# COMPARATIVE SWOT ANALYSIS OF NEPALESE JOINT VENTURE COMMERCIAL BANKS

(With Reference to Standard Chartered Bank Nepal Ltd., Nabil Bank Ltd.and Himalayan Bank Ltd.)

#### $\mathbf{BY}$

Shila K.C. Campus Roll No: 335/062

T.U. Registration: 7-2-355-105-2002

Faculty of Management Tribhuvan University Kathmandu,Nepal

## **VIVA-VOCE SHEET**

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

#### Shila K.C.

### Entitled:

COMPARATIVE SWOT ANALYSIS OF NEPALESE JOINT VENTURE COMMERCIAL BANKS (With Reference to Standard Chartered Bank Nepal Ltd., Nabil Bank Ltd.and Himalayan Bank Ltd.)

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

#### Viva-Voce Committee

Head, Research Department:	•••••••••••••••••
Member (Thesis Supervisor):	•••••••••••••••••••••••••••••••••••••••
Member (Thesis Supervisor):	•••••••••••••••••••••••••••••••••••••••
Member (External Expert):	•••••

## RECOMMENDATION

This is to certify that the Thesis

Submitted by: **Shila K.C.** 

#### Entitled:

COMPARATIVE SWOT ANALYSIS OF NEPALESE JOINT VENTURE COMMERCIAL BANKS (With Reference to Standard Chartered Bank Nepal Ltd., Nabil Bank Ltd.)

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

• • • • • • • • • • • • • • • • • • • •	• • • • • • • • • • • • • • • • • • • •
Prof. Dr. Kamal Das	Dr. Kamal Deep Dhakal
Manandhar	(Campus Chief)
(Thesis Supervisor)	•
Kiran Thapa	Prof Bisheshwor Man Shrestha
(Thesis Supervisor)	(Head of Research Department)

**DECLARATION** 

I hereby declare that the data and information reported in this thesis entitled

COMPARATIVE SWOT ANALYSIS OF NEPALESE JOINT VENTURE

COMMERCIAL BANKS (With Reference to Standard Chartered Bank Nepal Ltd.,

Nabil Bank Ltd. and Himalayan Bank Ltd.) submitted to the office of the Dean, Faculty

of Management, Tribhuvan University, is my authentic work done for the partial

fulfillment of the requirement of the degree of Master of Business Studies (MBS) under

the guidance and supervision of Prof.Dr Kamal Das Manandhar and Kiran Thapa of

Shanker Dev Campus.

Researcher

Shila K.C.

Campus Roll No: 335/062

T.U. Registration: 7-2-355-105-2002

**ACKNOWLEDGEMENT** 

This entitled thesis COMPARATIVE SWOT ANALYSIS OF NEPALESE JOINT

VENTURE COMMERCIAL BANKS (With Reference to Standard Chartered Bank

Nepal Ltd., Nabil Bank Ltd. and Himalayan Bank Ltd.) has been prepared for the partial

fulfillment of the requirement of Master's Degree of Business Studies (M.B.S.) under the

Faculty of Management, Tribhuvan University, is based on research models involving the

use of quantitative as well as qualitative aspect of research.

I wish to extend my deep sense of indebtedness to my thesis supervisors Prof. Dr. Kamal

Das Manandhar and Kiran Thapa of Shanker Dev Campus who provided me valuable

guidelines, insightful comments, encouragement and generous treatment to complete this

thesis. Similarly, I also give thanks to all the lecturers of Shaker Dev Campus, who

encouraged me in my entire academic attempt.

I express my heartfelt gratitude to my parents and all my family members as well as all

friends and colleagues. Without their cordial cooperation this work could have been very

difficult for me. Similarly, at last special thanks goes to Mr Keshab Aryal who helped me

in every step of thesis work.

Thank You

Shila K.C.

Roll No: 335/062

## TABLE OF CONTENTS

Viva-Voce sheet Recommendation Declaration Acknowledgements Table of Contents List of Tables List of Figures Abbreviations

Abbreviat	ions	Page No.
СНАРТ	TER I: INTRODUCTION	(1-
<b>15</b> )		
	1.1 General Background	1
	1.1.1 Joint Venture Banks	4
	1.1.2 SWOT Analysis	6
	1.2 Focus of the Study	9
	1.3 Statement of the Problem	9
	1.4 Objectives of the Study	11
	1.5 Introduction of Sample Organization under Study	11
	1.6 Significance of the Study	13
	1.7 Limitation of the Study	14
	1.8 Organization of the Study	15
	TER II: REVIEW OF LITERATURE	(16-
<b>42</b> )	2.1 Concentual / Theoretical Daview	17
	2.1 Conceptual / Theoretical Review 2.1.1 Review from Books	17
	2.1.1 Review from Books 2.1.2 Review of Journals / Articles	23
		23 28
	<ul><li>2.1.3 Concept of Financial Analysis</li><li>2.2 Review of Related Studies</li></ul>	28 35
		35 35
	2.2.1 Review of Policy Documents 2.2.2 Review of Thesis	38
		42
	2.3 Research Gaps	42
СНАРТ	TER III: RESEARCH METHODOLOGY	(43-
<b>62</b> )		
	3.1 Research Design	43
	3.2 Population & Sample	44
	3.3 Sources of Data	44

3.4 Data Collection Techniques	45
3.5 Data Analysis Tools	45
3.5.1 Financial Tools	45
3.5.1.1 Profitability Ratios	46
3.5.1.2 Liquidity Ratios	49
3.5.1.3 Activity (Utilization) Ratios	51
3.5.1.4 Leverage Ratios	53
3.5.1.5 Other Financial Indicators	57
3.5.2 Statistical Tools	59
3.5.2.1 Arithmetic Mean	59
3.5.2.2 Standard Deviation	60
3.5.2.3 Coefficient of Variance	60
3.5.2.4 Trend Analysis (From Least Square Method)	61
CHAPTER IV: DATA PRESENTATION AND	
ANALYSIS	(63-
125)	
4.1 Comparative Analysis of Financial Statements	64
4.2 Analysis of Financial Ratios	81
4.2.1 Profitability Ratios	81
4.2.2 Liquidity Ratios	87
4.2.3 Activity (Utilization) Ratios	88
4.2.4 Leverage Ratios	92
4.2.5 Other Financial Indicators	97
4.3 Trend Analysis	101
4.3.1 Trend Analysis of Profit before Tax	101
4.3.2 Trend Analysis of Loans & Advances	106
4.3.3 Trend Analysis of Total Deposits	111
4.4 SWOT Analysis	115
4.4.1 Strength	116
4.4.2 Weaknesses	116
4.4.3 Opportunities	116
4.4.4 Threats	116
4.5 General Banking Environment	120
4.5.1 Micro Economic Factors	120
4.5.2 Macro Economic Factors	121
4.6 Environmental Scanning & Analysis	122
4.7 Major Findings of the Study	124

CHAPTER V: SUMMARY, CONCLUSION AND	
RECOMMENDATIONS	(126-
132)	
5.1 Summary	126
5.2 Conclusion	127
5.3 Recommendation	128

BIBLIOGRAPHY APPENDIX

## LIST OF TABLES

Table No.	Title of the Table Page	No.
1-1	List of Licensed Commercial Banks	3
2-1	Characteristics of Balance sheet	25
2-2	Profit and Loss Account	26
2-3	Banks' Overall Performance	27
4-1	Financial Highlights of SCBNL from 2003/04 to 2007/08	64
4-2	Financial Highlights of NABIL from 2003/04 to 2007/08	67
4-3	Financial Highlights of HBL from 2003/04 to 2007/08	69
4-4	Calculation of Mean, S.D & C.V. of Return on Total Assets	81
4-5	Calculation of Mean, S.D & C.V. of Return on Total Deposits	82
4-6	Calculation of Mean, S.D & C.V. of Return on Net Worth	84
4-7	Calculation of Mean, S.D & C.V. of Interest Earned to Assets	85
4-8	Calculation of Mean, S.D & C.V. of Return on Risk Assets	86
4-9	Calculation of Mean, S.D & C.V. of Bank Balance to Deposit	87
4-10	Calculation of Mean, S.D & C.V. of Credit Deposit Ratio	88
4-11	Calculation of Mean, S.D & C.V. of Performing to Total Assets	89
4-12	Calculation of Mean, S.D & C.V. of Performing Assets to Debt	90
4-13	Calculation of Mean, S.D & C.V. of Investments to Deposit	91
4-14	Calculation of Mean, S.D & C.V. of Total Debt to Total Asset	92
4-15	Calculation of Mean, S.D & C.V. of Long Term Debt to Assets	93
4-16	Calculation of Mean, S.D & C.V. of Total Debt to Net worth	94
4-17	Calculation of Mean, S.D & C.V. of Long Term Debt to Net worth	95
4-18	Calculation of Mean, S.D & C.V. of Fixed Assets to Net worth	96
4-19	Calculation of Mean, S.D & C.V. of Net Worth to Deposits	97
4-20	Calculation of Mean, S.D & C.V. of Loan loss coverage Ratio	98
4-21	Calculation of Mean, S.D & C.V. of Dividend Payout Ratio	99
4-22	Trend Analysis of Profit before tax for SCBNL	101
4-23	Trend Analysis of Profit before tax for NABIL	103
4-24	Trend Analysis of Profit before tax for HBL	105
4-25	Trend Analysis of Loans & Advances for SCBNL	106
4-26	Trend Analysis of Loans & Advances for NABIL	108
4-27	Trend Analysis of Loans & Advances for of HBL	109
4-28	Trend Analysis of Total Deposits for SCBNL	111
4-29	Trend Analysis of Total Deposits for NABIL	112
4-30	Trend Analysis of Total Deposits for HBL	114
4-31	Comparative SWOT Analysis of SCBNL, NABIL & HBL	117

## LIST OF FIGURES

Figure No.	Title of the Figure	Page No.
4-1	Gross Income for the Period of 2003/04 to 2007/08	74
4-2	Total Cost for the Period of 2003/04 to 2007/08	75
4-3	Profit before Tax for the Period of 2003/04 to 2007/08	76
4-4	Total Deposits for the Period of 2003/04 to 2007/08	77
4-5	Investments for the Period of 2003/04 to 2007/08	78
4-6	Loan & Advances for the Period of 2003/04 to 2007/08	79
4-7	Trend Line of Profit before Tax for SCBNL	102
4-8	Trend Line of Profit before Tax for NABIL	104
4-9	Trend Line of Profit before Tax for HBL	105
4-10	Trend Line of Loans & Advances for SCBNL	107
4-11	Trend Line of Loans & Advances for NABIL	108
4-12	Trend Line of Loans & Advances for HBL	110
4-13	Trend Line of Total Deposits for SCBNL	111
4-14	Trend Line of Total Deposits for NABIL	113
4-15	Trend Line of Total Deposits for HBL	114