

**A STUDY ON CREDIT CARD BUSINESS IN NEPAL WITH  
REFERENCE TO SCBNL, HBL AND NABIL BANK**

*Thesis Submitted By:*

**SMARIKA SHRESTHA**



**St. Xavier's Campus**

**T.U. Registration No: 7-2-468-23-2003**

**TU Exam Roll No: 4175 (part II)**

*A Thesis Submitted to:*

**Office of the Dean**

**Faculty of Management**

**Tribhuvan University, Nepal**



*In partial fulfillment of the requirement for the Degree of Master of Business Studies*

*(M.B.S)*

**October 2010**

# RECOMMENDATION

This is to certify that the Thesis

Submitted by:

SMARIKA SHRESTHA

Entitled

“A STUDY ON CREDIT CARD BUSINESS IN NEPAL WITH REFERENCE TO  
SCBNL, HBL AND NABIL BANK

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

Prof. Shankar Thapa

(Thesis Supervisor)

Prof. Shankar Thapa

(Head Of Research Department)

.....

(Campus Chief)

## VIVA-VOCE SHEET

We have conducted the viva –voce of the thesis presented by:

**SMARIKA SHRESTHA**

**Entitled:**

**“A STUDY ON CREDIT CARD BUSINESS IN NEPAL WITH REFERENCE  
TO SCBNL, HBL AND NABIL BANK**

*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 the **Degree of Masters of Business Studies (MBS)**.*

### Viva-Voce Committee

Head of Department .....

Member (Thesis Supervisor).....

Member (External Expert).....

**TRIBHUWAN UNIVERSITY**  
**Faculty of Management**  
**St.Xavier's College**

**DECLARATION**

I here by declare that the work reported in this thesis entitled “**A STUDY ONCREDIT CARD BUSINESS IN NEPAL WITH REFERENCE TO SCBNL, HBL AND NABIL BANK**” submitted to St.Xavier's College, Faculty of Management, Tribhuwan University, is my original work done in the form of partial fulfillment of the requirement for the Master's Degree in Business Study (M.B.S.) under the supervision of Shankar Thapa of St. Xavier's College.

.

.....  
**Smarika Shrestha**  
**Researcher**  
**T.U. Regd. No:7-2-468-23-2003**  
**Campus Roll No: 55**

## **ACKNOWLEDGEMENT**

Firstly, I would like to express my warm gratitude to my thesis supervisor, Prof. Shankar Thapa of St.Xavier's College for his valuable guidance as well as co-operation in completing this thesis work. Without his Valuable suggestions and time I would not be able to complete it in this form. Besides my Supervisor I would like to express my heartfelt thanks to all my friends, lectures of St.Xaviers College, staffs of Selected listed Banks, Research Department of NRB by providing me sufficient materials and suggestions.

This is appreciable curriculum of T.U. because it helps the students to express their theoretical concept gained during the study period into the practical field. So, being concerned to thesis, I have also got a chance to express my theoretical concept gained from class and library study into this practical field.

Similarly, I thank librarians of St. Xavier's College, Librarians of Tribhuwan University for providing various books, reports, journal and other publications. I would like to thank specially to my family members for their support and friend Suresh for his suggestions.

Lastly I am equally grateful to all the authors, whose reports, books, articles and thesis have been consulted during my thesis preparation period.

Smarika Shrestha,

St. Xavier's College.

October 2010

Date: October 2010

## TABLE OF CONTENTS

Recommendation

Viva Voce Sheet

Declaration

Acknowledgement

Table of Contents

List of Tables

List of Figures

Abbreviations

## CHAPTER I: INTRODUCTION

1.1	Meaning and Origin of Bank	1
1.1.1	Origin of Bank in Nepal	3
1.1.2	Meaning of Commercial Bank	5
1.1.3	Meaning of Joint Venture Bank	7
1.2	Background of the study and Meaning of credit card	7
1.2.1	Historical Background and Development of Credit Card in the world	10
1.2.2	Types of Credit Card	14
1.2.3	Transaction Process	15
1.3	History of Credit Card	16
1.4	Focus of the Study	17
1.5	Statement of Problem	17
1.6	Objectives of the Study	18
1.7	Importance of the Study	19
1.8	Limitation of the Study	20
1.9	Organization of the Study	21

## CHAPTER II: REVIEW OF LITERATURE

### 2.1 Conceptual Reviews

2.1.1	Types of Card	23
2.1.2	What is Visa?	27
2.1.3	What is Master Card	28
2.1.4	Advantages and Disadvantages of Credit Card	30
2.1.5	Parties involved in Credit Card Business	31
2.1.6	Components of Credit Card	34
2.1.7	Basic Eligibility Criteria for being a Card Holder	35
2.1.8	Documents Required	36
2.1.9	Application Processing	37
2.1.10	Transaction Process of Credit Card	38
2.1.11	Risk and Fraud in Card Business	39
2.1.12	Risk minimize Mechanism	43
2.1.13	Procedures following Disputes	46
2.2	Review of Related studies	50
2.3	Research Gap	62

### CHAPTER III: RESEARCH METHODOLOGY

3.1	Introduction	63
3.2	Research Design	64
3.3	Population size and sample Unit	64
3.4	Sampling Procedure	64
3.5	sources of Data	64
3.5.1	Primary Data	65
3.5.2	Secondary Data	65
3.6	Data collection Procedure	66
3.6.1	Structured Questionnaire	66
3.7	Methods of Data Presentation and Analysis	67
3.8	Statistical Tools used	67

### CHAPTER IV: DATA PRESENTATION AND ANALYSIS

4.1	Introduction	70
4.2	User Trend of Credit Card Business	70
4.3	Merchant Trend of Credit Card Business	72

4.4 Present Market Share Hold by Different Banks	75
4.5 Trend Analysis	78
4.6 Result Section of Questionnaire ( Primary Data)	79

## CHAPTER V: SUMMARY, CONCLUSION AND RECOMENDATIONS

5.1 Summary	104
5.2 Conclusion	109
5.3 Recommendations	110
Bibliography	
Appendix	

### *List of Tables*

4.1 User Trend of Credit Card Business	70
4.2 Merchant Trend of Credit Card Business	72
4.3 Correlation Analysis of Nabil Bank	76
4.4 Correlation Analysis of HBL	77
4.5 Correlation Analysis of SCBNL	77
4.6 Projected Value of Different Banks for the Year 2009/2010	78

### *List of Figures*

4.1 User Trend of Credit Card	71
4.2 Total user Trend of Credit Card	71
4.3 Merchant Trend of Credit Card Business	73
4.4 Total Merchant Trend of Card Business	74
4.5 Market share of bank in terms of number of cardholder	75
4.6 Market share of banks in terms of merchant	76
4.7 Gender distribution of customer	79
4.8 Age Distribution of customers	80
4.9 Education Level of customers	80
4.10 Income Level of Cardholders	81
4.11 Profession of Cardholders	82
4.12 Types of Cards	83



4.13 Cards Acquired of Difference Banks	83
4.14 Reason for Acquiring Credit Card	84
4.15 Purchase through Credit Card	85
4.16 Places of Usage of Credit Card	85
4.17 Various departmental stores transactions	86
4.18 Appropriate Media	87
4.19 Level of Satisfaction	87
4.20 Relevance of Credit Card facility by Bank	88
4.21 Satisfaction in Limit made by bank	89
4.22 Time elapsed since Card Acquired	89
4.23 Problems Encountered	90
4.24 Types of Problems Encountered	91
4.25 Knowledge of Card Frauds	92
4.26 Knowledge on Credit Card Disputes	92
4.27 Types of Cards Used by Customers	93
4.28 POS Machines	94
4.29 Reason for Selecting Banks	94
4.30 Bank of Card Holders	95
4.31 Benefits Received	95
4.32 Change in Buying Habits	96
4.33 Level of Satisfaction	97
4.34 Knowledge of Card Frauds	97
4.35 Most Popular Credit Card	98
4.36 Position of Banks Card System among customer	98
4.37 To improve its current Card System.	99
4.38 Places of Usages of credit card	100
4.39 Users of Credit Card	100
4.40 For enhance the quality of Credit card	101
4.41 To Augments its current image	102
4.42 Reason for providing Credit Card	102
4.43 Rating of customer for the card of bank based on feedback	103

## **ABBREVIATIONS**

AMEX American Express  
ATM Automatic Teller Machine  
ATS Alpine Travel Services Pvt. Ltd.  
C.V. Coefficient of Variation  
FIR First Individual Report  
GDP Gross Domestic Product  
HBL Himalayan Bank Ltd.  
JCB Japan Credit Bureau  
MSF Merchant Service Fee  
NABIL Nepal Arab Bank Ltd.  
NBL Nabil Bank Ltd.  
NGBL Nepal Grindlays Bank Ltd.  
NIB Nepal Investment Bank Ltd.  
NRB Nepal Rastra Bank  
PIN Personal Identification Number  
POS Point of Sale  
PSA Premium Savings Account  
SCBL Standard Chartered Bank Ltd.  
SCBNL Standard Chartered Bank Nepal Ltd.  
SCT Smart Choice Technology  
SD Standard Deviation  
SWOT Strength, Weakness, Opportunity and Threat  
U.S. United States  
USA United States of America