used for making payments for regular expenses such as utility fees, school fees, membership fees etc though bank has started online banking and acting as agents for utility payment collections in money. Hence, acceptance structure is an important factor and in Nepal's case, lack of adequate acceptance is one of key factor, which has hindered the growth of card business.

Although the credit card business started in Nepal more than a decade now, the industry has not been able to fully penetrate the market. Credit card remains the niche area in banking which only few banks have managed to take up. The acquiring side has been badly hurt by the on going slump in the tourism sector and particularly the instable political front. Besides these obvious reasons, one critical factor, which negatively governs the credit card business, is the societal factors. However, the recent market growth of banks in terms of VISA debit cards and increased banking practice, we can only look for the brighter side in the credit card market to come in the future. The recent influx of commercial banks in the country and increased competition to provide excellence in banking and extra banking facilities only point out toward higher prospect of this credit card business in the days to come.

## **5.2 Conclusion**

Largely, proper marketing plan, a better strategy and a smooth implementation are the basic ingredients of any successful business. Therefore, to operate any profitable business, lots of homework should be done. Various studies revealed that credit card business is very profitable and is carried out in very monitored and controllable manner. Though it has been many years since credit card business started in Nepal, it has not been able to take much pace but the growth rate has been satisfactory considering the various situations in the country. The profitability of card business in Nepal cannot be undermined. Banking habit among people is increasing and debit card market is expanding. This may be due to banks and organizations focusing on cultivating the banking habits for their employees by making salary payments through

bank account opening which is a rather win-win situation for all. With it the infrastructure is also building and POS machines are also increasing.

From the statistical analysis and outcomes of questionnaire also, it is obvious that credit card business is in optimistic track. In spite of the high profitability in credit card business, only seven banks are involved in this business among lots of commercial banks running in the country. The trend of credit card is increasing which becomes evident with the steady and positive growth rate that the banks involved in card business have been able to maintain amidst all the happenings in the country.

All banks are increasing the number of their cardholders and merchants so there is high prospect and growing market for credit card business especially acquiring business nowadays. People are being aware on the advantages of holding a credit card, which is gradually progressing in industrialization process and increasing income level among the higher and middle class society. Therefore, the possibilities of other banks or financial institutions entering in this field cannot be underlined.

Therefore, in conclusion, Nepalese credit card industry is moving ahead and in increasing trend. We can only hope for the situation of country to improve to fuel this business of credit card in Nepal.

### **5.3 Recommendations**

The world is heating towards e-business and Nepal too is moving in the same direction. Without payment cards e-commerce is almost handicapped. Nepal too needs to develop the banking habits of its people. We do not want to be humiliated in the global arena and put ourselves in a very awkward situation 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.

Although the business is heavily dependent on the external factors, which are not under the control of the card players itself, every step should be taken to boost the immature local market. It has been seen that the issuance business is more profitable than the acquiring business. Since the acquiring business is mostly dependent on the performance of tourism industry which itself is facing the toughest time, possible efforts should be initiated by banks to get local customers in the card business by

luring them by the associated core benefits of credit cards and introducing more and more attractive scheme and packages.

In the present context of globalization and technological age, credit card plays a vital role in financial sectors as well as in personal life. Because of study, following recommendations are suggested.

### **5.3.1 Recommendations to the Banks**

From the research questionnaire asked to different authorized staffs of different outlets and credit cardholder first recommendation goes to the credit card issuing and acquiring banks. It is found that the following strategies and changes should be adopted by the concerned banks to boost the credit card business in the Nepal.

- ) It is high time that bank take up to aggressive advertising, as the awareness level on credit card is very low. People still do not have confidence in cashless transactions.
- ) Frequent flier points, gift certificates, or cash back as an incentive can be launched for using the card.
- ) bank should educate cardholders and merchant about the card frauds and the preventive measures that can be taken. Similarly, the banks also must keep abreast of all sorts of forgeries happening in credit cards around the world and their remedies and solutions.
- ) Regular trainings for the staff are necessary which the card associations like Visa and Master cards often give. Besides everyone should know the rules and regulations laid out by the card associations.
- ) Banks need to focus on improving their acceptance infrastructure and provide immediate support in case of problems. These things add to the goodwill of bank, which was also the major reason for cardholders and merchants to acquire credit cards of particular banks.
- ) Banks need to seriously plan to install POS machine to be widely accepted, though POS system requires heavy investment.
- ) Banks should study the feasibility of credit card usage in new areas and segments. Innovations and researches needs to be carried out.
- ) Small business owners particularly the kirana pasales need small credit for short time to acquire goods etc. Therefore, they can also afford

credit cards. Banks can issue them a low interest card with flexible limits.

- ) Bank can expand their marketing effort on the side of merchant to acquaint them on credit cards uses, its benefits and the disbeliefs hold by merchant and offer those customized services and tailored solutions. Few merchants in our study were dissatisfied with credit card facility they acquired.

### **5.3.2 Recommendations to the Merchants**

After finishing the research works following recommendations are provided to merchants. Merchants should follow these strategies to expand the credit card business in Nepal.

- ) Advertising is key of success of any business. So merchants should advertise a lot. Due to unknowing most people does not go for shopping by using the credit card.
- ) Merchant should provide frequent gift certificates, or cash back as an incentive can be launched for using the card.
- ) Merchant should provide quality service by providing quick service and should not take unnecessary charges to the cardholders.
- ) Merchant should maintain faith with cardholder. Merchant should not manipulate the currency, amount and other manipulation related with card user.
- ) Sometime there are chances of using fake credit cards or outdated credit cards. Thus merchants should be careful while doing credit card business. They should inform to the concern banks about the outdated credit cards in time.
- ) The merchant may be instructed to call the bank for verification, to decline the transaction, or even to hold the card and refuse to return it to the customer.

### **5.2.3 Recommendations to the Cardholders**

To use a credit card in a better way cardholder should consider these factors:

- ) The cardholders should utilize the credit card properly through renew and should take precautions regarding card fraud.

- ) According to survey, all the banks provide different types of services such as credit availability, low interest rate and cash advance services. Hence cardholders should be able to grab such opportunities offered by the bank for their own betterment and development.
- ) The cardholder should provide correct information about self-financial condition. Some banks face non-repayment problems. Hence cardholders should avoid such problem by regular and timely payment of balance.
- ) If the cardholders loose their card then they should inform the concerned bank in time so that the card will save from the misused.
- ) The cardholders should utilize the card as a service provided by the bank as other services. So the cardholder also should cooperate with bank.

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# APPENDICES

## APPENDIX - I

### Calculation of Standard Deviation and C.V. of NABIL Bank

Year	No. of cardholders(X)	$(x - \bar{x})$	$(x - \bar{x})^2$
2006-2007	4910	-1290	1664100
2007-2008	5450	-750	562500
2008-2009	5940	-260	67600
2009-2010	7200	1000	1000000
2010-2011	7500	1300	1690000
	$\sum x = 31000$		$\sum(x - \bar{x})^2 = 4984200$

$$\bar{x} = \frac{\sum x}{n} = \frac{31000}{5} = 6200$$

$$\text{Standard Deviation} (\sigma) = \sqrt{\frac{\sum(x - \bar{x})^2}{n}} = \sqrt{\frac{4984200}{5}} = 998.42$$

$$\text{Coefficient variance (CV)} = \frac{\sigma}{\bar{x}} = \frac{998.42}{6200} = 0.1610 = 16.10\%$$

### Calculation of Standard Deviation and C.V. of HBL Bank

Year	No. of cardholders(X)	$(x - \bar{x})$	$(x - \bar{x})^2$
2006-2007	4088	-3164	10010896
2007-2008	5683	-1569	2461761
2008-2009	7388	136	18496
2009-2010	8852	1600	2560000
2010-2011	10249	2997	8982009
	$\sum x = 36260$		$\sum(x - \bar{x})^2 = 24033162$

$$\bar{x} = \frac{\sum x}{n} = \frac{36260}{5} = 7252$$

$$\text{Standard Deviation} (\sigma) = \sqrt{\frac{\sum(x - \bar{x})^2}{n}} = \sqrt{\frac{24033162}{5}} = 2192.40$$

$$\text{Coefficient variance (CV)} = \frac{\sigma}{\bar{x}} = \frac{2192.40}{7252} = 0.3023 = 30.23\%$$

### Calculation of Standard Deviation and C.V. of SCBNL Bank

Year	No. of cardholders(X)	$(x - \bar{x})$	$(x - \bar{x})^2$
2006-2007	6777	-1386	1920996
2007-2008	7454	-709	502681
2008-2009	8200	-37	1369
2009-2010	9020	857	734449
2010-2011	9364	1201	1442401
	$\sum x = 40815$		$\sum(x - \bar{x})^2 = 4601896$

$$\bar{x} = \frac{\sum x}{n} = \frac{40815}{5} = 8163$$

$$\text{Standard Deviation } (\sigma) = \sqrt{\frac{\sum(x - \bar{x})^2}{n}} = \sqrt{\frac{4601896}{5}} = 959.36$$

$$\text{Coefficient variance (CV)} = \frac{\sigma}{\bar{x}} = \frac{959.36}{8163} = 0.1175 = 11.75\%$$

#### Calculation of Standard Deviation and C.V. of Industry(Card Users)

Year	No. of cardholders(X)	$(x - \bar{x})$	$(x - \bar{x})^2$
2006-2007	15775	-5840	34105600
2007-2008	18587	-3028	9168784
2008-2009	21528	-87	7569
2009-2010	25072	3457	11950849
2010-2011	27113	5498	30228004
	$\sum x = 108075$		$\sum(x - \bar{x})^2 = 85460806$

$$\bar{x} = \frac{\sum x}{n} = \frac{108075}{5} = 21615$$

$$\text{Standard Deviation } (\sigma) = \sqrt{\frac{\sum(x - \bar{x})^2}{n}} = \sqrt{\frac{85460806}{5}} = 4134.27$$

$$\text{Coefficient variance (CV)} = \frac{\sigma}{\bar{x}} = \frac{4134.27}{21615} = 0.1913 = 19.13\%$$

#### Calculation of Standard Deviation and C.V. of Merchant of NABIL Bank

Year	No. of Merchant(X)	$(x - \bar{x})$	$(x - \bar{x})^2$
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2006-2007	750	-280	78400
2007-2008	900	-130	16900
2008-2009	1050	20	400
2009-2010	1200	170	28900
2010-2011	1250	220	48400
	$\Sigma x = 5150$		$\Sigma(x - \bar{x})^2 = 173000$

$$\bar{x} = \frac{\Sigma x}{n} = \frac{5150}{5} = 1030$$

$$\text{Standard Deviation } (\sigma) = \sqrt{\frac{\Sigma(x - \bar{x})^2}{n}} = \sqrt{\frac{173000}{5}} = 186.01$$

$$\text{Coefficient variance (CV)} = \frac{\sigma}{\bar{x}} = \frac{186.01}{1030} = 0.1805 = 18.05\%$$

#### Calculation of Standard Deviation and C.V. of Merchant of HBL Bank

Year	No. of Merchant(X)	$(x - \bar{x})$	$(x - \bar{x})^2$
2006-2007	619	-137	18769
2007-2008	708	-48	2304
2008-2009	750	-6	36
2009-2010	777	21	441
2010-2011	926	170	28900
	$\Sigma x = 3780$		$\Sigma(x - \bar{x})^2 = 50450$

$$\bar{x} = \frac{\Sigma x}{n} = \frac{3780}{5} = 756$$

$$\text{Standard Deviation } (\sigma) = \sqrt{\frac{\Sigma(x - \bar{x})^2}{n}} = \sqrt{\frac{50450}{5}} = 100.45$$

$$\text{Coefficient variance (CV)} = \frac{\sigma}{\bar{x}} = \frac{100.45}{756} = 0.1328 = 13.28\%$$

#### Calculation of Standard Deviation and C.V. of Merchant of SCBNL Bank

Year	No. of Merchant(X)	$(x - \bar{x})$	$(x - \bar{x})^2$
2006-2007	693	-151	22801
2007-2008	762	-82	6724
2008-2009	838	-6	36
2009-2010	922	78	6084
2010-2011	1005	161	25921
	$\Sigma x = 4220$		$\Sigma(x - \bar{x})^2 = 61566$

$$\bar{x} = \frac{\sum x}{n} = \frac{4220}{5} = 844$$

$$\text{Standard Deviation} (\sigma) = \sqrt{\frac{\sum(x-\bar{x})^2}{n}} = \sqrt{\frac{61566}{5}} = 110.96$$

$$\text{Coefficient variance (CV)} = \frac{\sigma}{\bar{x}} = \frac{110.96}{844} = 0.1314 = 13.14\%$$

### Calculation of Standard Deviation and C.V. of Industry (Merchant)

Year	No. of Merchant(X)	(x - $\bar{x}$ )	(x - $\bar{x}$ ) <sup>2</sup>
2006-2007	2062	-568	322624
2007-2008	2370	-260	67600
2008-2009	2638	8	64
2009-2010	2899	269	72361
2010-2011	3181	551	303601
	$\sum x = 13150$		$\sum(x - \bar{x})^2 = 766250$

$$\bar{x} = \frac{\sum x}{n} = \frac{13150}{5} = 2630$$

$$\text{Standard Deviation} (\sigma) = \sqrt{\frac{\sum(x-\bar{x})^2}{n}} = \sqrt{\frac{766250}{5}} = 391.47$$

$$\text{Coefficient variance (CV)} = \frac{\sigma}{\bar{x}} = \frac{391.47}{2630} = 0.1488 = 14.88\%$$

### Calculation of Correlation between NABIL and HBL (Cardholder)

Year	NABIL (x)	HBL (y)	(x - $\bar{x}$ )	(y - $\bar{y}$ )	(x - $\bar{x}$ ) <sup>2</sup>	(y - $\bar{y}$ ) <sup>2</sup>	(x - $\bar{x}$ )(y - $\bar{y}$ )
2006-2007	4910	4088	-1290	-3164	1664100	10010896	4081560
2007-2008	5450	5683	-750	-1569	562500	2461761	1176750
2008-2009	5940	7388	-260	136	67600	18496	-35360
2009-2010	7200	8852	1000	1600	1000000	256000	1600000
2010-2011	7500	10249	1300	2997	1690000	8982009	3896100

					$\sum (x - \bar{x})^2$ =4984200	$\sum (y - \bar{y})^2$ =24033162	$\sum \frac{(x - \bar{x})}{(y - \bar{y})}$ =10719050
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$$\text{Correlation Coefficient (r)} = \frac{\sum (x - \bar{x})(y - \bar{y})}{\sqrt{\sum (x - \bar{x})^2 \sum (y - \bar{y})^2}} = \frac{10719050}{\sqrt{4984200 \times 24033162}} = 0.98$$

#### Calculation of Correlation between NABIL and SCBNL (Cardholder)

Year	NABIL (x)	SCBNL (y)	$(x - \bar{x})$	$(y - \bar{y})$	$(x - \bar{x})^2$	$(y - \bar{y})^2$	$\frac{(x - \bar{x})}{(y - \bar{y})}$
2006-2007	4910	6777	-1290	-1386	1664100	1920996	1787940
2007-2008	5450	7454	-750	-709	562500	502681	531750
2008-2009	5940	8200	-260	-37	67600	1369	9620
2009-2010	7200	9020	1000	857	1000000	734449	857000
2010-2011	7500	9364	1300	1201	1690000	1442401	1561300
					$\sum (x - \bar{x})^2$ =4984200	$\sum (y - \bar{y})^2$ =4601896	$\sum \frac{(x - \bar{x})}{(y - \bar{y})}$ =4747610

$$\text{Correlation Coefficient (r)} = \frac{\sum (x - \bar{x})(y - \bar{y})}{\sqrt{\sum (x - \bar{x})^2 \sum (y - \bar{y})^2}} = \frac{4747610}{\sqrt{4984200 \times 4601896}} = 0.99$$

**Calculation of Correlation between HBL and SCBNL (Cardholder)**

Year	HBL (x)	SCBNL (y)	$(x - \bar{x})$	$(y - \bar{y})$	$(x - \bar{x})^2$	$(y - \bar{y})^2$	$(x - \bar{x})$ $(y - \bar{y})$
2006-2007	4088	6777	-3164	-1386	10010896	1920996	4385304
2007-2008	5683	7454	-1569	-709	2461761	502681	1112421
2008-2009	7388	8200	136	-37	18496	1369	-5032
2009-2010	8852	9020	1600	857	2560000	734449	1371200
2010-2011	10249	9364	2997	1201	8982009	1442401	3599397
					$\sum (x - \bar{x})^2$ =24033162	$\sum (y - \bar{y})^2$ =4601896	$\sum (x - \bar{x})$ $(y - \bar{y})$ =10463290

$$\text{Correlation Coefficient (r)} = \frac{\sum(x-\bar{x})(y-\bar{y})}{\sqrt{\sum(x-\bar{x})^2 \sum(y-\bar{y})^2}} = \frac{10463290}{\sqrt{24033162 \times 4601896}} = 0.99$$

**Calculation of Correlation coefficient of NABIL with Industry (Cardholder)**

Year	No. of cardholder NABIL (x)	No. of cardholder Industry (A)	$(x - \bar{x})$	$(A - \bar{A})$	$(x - \bar{x})^2$	$(A - \bar{A})^2$	$(x - \bar{x})$ $(A - \bar{A})$
2006-2007	4910	15775	-1290	-5840	1664100	34105600	7533600
2007-2008	5450	18587	-750	-3028	562500	9168784	227100
2008-2009	5940	21528	-260	-87	67600	7569	22620
2009-2010	7200	25072	1000	3457	1000000	11950849	3457000
2010-2011	7500	27113	1300	5498	1690000	30228004	7147400
					$\sum (x - \bar{x})^2$ =4984200	$\sum (A - \bar{A})^2$ =85460806	$\sum (x - \bar{x})$ $(A - \bar{A})$ =18387720

$$\text{Correlation Coefficient (r)} = \frac{\sum(x-\bar{x})(A-\bar{A})}{\sqrt{\sum(x-\bar{x})^2 \sum(A-\bar{A})^2}} = \frac{18387720}{\sqrt{4984200 \times 85460806}} = 0.89$$

### Calculation of Correlation coefficient of HBL with Industry (Cardholder)

Year	No. of cardholder HBL(x)	No. of cardholder (A)	$(x - \bar{x})$	$(A - \bar{A})$	$(x - \bar{x})^2$	$(A - \bar{A})^2$	$(x - \bar{x})(A - \bar{A})$
2006-2007	4088	15775	-3164	-5840	10010896	34105600	18477760
2007-2008	5683	18587	-1569	-3028	2461761	9168784	4750932
2008-2009	7388	21528	136	-87	18496	7569	-11832
2009-2010	8852	25072	1600	3457	2560000	11950849	5531200
2010-2011	10249	27113	2997	5498	8982009	30228004	16477506
					$\sum (x - \bar{x})^2$ =24033162	$\sum (A - \bar{A})^2$ =85460806	$\sum (x - \bar{x})(A - \bar{A})$ =45225566

$$\text{Correlation Coefficient (r)} = \frac{\sum (x - \bar{x})(A - \bar{A})}{\sqrt{\sum (x - \bar{x})^2 \sum (A - \bar{A})^2}} = \frac{45225566}{\sqrt{24033162 \times 85460806}} = 0.99$$

### Calculation of Correlation coefficient of SCBNL with Industry (Cardholder)

Year	No. of cardholder SCBNL (x)	No. of cardholder (A)	$(x - \bar{x})$	$(A - \bar{A})$	$(x - \bar{x})^2$	$(A - \bar{A})^2$	$(x - \bar{x})(A - \bar{A})$
2006-2007	6777	15775	-1386	-5840	1920996	34105600	8094240
2007-2008	7454	18587	-709	-3028	502681	9168784	2146852
2008-2009	8200	21528	-37	-87	1369	7569	3219
2009-2010	9020	25072	857	3457	734449	11950849	2962649
2010-2011	9364	27113	1201	5498	1442401	30228004	6603098
					$\sum (x - \bar{x})^2$ =4601896	$\sum (A - \bar{A})^2$ =85460806	$\sum (x - \bar{x})(A - \bar{A})$ =19810058

$$\text{Correlation Coefficient (r)} = \frac{\sum (x - \bar{x})(A - \bar{A})}{\sqrt{\sum (x - \bar{x})^2 \sum (A - \bar{A})^2}} = \frac{19810058}{\sqrt{4601896 \times 85460806}} = 0.99$$

### Calculation of Correlation of NABIL with HBL (Merchant)

Year	NABIL(x)	HBL(y)	$(x - \bar{x})$	$(y - \bar{y})$	$(x - \bar{x})^2$	$(y - \bar{y})^2$	$(x - \bar{x})(y - \bar{y})$
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2006 -2007	750	619	-280	-137	78400	18769	38360
2007 -2008	900	708	-130	-48	16900	2304	6240
2008 -2009	1050	750	20	-6	400	36	-120
2009 -2010	1200	777	170	21	28900	441	3570
2010 -2011	1250	926	220	170	48400	28900	37400
					$\sum(x - \bar{x})^2$ =173000	$\sum(y - \bar{y})^2$ =50450	$\sum(x - \bar{x})(y - \bar{y})$ =85450

$$\text{Correlation Coefficient (r)} = \frac{\sum(x - \bar{x})(y - \bar{y})}{\sqrt{\sum(x - \bar{x})^2 \sum(y - \bar{y})^2}} = \frac{85450}{\sqrt{173000 \times 50450}} = 0.91$$

#### Calculation of Correlation of NABIL with SCBNL (Merchant)

Year	NABIL (x)	SCBNL (y)	$(x - \bar{x})$	$(y - \bar{y})$	$(x - \bar{x})^2$	$(y - \bar{y})^2$	$(x - \bar{x})(y - \bar{y})$
2006 -2007	750	693	-280	-151	78400	22801	42280
2007 -2008	900	762	-130	-82	16900	6724	10660
2008 -2009	1050	838	20	-6	400	36	-120
2009 -2010	1200	922	170	78	28900	6084	13260
2010 -2011	1250	1005	220	161	48400	25291	35420
					$\sum(x - \bar{x})^2$ =173000	$\sum(y - \bar{y})^2$ =61566	$\sum(x - \bar{x})(y - \bar{y})$ =101500

$$\text{Correlation Coefficient (r)} = \frac{\sum(x - \bar{x})(y - \bar{y})}{\sqrt{\sum(x - \bar{x})^2 \sum(y - \bar{y})^2}} = \frac{101500}{\sqrt{173000 \times 61566}} = 0.98$$

#### Calculation of Correlation coefficient of HBL with SCBNL (Merchant)

Year	HBL (x)	SCBNL (y)	$(x - \bar{x})$	$(y - \bar{y})$	$(x - \bar{x})^2$	$(y - \bar{y})^2$	$(x - \bar{x})(y - \bar{y})$
2006 -2007	619	693	-137	-151	18769	22801	20687
2007 -2008	708	762	-48	-82	2304	6724	3936
2008	750	838	-6	-6	36	36	36

-2009							
2009 -2010	777	922	21	78	441	6084	1638
2010 -2011	926	1005	170	161	28900	25291	27370
					$\sum (x - \bar{x})^2$ =50450	$\sum (y - \bar{y})^2$ =61566	$\sum \frac{(x - \bar{x})}{(y - \bar{y})}$ =53667

$$\text{Correlation Coefficient (r)} = \frac{\sum(x-\bar{x})(y-\bar{y})}{\sqrt{\sum(x-\bar{x})^2 \sum(y-\bar{y})^2}} = \frac{53667}{\sqrt{50450 \times 61566}} = 0.96$$

**Calculation of Correlation coefficient of NABIL with Industry (Merchant)**

Year	No. of merchant NABIL (x)	No. of merchant Industry (A)	(x - $\bar{x}$ )	(A - $\bar{A}$ )	(x - $\bar{x}$ ) <sup>2</sup>	(A - $\bar{A}$ ) <sup>2</sup>	$\frac{(x - \bar{x})}{(A - \bar{A})}$
2006 -2007	750	2062	-280	-568	78400	322624	159040
2007 -2008	900	2370	-130	-260	16900	67600	33800
2008 -2009	1050	2638	20	8	400	64	160
2009 -2010	1200	2899	170	269	28900	72361	45730
2010 -2011	1250	3181	220	551	48400	303601	121220
					$\sum (x - \bar{x})^2$ =173000	$\sum (A - \bar{A})^2$ =766250	$\sum \frac{(x - \bar{x})}{(A - \bar{A})}$ =359950

$$\text{Correlation Coefficient (r)} = \frac{\sum(x-\bar{x})(A-\bar{A})}{\sqrt{\sum(x-\bar{x})^2 \sum(A-\bar{A})^2}} = \frac{359950}{\sqrt{173000 \times 766250}} = 0.99$$

**Calculation of Correlation coefficient of HBL with Industry (Merchant)**

Year	No. of merchant HBL(x)	No. of merchant Industry (A)	(x - $\bar{x}$ )	(A - $\bar{A}$ )	(x - $\bar{x}$ ) <sup>2</sup>	(A - $\bar{A}$ ) <sup>2</sup>	$\frac{(x - \bar{x})}{(A - \bar{A})}$
2006 -2007	619	2062	-137	-568	18769	322624	77816
2007 -2008	708	2370	-48	-260	2304	67600	12480
2008 -2009	750	2638	-6	8	36	64	-48
2009	777	2899	21	269	441	72361	5649

-2010							
2010-2011	926	3181	170	551	28900	303601	93670
					$\sum (x - \bar{x})^2$ =50450	$\sum (A - \bar{A})^2$ =766250	$\sum \frac{(x - \bar{x})}{(A - \bar{A})}$ =189567

$$\text{Correlation Coefficient (r)} = \frac{\sum (x - \bar{x})(A - \bar{A})}{\sqrt{\sum (x - \bar{x})^2 \sum (A - \bar{A})^2}} = \frac{189567}{\sqrt{50450 \times 766250}} = 0.96$$

#### Calculation of Correlation coefficient of SCBL with Industry (Merchant)

Year	No. of merchant SCBNL (x)	No. of merchant Industry (A)	$(x - \bar{x})$	$(A - \bar{A})$	$(x - \bar{x})^2$	$(A - \bar{A})^2$	$\frac{(x - \bar{x})}{(A - \bar{A})}$
2006-2007	693	2062	-151	-568	22801	322624	85768
2007-2008	762	2370	-82	-260	6724	67600	21320
2008-2009	838	2638	-6	8	36	64	-48
2009-2010	922	2899	78	269	6084	72361	20982
2010-2011	1005	3181	161	551	25921	303601	88711
					$\sum (x - \bar{x})^2$ =61566	$\sum (A - \bar{A})^2$ =766250	$\sum \frac{(x - \bar{x})}{(A - \bar{A})}$ =216733

$$\text{Correlation Coefficient (r)} = \frac{\sum (x - \bar{x})(A - \bar{A})}{\sqrt{\sum (x - \bar{x})^2 \sum (A - \bar{A})^2}} = \frac{216733}{\sqrt{61566 \times 766250}} = 0.99$$

#### Calculation of Project values of the Cardholders and Merchant for the different Banks involved in Card Business

##### Calculation of projected value of cardholders for NABIL

Year	No. of Cardholder (y)	X=x-2009	X <sup>2</sup>	XY
2006-2007	4910	-2	4	-9820
2007-2008	5450	-1	1	-5450
2008-2009	5940	0	0	0
2009-2010	7200	1	1	7200
2010-2011	7500	2	4	15000
	$\sum y = 31000$	$\sum x = 0$	$\sum x^2 = 10$	$\sum xy = 6930$

Since  $\sum x = 0$ ,

$$\text{now } a = \frac{\sum y}{n} = \frac{31000}{5} = 6200$$

$$\text{and } b = \frac{\sum xy}{\sum x^2} = \frac{6930}{10} = 693$$

Substituting the value of a and b in the required line then the equation is

$$a+bx = 6200 + 693x$$

When  $X = 2012$ , then  $x = X - 2009 = 3$

$$Y \text{ For } 2012 = 6200 + 693 \times 3 = 8279$$

Hence the projected value for 2012 of NABIL is 8279

### Calculation of projected value of cardholders for HBL

Year	No. of Cardholder (y)	$X=x-2009$	$X^2$	XY
2006-2007	4088	-2	4	-8176
2007-2008	5683	-1	1	-5683
2008-2009	7388	0	0	0
2009-2010	8852	1	1	8852
2010-2011	10249	2	4	20498
	$\sum y = 36260$	$\sum x = 0$	$\sum x^2 = 10$	$\sum xy = 15491$

Since  $\sum x = 0$ ,

now  $a = \frac{\sum y}{n} = \frac{36260}{5} = 7252$

and  $b = \frac{\sum xy}{\sum x^2} = \frac{15491}{10} = 1549.1$

Substituting the value of a and b in the required line then the equation is  
 $a+bx = 7252 + 1549.1x$

When  $X = 2012$ , then  $x = X - 2009 = 3$

$Y$  For 2012 =  $7252 + 1549.1 \times 3 = 11899.3$  or 11899

Hence the projected value for 2012 of HBL is 11899

**Calculation of projected value of cardholders for SCBL**

Year	No. of Cardholder (y)	$X=x-2009$	$X^2$	$XY$
2006-2007	6777	-2	4	-13554
2007-2008	7454	-1	1	-7454
2008-2009	8200	0	0	0
2009-2010	9020	1	1	9020
2010-2011	9364	2	4	18728
	$\sum y = 40815$	$\sum x = 0$	$\sum x^2 = 10$	$\sum xy = 6740$

Since  $\sum x = 0$ ,

now  $a = \frac{\sum y}{n} = \frac{40815}{5} = 8163$

and  $b = \frac{\sum xy}{\sum x^2} = \frac{6740}{10} = 674$

Substituting the value of a and b in the required line then the equation is  
 $a+bx = 8163 + 674x$

When  $X = 2012$ , then  $x = X - 2009 = 3$   
 $Y$  For 2012 =  $8163 + 674 \times 3 = 10185$

Hence the projected value for 2012 of SCBNL is 10185

**Calculation of projected value of Industry (Cardholders)**

Year	No. of Cardholder (y)	$X = x - 2009$	$X^2$	XY
2006-2007	15775	-2	4	-31550
2007-2008	18587	-1	1	-18587
2008-2009	21528	0	0	0
2009-2010	25072	1	1	25072
2010-2011	27113	2	4	54226
	$\sum y = 108075$	$\sum x = 0$	$\sum x^2 = 10$	$\sum xy = 29161$

Since  $\sum x = 0$ ,

$$\text{now } a = \frac{\sum y}{n} = \frac{108075}{5} = 21615$$

$$\text{and } b = \frac{\sum xy}{\sum x^2} = \frac{29161}{10} = 2916.1$$

Substituting the value of a and b in the required line then the equation is

$$a + bx = 21615 + 2916.1x$$

When  $X = 2012$ , then  $x = X - 2009 = 3$

$$Y \text{ For 2012} = 21615 + 2916.1 \times 3 = 30363.3 \text{ or } 30363$$

Hence the projected value for 2012 of Credit Card Industry is 30363



### Calculation of projected value of Merchants of NABIL

Year	No. of Cardholder (y)	X=x-2009	X <sup>2</sup>	XY
2006-2007	750	-2	4	-1500
2007-2008	900	-1	1	-900
2008-2009	1050	0	0	0
2009-2010	1200	1	1	1200
2010-2011	1250	2	4	2500
	$\sum y = 5150$	$\sum x = 0$	$\sum x^2 = 10$	$\sum xy = 1300$

Since  $\sum x = 0$ ,

$$\text{now } a = \frac{\sum y}{n} = \frac{5150}{5} = 1030$$

$$\text{and } b = \frac{\sum xy}{\sum x^2} = \frac{1300}{10} = 130$$

Substituting the value of a and b in the required line then the equation is

$$a+bx = 1030 + 130x$$

When X =2012, then x=X-2009 =3

$$\text{For } 2012 = 1030 + 130 \times 3 = 1420$$

Hence the projected value for 2012 of NABIL is 1420

### Calculation of projected value of Merchants of HBL

Year	No. of Cardholder (y)	X=x-2009	X <sup>2</sup>	XY
2006-2007	619	-2	4	-1238
2007-2008	708	-1	1	-708
2008-2009	750	0	0	0
2009-2010	777	1	1	777
2010-2011	926	2	4	1852
	$\sum y = 3780$	$\sum x = 0$	$\sum x^2 = 10$	$\sum xy = 683$

Since  $\sum x = 0$ ,

$$\text{now } a = \frac{\sum y}{n} = \frac{3780}{5} = 756$$

$$\text{and } b = \frac{\sum xy}{\sum x^2} = \frac{683}{10} = 68.3$$

Substituting the value of a and b in the required line then the equation is

$$a+bx = 756 + 68.3x$$

When  $X = 2012$ , then  $x = X - 2009 = 3$

$$Y \text{ For } 2012 = 756 + 68.3 \times 3 = 960.9 \text{ or } 961$$

Hence the projected value for 2012 of HBL is 961

### Calculation of projected value of Merchants of SCBNL

Year	No. of Cardholder (y)	$X = x - 2009$	$X^2$	XY
2006-2007	693	-2	4	-1386
2007-2008	762	-1	1	-762
2008-2009	838	0	0	0
2009-2010	922	1	1	922
2010-2011	1005	2	4	2010
	$\sum y = 4220$	$\sum x = 0$	$\sum x^2 = 10$	$\sum xy = 784$

Since  $\sum x = 0$ ,

$$\text{now } a = \frac{\sum y}{n} = \frac{4220}{5} = 844$$

$$\text{and } b = \frac{\sum xy}{\sum x^2} = \frac{784}{10} = 78.4$$

Substituting the value of a and b in the required line then the equation is

$$a+bx = 844 + 78.4x$$

When  $X = 2012$ , then  $x = X - 2009 = 3$

$$Y \text{ For } 2012 = 844 + 78.4 \times 3 = 1079.2 \text{ or } 1079$$

Hence the projected value for 2012 of SCBNL is 1079



### Calculation of projected value of Industry (Merchant)

Year	No. of Cardholder (y)	X=x-2009	X <sup>2</sup>	XY
2006-2007	2062	-2	4	-4124
2007-2008	2370	-1	1	-2370
2008-2009	2638	0	0	0
2009-2010	2899	1	1	2899
2010-2011	3181	2	4	6362
	$\sum y = 13150$	$\sum x = 0$	$\sum x^2 = 10$	$\sum xy = 2767$

Since  $\sum x = 0$

$$\text{now } a = \frac{\sum y}{n} = \frac{13150}{5} = 2630$$

$$\text{and } b = \frac{\sum xy}{\sum x^2} = \frac{2767}{10} = 276.7$$

Substituting the value of a and b in the required line then the equation is

$$a+bx = 2630 + 276.7x$$

When, X =2012, then x=X-2009 =3

$$Y \text{ For } 2012 = 2630 + 276.7 \times 3 = 3460.1 \text{ or } 3460$$

Hence the projected value for 2012 of Merchant (Industry) is 3460.

## APPENDIX - II

### Questionnaire No.1

Dear cardholder,

I am the student of Lumbini Banijya Campus, Butwal is conducting a research on “*The Trends of Credit Card Business in Nepalese banking sector*”. In this regard a humble request is made you to fill up the questionnaire and help me to analyze the trend of credit card for my research. The information provided will be kept confidential. Hope you will co-operate me in my attempt.

Please tick mark on the following question answers:

Q.1 Gender:

Male  Female

Q.2 Age:

below 18  18-25  26-30  above 30

Q.3. Level of Education

S.L.C.  10+2  Bachelor  Master  Doctorate

Q.4 Your Monthly earnings:

Less than 10,000  10,000 to 20,000  
 20,000 to 40,000  More than 40,000

Q.5 Profession:

Students  Personal Business  Service in Public Sector  
 Service in private sector  any other (*Please Specify*)

Q.6.What kind of credit card do you acquire?

VISA  Master Card  Dinners  
 JCB  others (*Please specify*)

Q.7.Of which Banks do you acquire credit card?

Standard Chartered Bank  Himalayan Bank Limited  
 Nabil Bank Limited

Q.8.Why did you choose to acquire a credit Card?

- Market trend                       Need for credit facility  
 Convenience and safety     Others (*Please Specify*)

Q.9. How often do you use credit card to purchase?

- Once a week                       Twice a week                       Every Fortnight  
 Every day                               occasionally

Q.10. Where do you frequently use your Credit Card?

- café                                       Hotel                               Departmental Store  
 Travel Agency                       Others

Q.11. Which of the following Departmental stores do you usually transact at?

(*With your credit card*)

- Bhatbhateni                               Saleways  
 Namaste Supermarket                       Others

Q.12. How do you come to know about credit card?

- Print Media                               Electronic Media                               Broad casting Media

Q.13. How satisfied is you with the credit card you possess?

- Very satisfied                               Satisfied  
 Neutral                                       Unsatisfied

Q.14. How did you find the facility of credit card adopted by banks?

- Very relevant                               Not so relevant                               Neutral

Q.15. Are you satisfied with the limit provided by bank on your credit card?

- Yes                                       No                                       Neutral

Q.16. How long have you been using your credit card?

- from about a month                               less than six month  
 for about a year                               more than a year

Q.17. Of your payment what percentage is done through credit card?

- More than 20%                               20% to 40%                               40% to 60%  
 60% to 80%                               Less than 80%

Q18 Have you ever encountered problems during the usage of your credit card?

- Yes  No

Q.19 If 'yes' Please check the type of problems encountered.

*(You can check more than one option).*

- credit card was lost  
 card was not accepted by Merchants  
 card was not accepted by machine  
 Others *(Please specify)*

Q.20 Do you have any idea about fraud in credit card? If yes please tick mark on the types of fraud known to you?

- Stolen cards  
 Counterfeit cards  
 Magnetic Stripe fraud  
 others

Q.21 Do you have any knowledge on credit card disputes?

- Yes  No

Q.22 What would prompt you to change your credit card and acquire a new card?

- Wider Acceptance  
 Promotion on part of the banks  
 Goodwill of the banks  
 Low service fees

Q.23 Do you have Supplementary Cards?

- Yes  No

Q.24 Who are the Supplementary Card users?

*(if Yes on the Q.no. 23 only)*

- For Spouse  
 For Children  
 Others

**“Thank you for your kind information”**

## Questionnaire No. 2

Dear Merchant,

I am the student of Lumbini Badijya Campus, Butwal is conducting a research on “*The Trends of Credit Card Business in Nepalese banking sector*”. In this regard a humble request is made you to fill up the questionnaire and help me to analyze the trend of credit card for my research. The information provided will be kept confidential. Hope you will co-operate me in my attempt.

Please tick mark on the following question answers:

Q.1. Nature of business:

- Department store     Restaurant     Hotel  
 Travel Agents     Others (Please Specify)

Q.2 Do you have the credit cards facilities

- yes                       No

Q.3. Which of the following credit cards do you accept? Please tick mark on the ones you accept.

- VISA     Master Card     Dinners     JCB

Q.4. Which of the following Credit Cards do your customers generally possess? Please tick mark on the ones you accept.

- VISA     Master Card     Dinners     JCB

Q.5 You possess POS machine of...

- Standard Chartered Bank     Himalayan Bank Limited  
 NABIL Bank

Q.6. what were the reasons for selecting the particular bank?

*(You can check more than one option)*

- Goodwill of bank.  
 Broad acceptance of card associated with acquiring bank.  
 More existing transactions with the bank

- Location of the bank
- Good personal relationship with the bank
- Others (*Please Specify*)

Q.7 Credit Cards of which bank do your customer generally possess?

- Standard Chartered Bank  Himalayan Bank Limited
- Nabil Bank  Nepal Investment bank

Q.8. Please put a tick mark on the benefits that you have been receiving by using the credit.

- Convenience  Security  Reliability
- Market need  Tracking of Credit  others

Q.9. Of your sales what percentage is done through credit card?

- more than 20%  20% to 40%  40% to 60%
- 60% to 80%  less than 80%

Q.10. How long have you been using Credit Cards facilities?

- From about a month  Less than six months
- From about a year  More than a year

Q.11. How has the buying habit of consumers changed after you started accepting credit card?

- Increase  Decreased  No change

Q.12. How satisfied you are with the credit card facility?

- Very satisfied  Satisfied  Neutral  Unsatisfied

Q.13. what is the growth trend of credit card business in these days?

- very high  high  moderate  low  very low

Q.14. Do you have any idea about the fraud in credit card?

If yes then please tick marks the type of fraud known to you.

- Stolen Cards  Counterfeit Cards
- Magnetic stripe fraud  others (*Please Specify*)

Q.15. What is the problems generally being encountered by you regarding operations related to credit card?

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Q.16. would you like to give any suggestion to the credit card issuing and acquiring banks?

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**“Thank you for your kind information”**