

CHAPTER-I

INTRODUCTION

1.1 Background of the Study

Nepal, one of the least developed countries of the world is a small landlocked country surrounded by two fastest growing Asian economies, India and Peoples' Republic of China. Nepal is among the poorest and least developed countries in the world with almost one-quarter of its population living below the poverty line. Although there are lots of prospects for the economic development of Nepal, various factors contributed to the economic underdevelopment of the country including terrain, lack of resource endowment, landlocked position, lack of institutions for modernization, weak infrastructure, and a lack of policies conducive to development. In the prospect of Nepal, the development of banking sectors plays a vital role in the economic growth of the nation.

The word "bank" has been derived from the Italian word 'banco' or 'banca', Latin word 'bancus' and French word 'banque' meaning 'bench' on which the bankers would keep money and its records. Benches were used as desks or exchange counters during the Renaissance by Florentine bankers, who used to make their transactions at the desks covered by green tablecloths. A bank is a financial institution and a financial intermediary that accepts deposits and channels those deposits into lending activities, either directly or through capital markets. A bank connects customers that have capital deficits to customers with capital surpluses.

"A bank is an organization whose principal operations are concerned with the accumulation of the temporarily idle money of the general public for the purpose of advancing to other for expenditure" (Kent).

"Ordinary banking business consists of changing cash for bank deposit and bank deposit for cash, transferring bank deposit from one person or another giving bank deposit in exchange for bills of exchange, government bonds, the secured or unsecured promises of businessman to repay etc" (Sawyer).

Banks play very important role in the economic life of the nation. The health of the economy is closely related to the soundness of its banking system. Although banks create no new wealth but their borrowing, lending and related activities facilitate the process of production, distribution, exchange and consumption of wealth. In this way they become very effective partners in the process of economic development. Today, modern banks are very useful for the utilization of the resources of the country. The banks are mobilizing the savings of the people for the investment purposes. If there would be no banks, then a great portion of a capital of the country would remain idle. A bank as a matter of fact is just like a heart in the economic structure and the Capital provided by it is like blood in it. As long as blood is in circulation the organs will remain sound and healthy. If the blood is not supplied to any organ then that part would become useless, so if the finance is not provided to Agricultural sector or industrial sector, it will be destroyed. Loan facility provided by banks works as an incentive to the producer to increase the production. Many difficulties in the international payments have been overcome and volume of transactions has been increased. Cheques, drafts, bills of exchange and letters of credit are very important instruments of the banks. The banks collect these instruments drawn on banks in other cities or countries and proceeds according to the accounts of the customer's concerns. There are various forms of bank such like commercial bank, development bank, finance company, corporate bank etc. All the economies activities are directly or indirectly channeled through banks.

Marketing, on the other hand, is the process of identifying the needs and wants of people and satisfying those needs and wants by right product or services at right time, place, price and quantity. Marketing deals with identifying and meeting human and social needs. Marketing deals with identifying and meeting human and social needs in the most profitable manner. The American Marketing Association (AMA) defines marketing as, "Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchange that satisfy individual and organizational objectives." The AMA, to better reflect the realities of competing in today's marketplace, defines marketing as, "Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders."

“Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating, offering and exchanging products of value with others. Marketing people are involved in marketing 10 types of entities: goods, services, experiences, events, persons, places, properties, organizations, information and ideas.” (Phillip Kotler).

“Marketing is the management process which identifies, anticipates and supplies customer requirements” (Malcolm McDonald).

“Marketing is a total system of business activities designed to plan, price, promote and distribute want – satisfying products to target markets to achieve organizational objectives” (Stantons,2002:8-11).

All the definitions provided, focus marketing as the process of customers’ need identification and fulfillment in most economical way in order to achieve the organizational objectives.

A marketing strategy, in the other hand, is a process or model to allow a company or organization to focus limited resources on the best opportunities to increase sales and thereby achieve a sustainable competitive advantage. Marketing strategies serve as the fundamental underpinning of marketing plans designed to fill market needs and reach marketing objectives. If an organization is to have any chance of reaching its goals and objectives, it must have a game plan or road map for getting there. A strategy, in effect, outlines the organization’s game plan for success. Strategy is the foundations upon which marketing campaigns are formed. Effective marketing requires sound strategic planning at a number of levels in an organization. At the top levels of the organization, planners concern themselves with macro issues such as the corporate mission, management of the mix of strategic business units, resource acquisition and assignments, and corporate policy decisions. Planners at the middle levels, typically a division or strategic business unit, concern themselves with similar issues, but focus on those that pertain to their particular product/market. Strategic planning at the lower levels of an organization is much more tactical in nature. Here, planners concern themselves with the development of marketing plans- more specific game plans for connecting products and markets in ways that satisfy both organizational and customer objectives.

1.2 Evolution of Banking Industry

1.2.1 Worldwide Context

The evolution of banking industry had started a long time back during ancient times. Banks have been around since the first currencies were minted, perhaps even before that, in some form or another. The first banks were the merchants of the ancient world that made loans to farmers and traders that carried goods between cities. The first records of such activity dates back to around 2000 BC. Later, in ancient Greece and during the Roman Empire, lenders who were based in temples made loans but also added two important innovations: accepting deposits and changing money.

Banking, in the modern sense of the word, can be traced to medieval and early Renaissance Italy, to the rich cities in the north such as Florence, Venice and Genoa. The Bardi and Peruzzi families dominated banking in 14th century Florence, establishing branches in many other parts of Europe. Perhaps the most famous Italian bank was the Medici bank, established by Giovanni Medici in 1397.

The development of banking spread through Europe and a number of important innovations took place in Amsterdam during the Dutch Republic in the 16th century and in London in the 17th century. The word 'Bank' is orient in medieval age in 1171 AD from an Italian word "Banko" that means the place where people come together for different transaction. "The Bank of Venice" was the first bank which established in Italy in 1157AD as first modern bank but the credit of the development of modern banks goes to "The Bank of England" which was established in 1694 AD in London. The growth of banking Act 1883 in United Kingdom as it allowed opening joint stock company Banks.

1.2.2 Nepalese context

The growth of financial and monetary sector in Nepal is not so old. In the 14th century, Jayasthiti Malla – a king of Kantipur classified people in 64 groups according to their occupations, "Tanka Dhari" was one among them who used to lend money at a fixed rate of interest. During the prime minister ship of Ranoddip Singh around 1872 A.D. "Tejarath adda" was introduced which brought reforms in economic and financial sector. The main purpose of "Tejarath Adda" was to provide credit facilities to the general public at a concessional rate. In the overall development of banking system in Nepal "Tejarath Adda" may be regarded as the father of modern banking

institution and for quite a long time it tender of good servants as well as to the general public Nepal entered in the banking with the establishment of Nepal Bank Limited in 1937 A.D. with the cooperation of imperial bank of India. The authorized capital was contributed by the government 51% equity of the bank. In 1956, 26th April, the first central bank named as “Nepal Rastra Bank” (NRB) was established with the objectives of supervising, protecting and directing the function of commercial bank. Hence, Rastria Banijya Bank, a fully government owned was established on 23rd January 1966 A.D.

Commercial Bank Act 1974 was amended in 1984 to increase competition among commercial banks. Hence, provision was made to allow private sectors including foreign investment to open commercial banks. As a result Nepal Arab Bank Limited (Nabil Bank) was established on July 12, 1984 with the partnership of Dubai Bank Limited. The number of commercial bank operating in the country is increasing everyday and there are about 31 commercial banks and 78 development banks under operation in Nepal. And many more in pipe line to commence their business.

Before 1985, only public enterprises such as two development banks NIDC and Agriculture Development Bank and in the form of non- bank financial institutions, Employees Provident Fund and National Insurance Corporation were established. So, to increase the financial activities of the country, Finance Company Act 1985 was introduced which promoted people to establish many financial institutions in the country.

There is a tremendous growth in the number of financial institution in Nepal in the last two decades. At the beginning of the 1980s when financial sector was not liberalized, there were only two commercial banks, and two development banks performing banking activities in Nepal. There were no micro-credit development banks, finance companies, cooperatives and NGOs with limited banking transactions. After the liberalization of the financial sector, financial sector has made a hallmark progress both in terms of the number of financial institutions and beneficiaries of financial services. In the present scenario, there are 31 commercial bank, 87 development banks and 76 financial institutions. There were only 2 commercial banks and 1 development bank twenty-five years ago.

1.3 Evolution of Modern Marketing

Modern marketing began in the early 1900s. In the twentieth century, the marketing process progressed through three distinct eras, production, sales, and marketing. In the 1920s, firms operated under the premise that production was a seller's market. Product choices were nearly non-existent because firm managers believed that a superior product would sell itself. This philosophy was possible because the demand for products outlasted supply. During this era, firm success was measured totally in terms of production. The second era of marketing, ushered in during 1950s, is known as the sales era. During this era, product supply exceeded demand. Thus, firms assumed that consumers would resist buying goods and services deemed nonessential. To overcome this consumer resistance, sellers had to employ creative advertising and skillful personal selling in order to get consumers to buy. The marketing era emerged after firm managers realized that a better strategy was needed to attract and keep customers because allowing products to sell themselves was not effective. Rather, the marketing concept philosophy was adopted by many firms in an attempt to meet the specific needs of customers. Proponents of the marketing concept argued that in order for firms to achieve their goals, they had to satisfy the needs and wants of consumers.

1.4 Profile of Clean Energy Development Bank

Clean Energy Development Bank Ltd. (CEDB) was established in 2006 under Bank and Financial Institution Act, 2063, in a joint venture with FMO – Netherlands. The bank began its operation on 07 September 2006 from its main office located at Sitapaila Chowk, Ring Road, Kathmandu. CEDB, including the banking services, also provides technical know-how, project financing, pre-investment activities, investment and corporate advisory services and mobilizes local as well as international resources to promote clean energy activities within the country. The bank is promoted by Employees Provident Fund, Energy Experts, Bankers, Professionals and other institutional investors.

The bank offers wide ranges of general banking products and services which include consumer banking, corporate and institutional banking, rural banking, corporate finances, depository services, remittance services, transaction banking, 24 hours ATM, locker services, telephone / mobile phone bill payment facilities and many more. In addition to its Head Office in Sitapaila, Kathmandu, CEDB also possesses 8

branches throughout Nepal with 2 inside the Kathmandu valley at Thapathali & Durbar Marg and the remaining at Gorkha, Birtamode, Phidim, Katari, Taplejung and Salleri. The bank currently has 4 no. of ATMs owned by it. The bank is using banking software 'Pumori' which is one of the common and widely used banking software in Nepalese financial institutions. The bank has recently upgraded its current version 'Pumori 3' to 'Pumori 4'. The bank has won the 'The Best Development Bank, 2010' award from the Boss magazine and has recently won 'National Best Presented Accounts 2011' award in Prudential Supervision under Financial Sector category conferred by The Institute of Chartered Accountants of Nepal (ICAN).

1.5 Statement of the Problems

Banks play very important role in the economic development of the nation. The health of the economy is closely related to the soundness of its banking system. Marketing Strategy is something that helps organizations to achieve marketing objectives. Marketing objectives help achieve corporate objectives and corporate objectives aim to achieve a competitive advantage over rival organizations. Sun Tzu - The Art of War, says, "Strategy without tactics is the slowest route to victory; tactics without strategy is the noise before defeat". Nepalese financial institutions lack appropriate, well managed and formulated policies and strategies to develop appropriate marketing strategies in dynamic market. Nepalese development banks have to compete with about 31 commercial banks, 78 development banks and many more other financial institutions including finance companies, co-operatives, etc. which offer similar products/services to their customers. Planning and research are important elements to any kind of strategy, which is lack in the context of Nepalese Development Banks. The Nepalese development banks lack appropriate, well managed and formulated marketing strategies to develop customer satisfaction in such competitive market. They mainly rely upon the guideline instructions of Nepal Rastra Bank. There is lack of clear view towards sound financial performance and better customer support. Customer satisfaction, the major part of modern marketing, has been seemed to be neglected by them. The strategic implementation part also is miserable. The marketing strategies are formulated but not implemented in effective and efficient way. Due to the lack of farsightedness in policy formulation i.e. hesitation to invest long-term projects, unorganized interest structure and absence of strong commitment

towards its proper implementation, causes many problems to Nepalese development banks. The problem of this study is to examine the marketing strategies implemented by Clean Energy Development Bank Ltd.

Following are the major problems that have been identified for the purpose of this study-

- 1) What are the functions carried out by various departments in Clean Energy Development Bank Ltd?
- 2) What are the various products and services offered by the Bank?
- 3) What are the marketing strategies adopted by the bank?
- 4) How effectively is the bank able to implement its marketing strategies?
- 5) What are the feedbacks of the marketing strategies implemented by the bank?

1.6 Objectives of the Study

The main objective of this study is to analyze the marketing strategies formulated and implemented by Clean Energy Development Bank Ltd. Following are the specific objectives of this study:-

- To identify different types of products or services provided by the bank.
- To evaluate the marketing strategies adopted by the bank.
- To evaluate the effectiveness of the marketing strategies implemented by the bank.
- To evaluate the performance of Clean Energy Development Bank Ltd. as a whole.

1.7 Significance of the Study

Due to the establishment of financial institutions in Nepal in innumerable manner, the banking sector is at the saturation point. Experts say that the banking Sector in Nepal are about to obtain the stage of boom. So is the concept of Nepal Rastra Bank, that's why, it is pressurizing the existing banks for the merger with appropriate partner. Although the number of financial institutions in rural areas is relatively low, since it is beneficial (in the view of profit generation and other factors) to run such institutions in urban areas, the banks and financial institutions are highly populated in the city areas which have provided lots of alternatives to the customers. The market for banks is really competitive. Every organization has Unique Selling Point (USP) that

differentiates it from other organizations offering similar objects. The organizations who have adopted strategy of Customer Satisfaction as their USP are successful in long run. The main objective of this research is to analyze the Marketing Strategies adopted or implemented by Clean Energy Development Bank Ltd and also to analyze the effectiveness of the strategies implemented by the bank. This study is to analyze the fact, in such highly competitive market, how a development bank like Clean Energy Development Bank Ltd has achieved the success among the financial institutions of Nepal.

The study will be helpful to understand how the effective marketing strategy helps in the achievement of success or ultimate goal of the organization. The study will also be helpful to students and other groups interested in understanding the significance of marketing in this competitive and dynamic market situation. Not only financial sectors, but every organization can be benefitted from the study. This study also provides the information regarding the actual practical exposure of organization functioning and also notifies about the implementation of theoretical knowledge in practice. As the study contains detailed analysis of the banking industry, it may be very much useful to the company itself. This helps the company to know about the effectiveness of its marketing strategies and also to know about the further strategies that are to be implemented for better growth of the company.

1.8 Limitations of the Study

This study is simply a study for the partial fulfillment of MBS degree, which has to be finished within a short span of time. This is not far from several limitations, which weaken the objective of the study. Some of the limitations are given below:-

- This study is limited to marketing strategy of a single development bank.
- The study is based on secondary data from banks and website of the bank. So, the result depends on the availability and reliability of the secondary data.
- This study is also based on the views and responses received from limited account holders of Clean Energy Development Bank Limited, which may not represent views of every customers of the bank.
- No depth analysis and further statistical tests were conducted to verify the responses. They were presented as received and interpreted.
- The data used in this study are modified as per need of the study.

1.9 Organization of the Study

This research has been divided into five chapters. They are follows:-

Chapter I	:	Introduction
Chapter II	:	Review of Literature
Chapter III	:	Research Methodology
Chapter IV	:	Data Presentation and analysis
Chapter V	:	Summary, Conclusion and Recommendation

Chapter-I

This chapter consists- back ground of the study, evaluation of banking industry, profile of the bank, statement of the problems, objectives of the study, signification of the study and limitation of the study.

Chapter-II

The second chapter deals with review of literature. It deals with the review of available literature. It concludes conceptual/theoretical review, review of books, articles & previous thesis etc.

Chapter- III

The third chapter explains about the research methodology. It covers on research design, sample, and sources of data and methods of analysis.

Chapter- IV

The fourth chapter deals with presentation and analysis of data through a definite course of research methodology. This chapter mainly concerns to analyze and evaluate data with the help of analytical tools procedures & interprets the result obtained.

Chapter-V

The fifth chapter sums up the results obtained through analysis and recommends some suggestions. This chapter will highlight the major findings of the study. Besides this, bibliography on appendices is also included.

CHAPTER-II

REVIEW OF LITERATURE

Review of literature refers reviewing the research or other related published or unpublished literature in the related area's study, so that all possible relevant past studies, their conclusion finding and recommendation can be known through review of literature. The purpose of this literature review is to find out that what studies have been done and what remains to be done in the area of marketing strategies of Development Banks.

There are many studies made in the field of Banking Sector. Only limited numbers of studies have been conducted in the field of marketing strategies of Development Banks. In this chapter attempts have been made to present the review of literature regarding marketing strategies of Clean Energy Development Bank. This chapter deals with the theoretical and empirical reviews on the topic on marketing strategies of Clean Energy Development Bank Ltd. It also deals with the earlier studies within the research objective area along with some of the international research study in the marketing strategies. The study discusses theories that are concerned with marketing strategies. Every possible effort has been made to grasp knowledge and information that is available from libraries, document collection center and concerned development bank. This chapter helps to take adequate feed back to broadest information based and inputs to the study; therefore this chapter has a vital role in this study. Conceptual frameworks given by authors, research scholars, practitioners etc, in this chapter are reviewed from the books, research paper, annual reports and articles etc.

2.1 Conceptual Review

2.1.1 Marketing Strategy

The word 'strategy' has been derived from Ancient Greek military usage word 'strategos' which initially was the role of general in command of an army. Later strategy became 'the art of the general.' A strategy is a plan of action designed to

achieve a specific goal. Strategy is all about gaining (or being prepared to gain) a position of advantage over adversaries or best exploiting emerging possibilities.

"Strategy is the determination of the basic long term goals and objectives of an enterprise, and the adoption of the courses of action and the allocation of resources necessary for carrying out those goals." {Chandler, A.D (1962)}

"Strategy is a pattern of decisions which represent the unity, coherence and internal constituency of a company's strategic decisions that position a company in its environment and give the firm its identity, its power to mobilize its strengths, and its likelihood of success in the marketplace." (Kenneth Andrews).

Strategies have several unique qualities which are listed below:-

- Concerned with the scope of an organization's activities:
 - What business is it in?
 - How does this find practical expression? (i.e. concentration vs. diversity)
- About matching activities to the environment.
- About matching activities to the resource capability.
- Will usually have major resource implications.
- Will usually affect and inform operational decisions.
- Will be affected by values and expectations of those holding organizational power.
- Usually complex & multi-disciplined in content.

Marketing strategy is a process that can allow an organization to concentrate its limited resources on the greatest opportunities to increase sales and achieve a sustainable competitive advantage. It is a strategy that integrates an organization's marketing goals into a cohesive whole. Ideally drawn from market research, it focuses on the ideal product mix to achieve maximum profit potential. The marketing strategy is set out in a marketing plan.

Marketing strategy includes all basic and long-term activities in the field of marketing that deal with the analysis of the strategic initial situation of a company and the formulation, evaluation and selection of market-oriented strategies and therefore contributes to the goals of the company and its marketing objectives.

Marketing strategy is about people (inside an organization) finding ways to deliver exceptional value by fulfilling the needs and wants of other people (customers, shareholders, business partners, society at large), as well as the needs of the organization itself. Marketing strategy draws from psychology, sociology and economics to better understand the basic needs and motivations of these people—whether they are the organization’s customers (typically considered the most critical), its employees, or its stakeholders. In short, marketing strategy is about people serving people.

The importance of marketing strategy is indisputable. Sometimes, an organization, without the execution of proper marketing strategies, get success, but such success is temporary. The strategies executed by the organizations should be flexible and unique in nature based on various factors. There is no unique strategy that succeeds for all organizations in all situations. In thinking strategically about marketing, many factors must be considered: the extent of product diversity and geographic coverage in the organization; the number of market segments served, marketing channels used, the role of branding, the level of marketing effort, and the role of quality. It is also necessary to consider the organization’s approach to new product development, in particular, its position as a technology leader or follower, the extent of innovation, the organization’s cost position and pricing policy, and its relationship to customers, competitors, suppliers and partners. The challenge of strategic marketing is, therefore, to manage marketing complexity, customer and stakeholder expectations and to reconcile the influences of a changing environment in the context of a set of resource capabilities. It is also necessary to create strategic opportunities and to manage the concomitant changes required within the organization. In this world of marketing, organizations seek to maximize returns to shareholders by creating a competitive advantage in identifying, providing, communicating and delivering value to customers, broadly defined, and in the process developing long-term mutually satisfying relationships with those customers.

In brief, some of the challenges involved in developing marketing strategy include:-

- Unending change-customers change, competitors change, and even the marketing organization changes.
- The fact that marketing is inherently people-driven.

- The lack of rules for choosing appropriate marketing activities.
- The basic evolution of marketing and business practice in our society.
- The increasing demands of customers.
- An overall decline in brand loyalty and an increase in price sensitivity among customers.
- Increasing customer skepticism about business and marketing activities.
- Competing in mature markets with increasing commoditization and little real differentiation among product offerings.
- Increasing expansion into foreign markets by national and international firms.
- Aggressive cost-cutting measures in order to increase competitiveness.

2.1.2 Theories in Marketing Strategy

In general, there are three aspects to the strategy of firms, regardless of the level of the strategy: content, formulation process, and implementation. Strategy content (what the strategy is) refers to the specific relationships, offerings, timing, and pattern of resource deployment planned by a business in its quest for competitive advantage (e.g., generic strategy of cost leadership versus differentiation; push versus pull strategy). Strategy formulation process (how the strategy is arrived at) refers to the activities that a business engages in for determining the strategy content (e.g., market opportunity analysis, competitor analysis, decision-making styles). Strategy implementation (how the strategy is carried out) refers to the actions initiated within the organization and in its relationships with external constituencies to realize the strategy (e.g., organization structure, coordination mechanisms, control systems).

The body of marketing literature termed as strategic market planning primarily focuses on the content of strategy and process of strategy formulation at the business unit level and the corporate level, and the role of marketing in these spheres of organizational activity.

Firms initiate strategic actions to achieve competitive advantage. However, these actions are shaped, and their outcomes influenced, by the external environment and internal environment of the firms. Institutional theory suggests that the actions of firms and the outcomes of these actions are influenced by the knowledge systems, beliefs, and rules that characterize the context of the organization.

- The firm is embedded in a general environment comprising (a) the institutions that lay the guidelines to shape the behavior of firms and (b) macro-societal factors such as the prevailing culture.
- The firm is embedded in an industry environment that comprises the actors within an industry such as suppliers, customers, competitors, and channel partners. The nature of the relationships among these industry stakeholders influences the actions that a firm can initiate in pursuit of competitive advantage
- The firm has an internal environment that comprises its unique sets of skills and resources; collective beliefs about the market, competition, and industry (e.g., shared mental models; and culture.

Corporate strategy, business strategy, and functional strategies such as marketing strategy interact to shape the competitive advantage of individual businesses in a firm's portfolio. It is the confluence of these strategies that determines the extent to which a particular business is able to achieve and sustain a competitive advantage. This competitive advantage, in turn, affects the market-based performance and financial performance of the businesses.

There are certain theories derived in marketing. These strategies serve as an important tool in marketing process. The important theories in marketing strategy are explained below:

a) Game Theory

Game-theoretic models assume that firms are (hyper) rational utility maximizers, where rationality implies that they strive to achieve the most preferred of outcomes subject to the constraint that their rivals also behave in a similar fashion (Zagare 1984). While there may be uncertainty regarding the expectations and actions of its rivals, a rational firm is expected to overcome uncertainty by forming competitive conjectures, subjective probability estimates of rivals' expectations and behavior. In effect, game-theoretic models assume intelligent firms that can put themselves into the "shoes" of their rivals and reason from their perspective.

b) Signaling

Competitive signals are "announcements or previews of potential actions intended to convey information or to gain information from competitors". Competitive behavior is often influenced by signals sent by competitors. Signaling could also place the firm that sends the signal at a disadvantage. For example, signals that provide competitors with advance information about the firm's intentions could hurt the competitive position of the firm, and signals that are not followed through (cheap talk) could hurt the competitive reputation of the firm. Furthermore, signaling that is interpreted as predatory behavior may trigger antitrust review into the behavior of the firm.

c) Innovation

Innovation and R&D for the long-term profitability of the firm is viewed as a process of "creative destruction" (through innovation that changes the very nature of competitive advantage in the market) rather than as a condition leading to equilibrium. This argument is supported by the "Austrian" school of strategy (Jacobson 1992), which suggests that the business environment is inherently dynamic and therefore characterized by uncertainty and disequilibrium. The Austrian school views profits in such an environment as a consequence of discovery and innovation. Such discovery and innovation do not necessarily mean drastic changes of a discontinuous (Schumpeterian) nature alone. Rather, they span a continuum encompassing innovations with the potential to provide the firm with a differential advantage over its competitors (Jacobson 1992) such as reformulation of a product, developing new processes for manufacturing a present product, and developing new channels of distribution.

d) Product Quality

The economic view of quality is "any aspect other than price that influences the demand curve of a product". Combining these two notions, quality can be construed as any non-price aspect of a product that signifies its superiority and causes a shift in its demand curve. Ideally, a business would want to sustain a higher price as well as a higher market share but these two objectives may not always be compatible. That is, if the business were to follow a niching strategy by offering a high quality product at a high price targeted at a small market niche, it effectively excludes itself from the contest for market share dominance in the broader market.

The ability of a business to charge higher prices for higher quality is contingent on the ease with which consumers can determine the quality of the product. When quality is uncertain, consumers tend to use price as an indicator of quality. This suggests a bidirectional relationship between quality and price, in which perceived quality positively influences price under conditions of greater information availability, and price positively influences perceived quality under conditions of lower information availability.

e) Market Share

The structure-conduct-performance model posits a positive relationship between industry concentration and profitability. Evidence also suggests that the relationship between market share and profitability is robust across different definitions of market share, different sampling frames, and controls for accounting method variation.

- The **quality explanation**. In markets beset by uncertainty and imperfect information about product performance, the high market share of a brand acts as a signal of superior quality to consumers. In such markets, consumers are likely to have greater confidence in high market share brands. This enables high market share brands to command a price premium over lower market share brands and thereby enhance their profitability.
- The **market power explanation**. Businesses with a high market share, by exercising their market power—the ability to command a price premium, lower costs by negotiating for more favorable terms (than their competitors are able to) with vendors and marketing intermediaries, and obtaining favorable shelf placements from retailers enhance their profitability.
- The **efficiency explanation**. The scale and experience effects associated with market share lead to lower costs and thereby enable a business with a high market share to earn higher profits than its competitors with a low market share.
- The **third-factor explanation**. A set of third set of factors (un-observables such as luck, uncertainty, or managerial insight) may play a crucial role in helping a business achieve a high market share as well as superior performance.

f) Market Pioneering

A market pioneer or first-mover refers to a business being either the first to introduce a new product, to employ a new process, or to enter a new market. Market pioneering advantage refers to the competitive advantage associated with being the first to enter a market.

The **economic-analytical perspective**. According to this perspective, a market pioneer is able to achieve sustainable competitive advantage as a result of entry barriers.

The **behavioral perspective**. Behavioral theories typically explain pioneering advantage at the product or brand level in terms of the role of learning in consumer preference formation. This perspective suggests that a pioneer can shape the beliefs of consumers about ideal brand attributes and preferences in its favor.

g) Market Orientation

The marketing concept, the normative philosophy that underlies modern marketing thought, suggests that to be successful, firms should determine customers' needs and wants, and satisfy them more effectively than their competitors do. Narver and Slater (1990) define market orientation from a cultural perspective as "the organization culture that most effectively and efficiently creates the necessary behaviors for the creation of superior value for buyers and, thus, continuous superior performance for the business". Market orientation is conceptualized in terms of three dimensions: customer orientation, competitor orientation, and inter-functional coordination. Kohli and Jaworski (1990) define market orientation from a behavioral perspective as "the organization wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organization wide responsiveness to it".

2.1.3 Strategic Marketing Planning

Strategic marketing planning is the integral part of every organization. The process of strategic marketing planning can either be quite complex or relatively straight forward. Every marketers, whether small or large, struggle to meet the needs of their customers while meeting their own business and marketing objectives. Sound marketing strategy is the foundation of a well-written marketing plan. While a marketing plan contains a list of actions, a marketing plan without a sound strategic

foundation is of little use. A marketing plan is a written document that provides the blueprint or outline of the organization's marketing activities, including the implementation, evaluation and control of those activities. The marketing plan serves a number of purposes. For one, the marketing plan clearly explains how the organization will achieve its goals and objectives. This aspect of marketing planning is vital-not having goals and objectives are useless. In this sense, the marketing plan serves as the "road map" for implementing the marketing strategy. It instructs employees as to their roles and functions in fulfilling the plan. It also provides specifics regarding the allocation of resources and includes the specific marketing tasks, responsibilities of individuals, and the timing of all marketing activities.

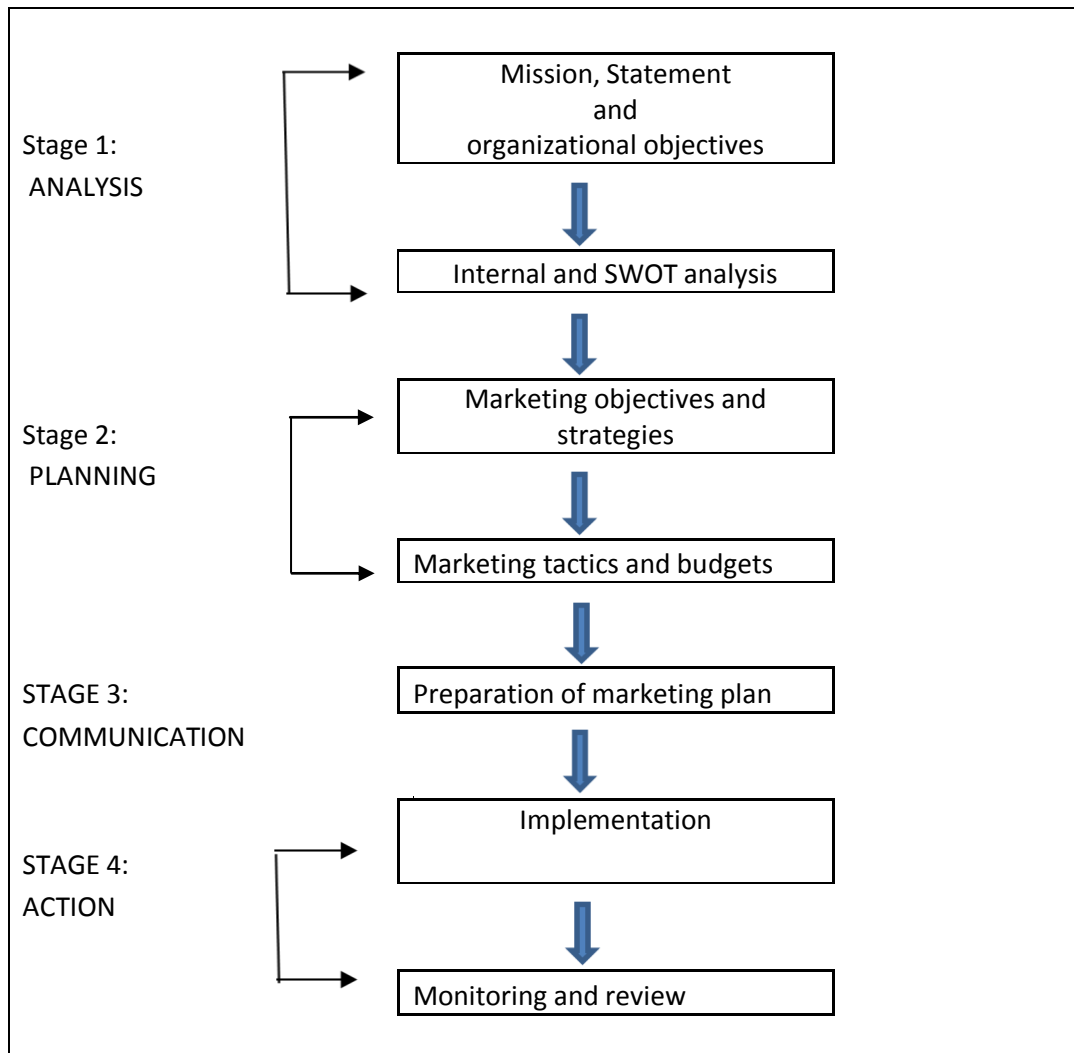
The strategic marketing planning begins with broad decisions, then flows into more specific decisions as the process proceeds through subsequent planning stages. It involves establishing an organizational mission, corporate or business-unit strategy, marketing goals and objectives, marketing strategy, and ultimately a marketing plan. It is consistent with the organization's mission and the corporate or business unit strategy. It establishes marketing- level goals and objectives that support the organization's mission, goals, and objectives. Strategic marketing planning develops a marketing strategy, which includes selecting and analyzing target markets and creating and maintaining an appropriate marketing program to satisfy the needs of customers in those target markets which ultimately results in a strategic market plan that outlines the activities and resources required to fulfill the organization's mission and achieve its goals and objectives. The strategic marketing planning must be coordinated with all functional business areas to ensure that the organization's goals and objectives will be considered in the development of each functional plan, one of which is the marketing plan. Every business units or level of management have their unique and vital role in the strategic marketing planning process.

2.1.4 The Strategic Planning Process

Strategic Marketing Planning is a time consuming process but is a vital part of each and every organizations. Preparation of a marketing plan requires information that is available within the organization (e.g. sales data) and information that is external to the organization (e.g. demographic trends). Development of a marketing plan can be approached in a variety of ways and is affected by the size of the organization, the

number of products and services offered and the number and size of the target market segments, etc. The strategic planning process can be divided into four stages i.e., analysis, planning, communication and action which can be explained with the help of following figure:-

Figure: 2.1
Strategic Planning Process



A) Stage 1:

In the first stage of strategic planning process, analysis of various factors is done. The marketer does the analysis of mission, statement and objectives of the organization. The situation analysis, industry analysis and SWOT analysis is also performed by the marketer.

1) Situation analysis:

A situation analysis, according to the American Marketing Association (AMA), is “the systematic collection and study of past and present data to identify trends, forces, and conditions with the potential to influence the performance of the business and the choice of appropriate strategies.” The situation analysis involves a thorough review of the industry, market and the competition.

Industry analysis:

Understanding the industry, the history of that industry, its current challenges and the potential for future growth are critical inputs into the marketing planning process. The marketer does the analysis of the range of industries in which a company will operate. Some companies operate in only one industry, some in a set of related industries, some only in industrial goods, consumer goods, or services and some in any industry. The study of the status of that industry in terms of its position in the marketplace is also performed by the marketer.

Market analysis:

Market is the group of people who have purchased or are likely to purchase the product or service offered. Markets are based on customer needs. Those needs are driven by both demographics and psychographics. Demographics, according to the AMA is: “The study of total size, sex, territorial distribution, age, composition, and other characteristics of human populations; the analysis of changes in the make-up of a population.” Psychographic analysis, by contrast, is “a technique that investigates how people live, what interests them, and what they like; it is also called life style analysis because it relies on a number of statements about a person’s activities, interests, and opinions.” By understanding the unique attributes of the market segments that are targeting based on both demographic and psychographic characteristics, marketer will be able to develop messages that are meaningful, relevant and likely to impact behavior. In addition, careful analysis of the market helps the marketer to identify ways in which he is most likely to be able to connect with his target audiences through the use of specifically directed media. The more specifically a marketer can define the target market, the more effectively he can communicate value to that market.

Competitive analysis:

Competitive analysis involves looking at the competition- both direct and indirect. The analysis is designed to help the marketer determine how the organization is doing relative to its competitors, considering a number of factors including: sales and profit figures, price, product attributes, customer service attributes, market position, etc. The marketer needs to explore his competition's strengths and weaknesses to determine how he positions his own products and services to compete most effectively.

Internal analysis:

In addition to looking at external environmental factors that impact the organization, the marketer also explores internal factors and gathers information relative to the existing products and services, their sales volumes, profitability, customer mix (who buys which products), data on customer complaints and customer perceptions, etc. In addition, it can be helpful to meet with or interview key people within the organization's product line managers, customer service department heads, or others who can provide insights related to product/service demand, customer needs and perceptions. The marketer should give adequate time and attention to the situation analysis. It will provide him the information and background needed to make sound and appropriate decisions about the marketing mix elements that will drive the marketing activities.

2) SWOT analysis:

SWOT analysis (alternately SLOOT analysis) is a strategic planning method used to evaluate the Strengths, Weaknesses/Limitations, Opportunities, and Threats involved in a business venture. It involves specifying the objective of the business venture and identifying the internal and external factors that are favorable and unfavorable to achieve that objective. The information gathered through the situation analysis process is used in the development of a SWOT analysis monitoring at the organization's marketing efforts and the strengths, weaknesses, opportunities and threats that are facing. 'Strengths' refers to characteristics of the business that give it an advantage over others. 'Weaknesses (or Limitations)' are characteristics that place the business at a disadvantage relative to others. 'Opportunities' are external chances to improve performance (e.g. make greater profits) in the environment and 'threats' are external elements in the environment that could cause trouble for the business or

project. The SWOT analysis can be a helpful starting point for the identification of objectives/goals, strategies and tactics. The first step is to gather the appropriate people -organizational leaders as well as front line managers and staff who have direct knowledge and impact on marketing efforts. 'Marketing' is an organization-wide function, not just confined to what might be formally called the 'marketing department' in the organization. The marketer should focus on identifying the strengths, weaknesses, opportunities and threats of the organization relative to the marketing function from the broadest perspective-product, place, price and promotion.

B) Stage 2:

In the second stage of strategic planning process, the marketer does the planning of various aspects. Planning is the process of thinking about and organizing the activities required to achieve a desired goal which involves the creation and maintenance of a plan. The marketer develops the quantifiable marketing goals or objectives, strategies or tactics to meet those objectives or goals and also address the budget resources needed.

1) Quantifiable objectives/goals:

Once the opportunities and challenges of the organization have been identified, the next step is to develop objective/goal statements that indicate the 'end state' the marketer hope to achieve to address the opportunities and challenges that have been identified. It's critical that each of the objectives/goals has a specific, targeted 'end point'. While setting the goals, it should be considered where we are today and where we would like to be (specifically) so that we can focus on closing that gap. The appropriateness of the objective/goal is evaluated on the basis of the acronym 'SMART'. The SMART acronym is used to develop goals that are most likely to achieve result- goals that are Specific, Measurable, Attainable, Realistic and Time Framed. Establishing SMART objectives will help to ensure that staff understands what's expected of them, that the expectations are reasonable and, perhaps most importantly, that they will know when they meet those expectations. An objective of achieving "more" can lead to frustration and the sense of chasing one's tail to achieve something that seems always beyond reach. SMART objectives, in addition, helps to ensure achievement of goals and also serves to increase employee satisfaction and morale. Moreover, the goals should be arranged hierarchically, from the most to the

least important which helps the business to move from broad to specific objectives for specific departments and individuals.

2) Strategies and tactics to meet objectives/goals:

Objectives/goals indicate what a business wants to achieve. The next step is to determine how to achieve those end points. This involves developing strategies and tactics. Strategy is a game plan for getting the end points. Strategies are broad statements of activity. Tactics are more specific statements of activity that are actionable. When identifying strategies and tactics, it is important to be realistic. There is probably a wide array of activities that could be undertaken to achieve the objectives, but those activities should not be hampered by budget and staff resources. Every business must design a strategy for achieving its goals, consisting of a marketing strategy, and a compatible technology strategy and sourcing strategy.

3) Responsibility/accountability for completing strategy/tactics:

Having a plan is a good start, assigning accountability for the accomplishment of that plan is critical. Unless specific areas of the organization and individuals within those areas recognize that they are being held responsible and accountable for completing specific tactics that drive the organization's ability to achieve the strategies and objectives, the organization will not be successful in achieving the marketing goals. Assigning responsibility involves more than simply putting department names or individual names in the plan. The commitment from those departments or individuals for the completion of those responsibility and tasks should be obtained. This may involve discussion at the senior management level of the organization and negotiation between organizational leaders to gain agreement on where the company's human resources should be focused. It should also involve conversation with the department and individuals named to ensure that they understand the expectation, realize the impact their involvement has on the achievement of the marketing plan objectives and are personally committed to helping to achieve those objectives.

4) Budgeting:

In addition to identifying the people resources needed to achieve the marketing plan; it is also needed to address the budget resources needed. There are a couple of different ways that organizations approach the marketing budget process and a certain

amount of debate about which methods are most appropriate. One common method is to allocate marketing budget based on a percentage of revenue but critics of this approach suggest that it limits market potential. Another approach involves identifying what the competition spends on marketing and then matching or exceeding that amount. This method can be challenging because it's difficult to determine how much the competition is spending and there are other operational factors that impact those expenditures (distribution channels, for example). Zero-based budgeting is also an effective method. Basically, this involves starting from scratch and, in looking at the identified objectives/goals, strategies and tactics in the marketing plan determining the budget that will be necessary to accomplish the plan.

The budgeting process clearly involves a combination of science and art. A combination of the above methods is most likely to achieve the best results. Identifying the costs associated with various aspects of the marketing plan can provide the basis for a certain level of expenditures, as can a review of past marketing expenses- and results. The development of creative materials is obviously an area that can involve huge costs depending on the size of market and the “production values” required to adequately convey the organization’s desired market position. The marketing budget will be based primarily on the ability to justify the expenditures that are required. The ability to provide objective data to support the effectiveness of the marketing efforts will also help to leverage the ability to receive approval for the marketing expense budget.

Stage 3:

In the third stage of strategic planning process, the marketing plans are prepared and communicated among the staffs. In order for a strategy to be implemented successfully, the organization must rely on the commitment and knowledge of its employees—its internal target market. After all, employees have a responsibility to perform the activities that will implement the strategy. For this reason, organizations often execute internal marketing activities designed to gain employee commitment and motivation to implement functional plans. It is an important task of the marketing manager to communicate with the staffs about the marketing plans that the company is going to implement. Since marketing involves the contribution from various departments and individuals in an organization, the single effort of marketing

manager is not sufficient for this. Hence, this stage relates very much to the role of the marketing manager and his or her skill at conveying a message. Ways of involving as many staff as possible in contributing to the process of setting objectives and drawing up plans, is an important aspect of securing willing, enthusiastic participation in their implementation. Poor communication can result in de-motivated staffs that are unwilling to help achieve desired objectives. Proper communication can also result in confusion and ignorance among the staffs due to which the plans or strategies cannot be implemented effectively and efficiently. While communicating with the staffs, it should also be considered that there should be two way communications.

Stage 4:

The fourth stage of strategic planning process is directed towards program formulation and implementation of marketing plans. This stage is also directed towards monitor and control of implemented plans.

1) Program Formulation and Implementation:

Once the business unit has developed its principal strategies, it must work out detailed support programs. After these marketing programs have been tentatively formulated, the marketing people must estimate their costs. A great strategy can be interrupted by poor implementation. A clear strategy and well-thought-out supporting programs may be useless if the firm fails to implement them carefully. In implementing strategy, companies also must not lose sight of their multiple stakeholders and their needs. Unless the organization nurtures other stake holders-customers, employees, suppliers, distributors, the business may never earn sufficient profits for the stockholders. A company may aim to deliver satisfaction levels above the minimum for different stakeholders. There is a dynamic relationship connecting the stockholder groups. An elegant company creates a high level of employee satisfaction, which leads to higher effort, which leads to higher quality products and services, which create higher customer satisfaction, which leads to more repeat business, which leads to higher growth and profits, which leads to high stockholder satisfaction, which leads to more investment and so on.

2) Monitoring and review/control:

Organizations design the evaluation and control phase of strategic planning to keep planned activities on target with goals and objectives. As it implements its strategy, the firm needs to track the results and monitor new developments in the internal and external environments. Some environments are fairly stable from year to year. Other environments evolve slowly in a fairly predictable way. Still other environments change rapidly in significant and unpredictable ways. Nonetheless, the company can count on one thing: The marketplace will change. And when it does, the company will need to review and revise its implementation, programs, strategies, or even objectives. A company's strategic fit with the environment will inevitably erode because the market environment is quite dynamic in nature. Thus a company might remain efficient while it loses effectiveness. According to Peter Drucker, "it is more important to 'do the right thing' (effectiveness) than 'to do things right' (efficiency). The most successful companies excel at both." Budgeted goals and activities provide direction to the organization in terms of identifying things that are being done and things that need to be done. By comparing actual and planned results, the marketing team can ensure that it's on course to meet its objectives and can quickly act to make changes in the plan as evidence suggests that changes need to be made.

Marketing plans are not always effective. A variety of factors impact the ability of an organization to effectively implement the marketing plans. Many of these factors are avoidable. Ken Gaebler has pointed out several points for the failure of marketing plans which are listed below:-

- **No Written Marketing Plan.** A marketer should write down the marketing plan that he is going to implement. Unless the marketing plans are stated properly, the marketer cannot work on it.
- **Goals Are Poorly Defined.** Every good plan starts with goal definition. If the marketer didn't define the goals for the plan, there's no point in preparing a marketing plan. He should make sure that marketing goals are aligned with the business plan and with key business objectives.

- **Unattainable Goals.** Nothing is worse than working a plan where the goals are not even possible. The marketer should set realistic marketing goals that can be achieved if the marketing plan is executed well.
- **No Buy-In.** Everybody in the company executes a marketing plan. As such, the plan needs to be created with buy-in from key employees who ultimately will own the execution of the plan. Getting buy-in starts with effective marketing planning and strategy conversations.
- **No Clear Responsibilities or Accountability.** The great marketing plans may fail because tasks are not assigned to individuals and there is no accountability. The market should assure to define who is doing what when as part of his marketing plan.
- **Wrong People Working the Plan.** Even the best laid plans fail if the people who are in charge of execution don't have the skills and attributes needed for successful plan implementation.
- **No Discipline to Execute the Plan.** Some organizations talk a good game on planning but lack the discipline required to implement a plan.
- **Lack of Performance Consequences.** In order for a marketing plan to be executed successfully, the marketer needs to motivate his team positively.
- **Lack of Time or Lack of Money.** Nothing is more frustrating than writing a marketing plan and then finding out that there's no budget to cover it and everybody is too busy to execute the plan. The marketer should be sure to get consensus on his marketing budget and available resources before finalizing the plan.
- **Changing Market Conditions.** The last reason that marketing plans can fail is the only one that's outside the control. If there are fundamental shifts in the market, the plan may not work. For this reason, it's good to revisit the marketing plan frequently during the year to see if it needs to be updated based on changing marketing conditions.

2.1.5 Marketing Mix

The Marketing mix is a set of four decisions which need to be taken before launching any new product. These variables are also known as the 4 P's of marketing. These four variables help the firm in making strategic decisions necessary for the smooth running of any product / organization. These variables are

1. Product
2. Price
3. Place
4. Promotions

Marketing mix is mainly of two types.

1) Product marketing mix – Comprised of Product, price, place and promotions. This marketing mix is mainly used in case of Tangible goods.

2) Service marketing mix – The service marketing mix has three further variables included which are people, physical evidence and process.

The term marketing mix was first coined by Neil H Borden back in 1964 in his article “The concept of marketing mix”. Several strategic analysts over the years believe that the marketing mix can make or break the firm. Having the right marketing mix at the start of the marketing plan is absolutely essential. Over time the concept of marketing mix has provided a steady platform for the launch of a new product or business.

As mentioned before, the marketing mix is characterized by four different but equally important variables. These variables are never constant and may be changed over time. However, a change in one of the variables may cause a change in all the other variables as well. The variables are as follows:

1) Product –Product is the first variable in the marketing mix. Product decisions are the first decisions needed to take before making any marketing plan. A product can be divided into three parts. The core product, the augmented product and the tertiary product. Before deciding on the product component, marketers need to find the answer of the following questions:

- What product are the marketers selling?
- What would be the quality of their product?
- Which features are different from the market?
- What is the USP of the product?

- Whether the product will be branded as sub brand or completely new?
- What are the secondary products which can be sold along with primary (Warranty, services)

Based on these questions, several **product decisions** have to be made. These product decisions will in turn affect the other variables of the marketing mix. As long as the marketers do not know their product, they cannot decide any other variable of the marketing mix. However, if the product features are not fitting in the marketing mix, marketers can alter the product such that it finds a place for itself in the marketing mix.

2) **Pricing** – Pricing of a product depends on a lot of different variables and hence it is constantly updated. Major consideration in pricing is the costing of the product, the advertising and marketing expenses, any price fluctuations in the market, distribution costs etc. Many of these factors can change separately. Thus the pricing has to be such that it can bear the brunt of changes for a certain period of time. However, if all these variables change, then the pricing of a product has to be increased and decreased accordingly.

Along with the above factors, there are also other things which have to be taken in consideration when deciding on a pricing strategy. Competition can be the best example. Similarly, pricing also affects the targeting and positioning of a product. Pricing is used for sales promotions in the form of trade discounts. Thus based on these factors there are several pricing strategies, one of which is implemented for the marketing mix.

3) **Place** – Place refers to the distribution channel of a product. If a product is a consumer product, it needs to be available as far and wide as possible. On the other hand, if the product is a Premium consumer product, it will be available only in select stores. Similarly, if the product is a business product, marketers need a team who interacts with businesses and makes the product available to them. Thus the place where the product is distributed depends on the product and pricing decisions, as well as any STP decisions taken by a firm. Distribution has a huge affect on the profitability of a product.

4) **Promotions** – Promotions in the marketing mix includes the complete integrated marketing communications which in turn includes ATL and BTL advertising as well as sales promotions. Promotions are dependent a lot on the product and pricing decision. What is the budget for marketing and advertising? What stage is the product in? If the product is completely new in the market, it needs brand / product awareness promotions, whereas if the product is already existing then it will need brand recall promotions. Promotions also decide the segmentation targeting and positioning of the product. The right kind of promotions affects all the other three variables – the product, price and place. If the promotions are effective, marketers might have to increase distribution points, marketers might get to increase the price because of the rising brand equity of the product, and the profitability might support them in launching even more products. However, the budget required for extensive promotions is also high. Promotions are considered as marketing expenses and the same needs to be taken in consideration while deciding the costing of the product.

Thus, all the four variables of marketing mix are inter-related and affect each other. By increasing the pricing of the product, demand of the product might lessen, and lesser distribution points might be needed. On the other hand, the product USP can be such that maximum concentration is on creating brand awareness, thereby increasing need of better pricing and more promotions. Finally, the overall marketing mix can result in the customer base asking for some improvement in the product, and the same can be launched as the upgraded product. If the product is a service then there are 3 further P's taken into consideration namely – people, physical evidence and process.

2.2 Clean Energy Development Bank Ltd. (CEDB)

Clean Energy Development Bank Ltd. (CEDB), established in 2006 under Bank and Financial Institution Act, 2063, in a joint venture with FMO - Netherlands, is the first national level development bank in Nepal to have a focused developmental agenda towards harnessing the nation's abundant natural resources in addition to uplifting the standards of living of the people of Nepal. The bank begun its operation on 07 September 2006 from its main office located at Sitapaila Chowk, Ring Road, Kathmandu with wide range of banking products and services with aspiration to become the leading development bank of Nepal in promoting, investing and financing renewable energy technologies such as hydropower project, micro hydro, solar -

thermal and photovoltaic, biomass, biogas, energy efficiency and clean transport. CEDB also provides technical know-how, project financing, pre-investment activities, investment and corporate advisory services and mobilizes local as well as international resources to promote clean energy activities within the country. CEDB, in a very short span of time, has been able to establish itself as one of the leaders in renewable energy financing and one of the prominent players in the Nepalese financial market. CEDB is promoted by Employees Provident Fund, Energy Experts, Bankers, Professionals and other institutional investors. FMO (Financierings Maatschappij-voor Ontwikkelingslanden), one of the largest finance company of the Netherlands, is a joint venture partner of CEDB while Triodos Bank of the Netherlands is a development partner. CEDB has strategic alliance with Northwest Hydropower, China and DFCC Bank, Srilanka. USAID and Winrock International have been supporting CEDB in different capacity. Realizing the fact that the capital is key to finance large infrastructure and energy projects, CEDB has raised its paid up capital from NPR 320 million to NPR 1.08 billion. CEDB with the help of USAID introduced the product CEDB Hydro Fund (CHF) which raised NPR 230 Million from the general public whose over 100 MW worth of projects are under various stages of development. CEDB linked an agreement with the renowned Dragon Capital Limited, a company based in Vietnam, for Brahmaputra Clean Development Fund (USD 100 million) for equity investment in hydropower projects. The agreement envisions identifying, assessing and financing quality hydropower projects in Nepal and Bhutan. CEDB has also been working closely with GTZ-SHPP, AEPC, SNV and various domestic and international donors and funding agencies for the development of clean energy production and uses. The bank has entered into an agreement with the Asian Development Bank (ADB) for the development of Carbon Reductions and its trading in Nepal. CEDB has also established a subsidiary, Clean Developers Private Limited (CDPL), with the objectives of real estate development in Nepal.

Above and beyond, the bank also offers wide ranges of general banking products and services which include consumer banking, corporate and institutional banking, rural banking, corporate finances, depository services, remittance services, transaction banking, 24 hours ATM, locker services, telephone / mobile phone bill payment facilities and many more. In addition to its Head Office in Sitapaila, Kathmandu, CEDB also possesses 8 branches throughout Nepal with 2 inside the Kathmandu

valley at Thapathali & Durbar Marg and the remaining at Gorkha, Birtamode, Phidim, Katari, Taplejung and Salleri. The bank currently has 4 no. ATMs owned by it. The bank is using banking software ‘Pumori’ which is of the common and widely used banking software in Nepalese financial institutions. The bank has recently upgraded its current version ‘Pumori 3’ to ‘Pumori 4’. The bank has won the ‘The Best Development Bank, 2010’ award from the Boss magazine and has recently won ‘National Best Presented Accounts 2011’ award in Prudential Supervision under Financial Sector category conferred by The Institute of Chartered Accountants of Nepal (ICAN). The bank has been managed by professional and expert bankers being Mr. Manoj Goyal, CEO of the bank and Mrs. Barsha Shrestha, General Manager of the bank.

Figure: 2.2

Logo of Clean Energy Development Bank



The present capital structure of the bank is given below:-

<u>Share structure</u>	<u>Amount (in Rs)</u>
Authorized capital	NPR 1.1 Billion
Issued capital	NPR 1.088 Billion
Paid up capital	NPR 1.088 Billion

The share subscription of the bank is given as: –

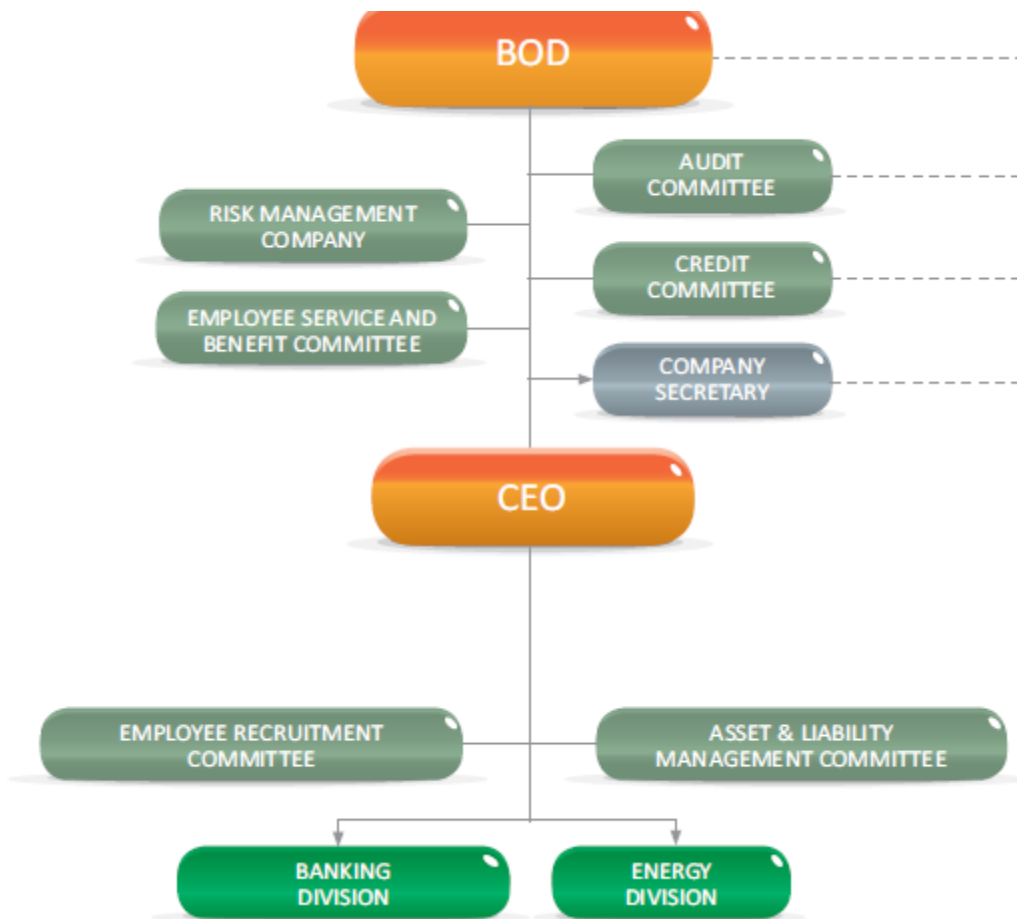
<u>Subscription</u>	<u>% Holding</u>
Local promoters	56%
Foreign Partner	14%
General Public	30%

The current board of directors of the bank consists of following:

<u>Name</u>	<u>Position</u>
Mr. Dhananjay Pd. Acharya	Chairman
Mr. Deepak Rauniar	Member, Representative - EPF
Mr. Manish Kumar Agrawal	Member, Representative -General Share Holders
Mr. Sudarshan Upadhaya Kafle	Member, Bank Expert
Mr. Rameswor K.C. (Khatri)	Member, Representative -General Share Holders
Mr. Alwin B Kool	Member, Representative - FMO
Mr. Rajendra Raut	Member, Representative – Promoters

Figure: 2.3

Organization Structure of CEDB



2.2.1 Partners/Alliances of CEDB

1. Financierings Maatschappij-voor Ontwikkelingslanden (FMO)

Financierings Maatschappij-voor Ontwikkelingslanden (FMO), founded in 1970 and supported by the Dutch Government, ABN Amro Bank, RABO Bank, ING Bank and the local business community, is the International Development Bank of the Government of The Netherlands. FMO invests risk capital in companies and financial institutions in developing countries. With an investment portfolio of € 4.6 billion, FMO is one of the largest bilateral private sector development banks worldwide. FMO's mission is to create flourishing enterprises that serves as engines of sustainable growth in their countries.

2. Employees Provident Fund (EPF)

Employees Provident Fund (EPF) also known as Karmachari Sanchaya Kosh (KSK) in Nepal is a public organization that has been set up to manage provident funds of employees of the government, public and private sector and to assist them financially on retirement or on discharge from their jobs.

3. U.S. Agency for International Development (USAID)

The American people, through USAID, have provided economic and humanitarian assistance worldwide for nearly 50 years. With headquarters in Washington, D.C., USAID's strength is its field offices around the world. USAID works in close partnership with private voluntary organizations, indigenous organizations, universities, American businesses, international agencies, other governments, and other U.S. government agencies. USAID has working relationships with more than 3,500 American companies and over 300 U.S.-based private voluntary organizations.

4. IFC

IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector in developing countries. Established in 1956, IFC is owned by 184 member countries, a group that collectively determines their policies. IFC's vision is that people should have the opportunity to escape poverty and improve their lives. IFC creates opportunity for people to escape poverty and improve their lives. IFC fosters sustainable economic growth in developing countries by

supporting private sector development, mobilizing capital for private enterprise, and providing advisory and risk mitigation services to businesses and governments. Their new investments totaled \$18 billion in fiscal year 2010, helping channel capital into developing countries during the financial crisis.

5. Northwest Hydro Consulting Engineers (NWH)

Northwest Hydro Consulting Engineers (NWH), a national Class-A design firm, directly under China Hydropower Engineering Consulting Group Co., has been consistently listed at leading place of China top 100 Investigation & Design firms since 1992 and accepted by the World Bank since 1997 the qualified consulting service undertaking design consulting service for the projects loaned by the World Bank. NWH has undertaken many engineering supervision projects including the world's largest power station, Three Gorges Project, which has capacity of 23,300 MW.

6. Dragon Capital Limited (DCL)

DCL was established in 1994 from an initial base of US\$16 million with eight staffs to US\$1.5 billion with a headcount in excess of 100 on December 2009. DCL has offices in Ho Chi Minh City, Hanoi (registered with Vietnam's SEC), the United Kingdom (regulated by the FSA), Bangkok and Hong Kong.

7. Asian Development Bank (ADB)

ADB is an international development finance institution whose mission is to help its developing member countries reduce poverty and improve the quality of life of their people.

8. SNV

SNV is a non-profit, international development organization, established in the Netherlands in 1965. It has been present on the ground in developing countries for over 40 years, and now operates in 35 countries in Africa, Asia, Latin America and the Balkans. SNV's 900 advisors in the field come from a variety of cultural and technical backgrounds, and over 60 per cent are nationals of the countries where they work.

9. Alternative Energy Promotion Centre (AEPC)

Alternative Energy Promotion Centre (AEPC) is a Government institution established on November 3, 1996 under the then Ministry of Science and Technology with the objective of developing and promoting renewable/alternative energy technologies in Nepal. Currently, it is under Ministry of Environment but functions independently, and has a nine member board with representatives from government sector, industry sector and non-governmental organizations.

10. The Federation of Nepalese Chambers of Commerce and Industry (FNCCI)

The Federation of Nepalese Chambers of Commerce and Industry (FNCCI) is an umbrella organization of the Nepalese private sector. It was established in 1965 with the aim of promoting business and industry while protecting the rights and interests of business and industrial communities, FNCCI has been playing a key role in promoting business and industry in the country. It provides, inter alia, information, advisory, consultative, promotional and representative services to business and government and organizes training / workshop / seminar on a regular basis.

11. Clean Developers Private Limited (CDPL)

Clean Developers Private Limited (CDPL), a company promoted by Clean Energy Development Bank Limited, comprises of professionals from different walks of life and business houses, who aim to benchmark the next era of real estate development in Nepal. With the highest level of corporate governance and transparency in operations, CDPL's business philosophy is not limited to creating just concrete and brick structures but to work towards sustainable development. Central Park will redefine the benchmark in group housing in Nepal and be an exemplary showcase of energy efficient development.

12. CEDB Hydro Fund

CEDB with the help of USAID came up with an innovative product, the CEDB Hydro Fund (CHF). This product raised NPR 230 Million from the general public and as of today it stands extremely successful with over 100 MW worth of projects under various stages of development. The company CEDB Hydro Fund Ltd. was then setup to comprehensively manage this product and effectively uphold its undertaking.

13. TREF, Triodos Bank, The Netherlands

The Triodos Group, comprising of Triodos Bank and Triodos Investment Management, is entrusted with the management of funds amounting to EUR 3.2 Billion. The Group has offices in The Netherlands, The United Kingdom, Belgium and Spain and an agency in Germany. The Group has been investing in renewable energy since 1986. TREF is an Investment Fund targeted towards renewable energy in developing countries. The fund is managed by Triodos Investment Management and invested in a SME portfolio in the renewable energy in 23 countries. TREF is also considering working with selected Micro Finance Institutions to provide access to renewable energy to people in rural areas in Nepal.

2.2.2 Commitment of CEDB

The main aim of CEDB is to become Nepal's most respected and recommended bank. For this, the bank is trying its best to offer great products and excellent portfolio of services. The brand promise of CEDB is "More than just banking, Clean Energy Development Bank offers state-of-art-banking solutions in a sustainable manner to benefit people and environment. In doing so, we build a better world and a better future; and we do this with every single interaction with ourselves, our customers and the rest of the world, every single day." CEDB has understood that without the satisfaction of the customer, the progress of the institution is impossible. Due to this reason, every activities of CEDB are committed towards the customer satisfaction. The customer commitments of CEDB are:

Responsible Banking

- Committed to develop respect in the community
- Committed to deepen the stakeholder relationships
- Committed to increase the bank's community visibility

Customer Security

- Committed to protect customer privacy
- Committed to secure customer finances
- Committed to using tested and secure banking technologies
- Committed to having leading safety measures in place

Customer Service

- Committed to focus on excellent service
- Committed to place customer at the centre of everything
- Committed to offer strength in uncertain times
- Committed to be the best

Environmental Footprint

- Committed to making balanced decisions for the greater good of society
- Committed to comprehending the direct and indirect impacts brought around by bank's functioning, services and products
- Committed to being responsible for a sustainable future by incorporating environmental into the day to day decision making
- Committed to using the nation's limited resources ethically

2.2.3 Corporate Social Responsibility

Since CEDB is operated in the society for the benefit of society or its people, it has certain responsibility towards it. CEDB has recognized its responsibility towards the society, thus organize various CSR programs as a part of its corporate social responsibility. CEDB has established the "Clean Circle", an active and continuous corporate social responsibility initiative to make the communities cleaner, greener and more eco-friendly through conservation, minimization of waste and efficient usage of energy resources to curb global warming and climate change. Under the campaign, CEDB has initiated the following programs:

- **Sowing Remembrance:** An event where CEDB stakeholders planted and dedicated around a thousand trees to oneself or their loved ones to reduce their carbon footprints while creating the much needed awareness of the current paradigm shift of communities coming together to create a more environmentally responsible world of tomorrow.
- **Gifting Brightness:** This program strives to empower the deprived segments of society such as old age homes and orphanages, with renewable solar energy. CEDB will donate solar panels, on its own or in alliance with other associates, to endow these disadvantaged segments with brightness in their lives.

- **Eco-Students:** This campaign seeks to actively encourage students, the future citizens of our nation, to become greener entities and ambassadors of eco-friendly change by volunteering to adopt the principles under this initiative and spreading awareness in our immediate communities.

Likewise, CEDB has extensively been supporting environmental causes through monetary or participatory alternatives in partnership with the Ministry of Environment, while also hosting blood donation programs on a yearly basis, working for awareness in public health as an effect of climate change, pollution etc. engaging stakeholders from all walks of society.

2.2.4 Services and Facilities Provided By CEDB

CEDB adopts various strategies for achieving the goals of the organization. The bank focuses mainly on profitability with higher customer satisfaction. For this purpose, CEDB provides various services and facilities to its customers. The bank has developed the separate strategies on product, price, place and promotion. The bank's services are divided into two groups, viz., normal banking services and energy services.

2.2.4.1 Banking Services

Banking services refers to the various ways in which CEDB helps a customer, such as operating accounts, making transfers, paying standing orders, selling foreign currency, etc. Although the bank has been established with the motive of harnessing the nation's abundant natural resources, its primary function is providing banking services to the customers.

1) Deposits

For every financial institution, deposit from the customers is the life blood for survival. The deposit collected from the customers is invested in various sectors through which the bank earns returns. CEDB has introduced various types of accounts for its customers which are also termed as 'liability products'. The customers on the basis of features of the accounts and their interest, can choose the best suitable account type. The deposits can be either in local currency or foreign currencies (currencies allowed by Nepal Rastra Bank for transaction). The deposit products introduced by CEDB are described below:

A. Current Account:

Current Account is primarily meant for businessmen, firms, companies, public enterprises etc. that have numerous daily banking transactions. Current Accounts are cheque operated accounts meant neither for the purpose of earning interest nor for the purpose of savings but only for convenience of business hence they are non-interest bearing accounts. In a Current Account, a customer can deposit any amount of money any number of times. He can also withdraw any amount as many times as he wants, as long as he has funds to his credit. CEDB also allows individuals to open the current account. Those customers who wants to take the overdraft facility, are compelled to run the current account in CEDB, hence this account is also termed as 'Overdraft Account' in CEDB. The general features of Current accounts are:

- Minimum Balance Rs. 10,000.00
- Unlimited Cheque Book Facility
- Unlimited Deposit and Withdrawal Facility.
- Free Internet Banking Facility.
- Evening Counter Facility.
- Holiday Banking Facility.
- Privilege Banking Facility.

B. Call Account:

The call account in CEDB is primarily meant for business enterprises, firms, companies, public enterprises etc. who cannot operate interest bearing saving accounts in the bank. They have to operate call account if they want to bear interest in their daily deposits. They have to maintain certain minimum balance in CEDB in order to bear the interest. Interest will be calculated on daily call account balance at the agreed rate and shall be credited to on quarterly basis. The features of Call Account in CEDB are:

- Minimum Balance Negotiable.
- Interest Bearing Account Upto 7.00%
- Unlimited Cheque Book Facility.
- Free Internet Banking Facility.
- Evening Counter Facility.
- Holiday Banking Facility.
- Privilege Banking Facility.

C. Saving Accounts

Saving Accounts those accounts designed to simply hold money that the customers do not need immediate access to. When contrasted with checking accounts, CEDB's savings accounts tend to pay a slightly higher rate. Savings Account is great for savers beginning a savings program. CEDB's Saving Accounts are designed to customers for encouraging the habit of saving among them. A variety of saving accounts are introduced to customers in the view of their needs, income, interest, nature, etc. Saving accounts can be opened in the name of Individuals (singly or jointly), Minors (children aged below 16 years) and other non-profit organizations. There are different types of saving accounts introduced by CEDB. They are:

a. Normal saving:

It is the common and oldest saving scheme of the Bank designed for normal customers. The features of this account are:

- **5% Annual Interest with Minimum Balance of NPR 500.00**
- Free Accidental Death Insurance up to NPR 100,000.00
- Free ATM Card Issuance with free withdrawal facility from over 900 ATMs of SCT-Network
- Free cheque book, i-banking, SMS banking, Mobile/Telephone Bill Payment Facility and ABBS facility for the accountholders.

b. Nari Bachat Khata:

CEDB has designed the Nari Bachat Khata, a saving account, dedicated to woman with the attempt to understand a woman's needs and provide her with a truly comfortable banking experience. The features of this account are:

- **6.5% Annual Interest with Minimum Balance of NPR 500.00**
- Free Accidental Death Insurance up to NPR 100,000.00
- 50% Discount on Annual Locker Charge (1st Year)
- Discount on Loan Processing Charge.
- Free ATM Card Issuance with free withdrawal facility from over 900 ATMs of SCT-Network.
- Free cheque book, i-banking, SMS banking, mobile or telephone bill payment and ABBS facility for the accountholders.

c. Investa Savings Account:

The CEDB Investa Savings Account has been specifically designed to help the customers effectively manage their shares and dividends whilst providing competitive interest rates at a minimum balance and easy access to their funds.

The features of this account are:-

- **5.0%** Annual Interest with Minimum Balance of NPR 500.00
- Free Accidental Death Insurance up to NPR 100,000.00
- Free ATM Card Issuance with free withdrawal facility from over 900 ATMs of SCT-Network.
- Extended service time for working professionals during IPOs.
- Investment Opportunity in Hydropower projects if the average balance is more than NPR 1 million.
- Free cheque book, i-banking, SMS banking, mobile/telephone bill payment and ABBS facility for the accountholders

d. Investa Savings - Gold Account:

Investa Savings- Gold Account has been designed to large investors and interest conscious customers. It packs all the features of the Investa Savings Account while providing leading interest rates, opportunities to invest in the energy sector and other various attractive benefits. The features of this account are:

- **7.0%** Annual Interest with Minimum Balance of NPR 25,000.00
- Free Accidental Death Insurance up to NPR 200,000.00
- 50% Discount on Annual Locker Charge (1st Year)
- 50% Discount on Bank Draft Issuance.
- Investment Opportunity in Hydropower projects if the average balance is more than NPR 1 million
- Free cheque book, i-banking, SMS banking, mobile/telephone bill payment and ABBS facility for the accountholders
- Free ATM Card Issuance with free withdrawal facility from over 900 ATMs of SCT-Network.

e. Clean Stockholder's Saving Account:

The Clean Stockholders Account is a value added savings product designed exclusively for CEDB stockholders and Employee Provident Fund (Karmachari Sanchaya Kosh) contributors. Since, Employee Provident Fund is one of the shareholders of CEDB, its contributors are also treated as the stock holders by CEDB. With no minimum balance required, leading interest rate, and a host of practical benefits – this account seeks to provide good returns to its depositors. The features of this account are:

- **7.0%** Annual Interest with no Minimum Balance Requirement.
- Cash dividends paid by CEDB will be deposited directly into this account.
- 50% Discount on Locker charges for the first year
- Free withdrawal facility from over 900 ATMs of SCT-Network
- Free cheque book, i-banking, SMS banking, mobile/telephone bill payment and ABBS facility for the accountholders.

f. Clean Bal Bachat Khata :

This account has been designed by CEDB to minors (children below age of 16 years) in order to develop the habit of savings in them and for their secured future. The features of this account are:

- **6.50%** Annual Interest with Minimum Balance of NPR 500.00
- Free Accidental Death Insurance up to NPR 200,000.00 in case of the death of either the account operator or account holder (as nominated by the accountholder for insurance).
- Education loan at discounted rate (0.50% less than printed rate) to the beneficiary (children) of the account with average annual balance of NPR 100,000 for 4 years.
- 0.50% premium interest rate on the regular FD opened in the name of the child.
- Free cheque book, i-banking, SMS banking, mobile/telephone bill payment and ABBS facility for the accountholders.
- The account will be automatically changed to Normal Saving A/C when the child becomes 16 yrs old.

- 0.10% of the deposit collected in every F/Y from new accounts under this scheme shall be contributed for the welfare of children & green future initiatives.

g. Clean Jyestha Bachat Khata:

Clean Jyestha Bachat Khata is a savings account dedicated to the senior citizens above 50 years of age. CEDB has designed this account with the attempt to understand an elder's needs and provide him/her with a truly comfortable banking experience. Providing different financial requirements like higher frequencies of transactions related to investments, wealth management, remittance and various attractive offers that keep coming; the bank seeks to ensure that the senior citizens have par excellence banking experience. The features of this account are:

- **6.50%** Annual Interest with Minimum Balance of NPR 1,000.00
- Free Balance Certificate, Good for Payment and Stop Payment Facility
- Free Accidental Death Insurance up to NPR 100,000
- Home banking facility to customers maintaining monthly average balance of NPR 2 million.
- Deposit Collection Facility for deposit of NPR 500,000 & Above.
- 50% discount on Annual Locker Fee.
- 50% discount on Demand Draft issuance.
- 0.50% premium interest for the account holder in Fixed Deposit Account
- Free cheque book, i-banking, SMS banking, mobile/telephone bills payment and ABBS facility for the account holders.
- 0.10% of the deposit collected in every F/Y from new accounts under this scheme shall be contributed for green initiatives.

h. Clean Future Deposit (cumulative recurring deposit)

Clean Future Deposit, also called cumulative recurring deposit is a account designed by CEDB to cater the financial needs of the individuals/institutions who want to make small deposits on regular basis for specific purpose rather than making a bulk deposit as generally required by the available fixed deposits. This account motivates the customers to set aside a small amount on regular basis for future purpose. The features of this account are:

- Open a recurring deposit of tenure more than 1 year up to 3 years with monthly deposit installments of NPR 500 or its multiples.
- **8.0%** annual interest for the accounts with tenure of 12 months to 23 months
- **8.50%** annual interest for the accounts with tenure of 24 months to 36 months
- Loan up to 90% of the deposit is available in case of emergency at coupon rate +2% interests.
- Premature cancellation in emergency cases is allowed with a condition that the accountholder shall be provided interest @ 3% less than the coupon rate and cancellation charge of NPR 500 flat.
- Multiple Future Accounts can be opened with a link to single saving account.

i. Special Savings Account:

Special Savings Account has specially been designed to interest conscious customers. The customers have to maintain minimum balance comparatively higher than other normal savings account and can enjoy the special facilities including higher interest rate. The features of this account are:

- **6.5%** Annual Interest with Minimum Balance of NPR 25,000.00
- Free Accidental Death Insurance up to NPR 200,000.00
- Free Good for Payment and stop payment facilities.
- Discount on loan processing charges and waiver on ATM card renewal charge.
- Free cheque book, i-banking, SMS banking, mobile/telephone bill payment and unconditional free ABBS facility.
- Free ATM Card Issuance with free withdrawal facility from over 900 ATMs of SCT-Network.

D. Fixed Deposit Account:

A Fixed Deposit involves locking a particular amount of money for a certain time period at a much higher rate of interest than being given on amount in a savings account. CEDB also offers the Fixed Deposit Account facilities to its customers. Fixed Deposits are accepted for minimum monthly, quarterly, semi-annually, annually and maximum for any period agreed upon. The interest on such deposits are paid monthly, quarterly, annually or at maturity. The general features of fixed deposit accounts are:

- The interest rate on Fixed Deposit Account is 7.75% p.a. for 3 to 9 months, 8.0% for 1 year and above and 7.75% for clean 1 year FD (Monthly Interest Payment).
- Interest will be paid monthly, quarterly semi-annually, or at maturity or as agreed at the time of deposit.
- The interest of the deposit can be credited to Current account or saving account, as the case may be.
- Fixed Deposits can be opened with any amount.
- Loan up to 90% of the deposit is available in case of emergency at coupon rate +2% interests.
- Premature cancellation in emergency cases is allowed with a condition that the accountholder shall be provided interest @ 3% less than the coupon rate and cancellation charge of NPR 1,000.00 flat.

The following table highlights the interest rates on deposit products of the bank:-

Table: 2.1

Published Interest Rates of CEDB (As of 2nd September, 2012)

S.No.	Account Type/Name	Min. Bal. (NPR)	Int. Rate (% p.a)
1	Normal Saving	500	5.00
2	Nari Bachat Khata	500	6.5
3	Special Saving	25,000	6.5
4	Clean Stockholders	0	7.0
5	Investa Savings	500	5.0
6	Investa Savings – Gold A/C	25,000	7.0
7	Clean Bal Bachat	500	6.5
8	Clean Jyestha Bachat	1,000	6.5
9	CEDB Special Deposit/ Call A/C		1.00 to 7.00
10	Clean Future Deposit		Up to 8.00
11	Fixed Deposit: 3 Months to 9 Months One Year and above Clean 1 Yr. FD (Monthly Interest Payment-For Individual only)		7.75 8.00 7.75

2) Credit Facilities:

CEDB provides various credit facilities to its customers based on their request, nature of investment, repayment capacity, background of the client, etc. Credit department at CEDB provides credit facilities to individuals, organizations, business enterprises, etc. after necessary credit appraisal. The focus of this department is to promote and offer the assets products (credit products) to the customers. CEDB provides various types of loans and advances designed to suit the varied requirements of industrialist, business houses, professionals, entrepreneurs and individuals. Types of loan facilities provided by CEDB are:

a) Personal Loans:

- Overdraft
- Home Loan
- Vehicle/Hire Purchase Loan
- Term loan
- Guarantees
- Demand Loan
- Education loan
- Revolving/ Terminating Loan

b) Business Loans:

- Business Overdraft
- Short Term Working Capital Loan
- Term Loan
- Guarantees
- Hire Purchase Loan
- Demand Loan
- Real Estate Loan
- Corporate/Multinational Loan
- Margin Loan
- Consortium Finance

Since Nepal Government and Nepal Rastra Bank have introduced various laws regarding anti money laundering, CEDB, in support of such laws, follows various

steps for opening the bank accounts or providing the credit facilities which the customers need to follow. CEDB has great focus on Know Your Customer (KYC) while banking with the customers. Know Your Customer (KYC) refers to the activities of customer due diligence that financial institutions and other regulated companies must perform to identify their clients and ascertain relevant information pertinent to doing financial business with them. KYC controls typically include below details:

- Collection and analysis of basic identity information.
- Name matching against lists of known parties (such as politically exposed person).
- Determination of the customer's risk in terms of propensity to commit money laundering or identity theft
- Creation of an expectation of a customer's transactional behavior
- Monitoring of a customer's transactions against their expected behavior and recorded profile as well as that of the customer's peers.

The objective of know your customer guidelines is to prevent the bank from being used, intentionally or unintentionally, by criminal elements for money laundering activities. Know your customer procedures also enable the bank to know/understand its customers and their financial dealings better which in turn help to manage the risks prudently.

3) Remittance Services:

Remittance is the process of sending or receiving money from one place to another. Remittances are the portion of earned income that migrant workers choose to send to the families they have left behind. Migrant workers may move to different regions in their own countries, or leave their countries of origin completely in order to earn more income. In the context of global labor market several millions people are now living and working in another countries, far away from their countries of birth. These people regularly remit a substantial portion of their earnings to their home countries. The financial flows generated by these migrants by way of remittances are very substantial. Although accurate figures are extremely hard to get, it was estimated that in 2004, remittances to developing countries from developed countries exceeded US\$126 billion, which was up by nearly 48.7 percent as compared to 2001. Actual

amounts were probably much larger because flows through informal channels such as hawala were not included in official data collection. The World Bank estimated that remittance flows to developing countries reached US\$ 307 billion in 2009, a decline by 5.5 percent in contrast to the growth of 16.7 percent in 2008. Because of improved prospects for the global economy, however, remittance flows to developing countries are expected to rise by 6.0 percent in 2010 and 6.2 percent in 2011 (Mohapatra et. al, 2010).

Nepal has become one of the major labors exporting country in recent years. According to the National Planning Commission (NPC), the number of overseas workers has grown, on average, by 30 percent in the last couple of years. There are now an estimated 1.2 million Nepalese working in 40 countries, excluding India. In the Gulf region alone, about 700,000 Nepalese are working in Bahrain, Kuwait, Saudi Arabia, Qatar and the United Arab Emirates (UAE). The demand was so high that Nepal had to open a consulate in Qatar to supplement the efforts of the embassy in Saudi Arabia, where there are over 200,000 Nepalese. Malaysia first opened its domestic job market to Nepalese in 2001, and it is estimated that about 150,000 workers have legally entered the country since then. Around 70,000 more are estimated to work in Hong Kong. Large numbers are also illegally employed in the rest of Southeast Asia. Similarly, large number of Nepalese in Australia, UK and USA are residing. They went to those countries as a student but their returning to Nepal is rare. Initially, they used to follow the illegal means of remitting their income eg. hundi. Such illegal means are insecure, costly and time consuming. With the introduction official channels of remittance, the remittance through unofficial channels have been discouraged to greater instant. Remittances through official channels have become economic, easy and efficient.

With the view of above, CEDB provides remittance services to its customers. The remittance services include transfer of funds in both national and foreign countries. The remittance services provided by CEDB are given below:

a) Remittance payment facilities

CEDB facilitates customers through payment of remittance remitted through various official agents or companies from national or foreign countries. The bank has tie up with the authorized remittance agents for the remittance payment. CEDB has

agreements with various remitting institutions for the following international or domestic fund transfer services:

- Crystal Worldwide Money Express
- Reliable Remit.
- Laxmi Remit
- Hulas Remit
- Western Union Money Transfer
- Continental Financial Services (CFS)
- International Money Express (IME)
- Prabhu Money Transfer
- Nepal Money Remit
- World link Financial Services
- Nabil Remit.
- United Remit
- Money Gram.
- Kuwait Asian International Exchange
- City Express

b) SWIFT Transfer

SWIFT stands for Society for Worldwide Interbank Financial Telecommunication System, which is a reliable communication network speeding up fund transfer and other financial messages. This mechanism can be used to transfer fund easily anywhere in the world. For the swift transfer facility, CEDB has nostro correspondent with Standard Chartered Bank Ltd. The bank has correspondent with Standard Chartered Bank Ltd., New York, USA for US Dollar Transfer, Standard Chartered Bank Ltd., Frankfurt, Germany for Euro Transfer and Standard Chartered Bank Ltd., Mumbai, India for Indian Rupees transfer.

c) Demand Draft

This method is used by individuals to make transfer payments from one bank account to another. CEDB draws demand drafts in currencies like USD, and INR through its correspondent bank Standard Chartered Bank Ltd. located at Mumbai, Frankfurt and New York. These demand drafts are issued in favor of beneficiary to whom the payment is to be made by the local customer and firms for various purposes like

payment of student fees overseas and their living expenses, payment as per Performa Invoice for export of goods, etc.

d) Manager's Check

It is a cheque drawn by CEDB on itself, where the funds are withdrawn directly from the bank's funds, not from an individual's account. It is a secure and reliable instrument. It is a Beneficiary can send the cheque on collection or through clearing or can deposit it in his/her account with CEDB itself.

e) Cheque Purchase/ Bills Purchase

Cheque Purchase/Bills Purchase facilities are facilities given only to the prime customers where the bank purchase the cheques/bills issued by other local/international bank till the date the cheques realize. It is given to the prime and trusty customers who are in immediate need of money. The bank charges some commission from the customer and sends the cheque for realization. The local cheques generally realize within three working days and the international cheques realize within one month.

4) ATM Services and Debit Card Issuance:

CEDB issues ATM / SCT Debit cards in favor of its customers on demand. The bank has installed its own Automated Teller Machines (ATM) counters at its branches located at Sitapaila, Thapathali, Phidim and Gorkha Through ATM, bank provides 24 hours service as customers can draw money anytime as per their requirement. Through CEDB's SCT debit card, customers can withdraw up to maximum NPR 100,000/- per day through its own ATM counters and NPR 50,000/- through other ATM counters in Nepal where as withdraw up to maximum of INR 10,000/- per day or INR 100,000/- per month in India and Bhutan. The card can also be used in visa networks with in these countries. CEDB has provided free withdrawal facility to its client from over 900 ATMs of SCT-Network in Nepal through the CEDB ATM cards.

5) Internet Banking

CEDB has provided free Internet banking facility to its customer. Through Internet banking customer can view and print their balance statement with the use of web at their ease. They don't have to visit the bank to get balance statement which saves both the time and effort of the customers.

6) Any Branch Banking Services (ABBS)

CEDB has provided ABBS facility to its customers. Customers can take the banking facilities from any branch inside Kathmandu valley as well as outside the valley. Customers are facilitating withdrawal and deposit of cash and cheques, view and print of balance certificates or statements, etc. from any branch. Customers maintaining account with any branch can walk in to any another branch convenient to them for operation of the account, which means they are not restricted to a particular branch for operating that account. As a result, the customers can enjoy true freedom of anywhere banking anytime with instant fund transfers across the cities, collection of cheques, deposit of funds, instant access to account statements and other exclusive banking services.

6) Safe Deposit Locker

CEDB provides safe deposit locker facility to its clients. Customers can keep their important documents, precious jewelries and ornaments and their valuables for safety in the deposit lockers. . Safe deposit locker allows customer to have safe custody of their valuable goods. The safe deposit lockers are available in various sizes; the customers can choose among them based on their needs. The size of locker ranges from 12.5cm X 17.5cm X 49.2cm to 40.4cm X 53.0cm X 49.2cm costing NPR 2000/- to NPR 7,500/- per year. Safe deposit lockers are currently available inside the Kathmandu Valley branches only.

7) Foreign Currency Transactions

CEDB provides the foreign currency transaction facilities to its customers throughout its entire branches. Customers can purchase and sale the foreign currencies (currencies allowed by NRB to transact) from the bank as per the exchange rate published by the bank on daily basis. The bank also accepts the Travelers' Cheque (TC). Customers, if eligible, may also open the USD account and deposit or withdraw from that.

8) Other Services

CEDB provides other various types of services or facilities to its customers which include transit facility, free employ salary management, privilege counter, evening counter and 365 days banking, telephone or mobile bill payment facilities, E-pin of

Prepaid Mobile phone, etc. Out of these facilities, the 365 days banking and privilege banking is currently available in head office Sitapaila only.

2.2.4.2 Energy Services

Unlike other financial institutions, CEDB also provides Clean Energy Development & Energy Efficiency services to the customers. The bank has established a separate division 'Energy Division'. In this division the bank has recruited experts or specialists who work for the research and development of clean energy, esp. the hydro power sectors. They also provide the expert knowledge regarding the hydropower projects in need. The division is headed by Dr. Janak Lal Karmacharya who is the power and utility management expert who has contributed more than 40 years in the energy sector and has served as the Vice President of International Hydropower Association as well as the Managing Director of Nepal Electricity Authority. CEDB's energy development services include the following:

1) Hydropower Development

CEDB has a greater role in hydropower development. The bank has contributed a lot in the hydropower development by the performance of following roles:

i) Early stage development support:

Although the govt. issued many licenses for the development of hydropower, the desired level of progress could not be made due to the lack of financing and technical expertise of the license holders so that the license holders were unable to even carry out the initial feasibility of the project. To address the situation, CEDB with the help of USAID came up with an innovative product, i.e. the CEDB Hydro Fund (CHF). This product raised NPR 230 Million from the general public and as of today it stands extremely successful with a total 100 MW worth of projects under various stages of development. CEDB believes that this endeavor will go a long way in the development of hydro power and will be a major mile stone for such progress in Nepal.

ii) Technological Support

CEDB has been actively utilizing its in-house capability brought in by its energy experts for the due diligence and feasibility studies of medium and small hydro power projects. In addition, CEDB also has a strategic alliance agreement with DFCC Bank

and DFCC Consulting Private Limited of Sri Lanka. Under this alliance, CEDB and DFCC Group are working jointly towards identifying, analyzing and exploring prospective hydro power projects in Nepal. In addition, CEDB formed a Strategic Partnership Agreement with Northwest Hydro Consulting Engineers (NWH) - one of the world's leading hydropower consulting companies from China. The agreement envisions fulfilling techno-financial analysis and a transfer of cost effective technology for medium and large size hydropower projects bringing together the Bank's in-house expertise and the vast knowledge of NWH in this domain.

iii) Equity Support

CEDB has inked an agreement with the renowned Dragon Capital Limited, a company based in Vietnam, for Mekong Brahmaputra Clean Development Fund (USD 100 million) for equity investment in hydropower projects. The agreement envisions to Identify, assess and finance quality hydropower projects in Nepal and Bhutan.

iv) Debt Financing

CEDB has attempted to resolve the underlying constraints in funding options for hydro power projects through local financial intermediaries in Nepal, limited to investment capabilities of a single 50 MW project or a total setup of 100 MW- by gaining access to debt financing support for large hydro projects through the international financial community.

2. Carbon Emission Reduction Financing

CEDB has been working closely with GTZ-SHPP, AEPC and SNV for Clean Development Mechanism (CDM). It is also exploring the options of linking carbon revenues with its energy products and has partnered with Germany based KfW carbon fund and South Pole Carbon Assets Management, in the development of CDM-PIN (Project Identification Note) and PDD (Project Design Document). CEDB's CDM project aims to encourage small and medium scale enterprises to adopt technologies that make a substantial contribution towards reducing fossil-fuel usage.

3. Energy Efficiency Cooperation

Energy Saved is Energy Generated. In line with this vision CEDB has taken an initiative to build awareness, identify technologies and arrange resources in this

direction, whereby a position is created to save huge wastage of precious energy. To support this initiative, CEDB has signed an agreement with International Finance Corporation (IFC), a member of the World Bank Group, which promotes sustainable economic growth in developing countries by financing private sector investment, mobilizing capital in the international financial markets and providing advisory services to businesses and governments. The agreement includes training staff members to improve their skills when evaluating proposals on energy efficiency and renewable energy financing, as well as product development and marketing. It also involves engineering due diligence for energy efficient projects, benefits from IFC's initiatives in Nepal on energy auditor development, market potential studies and targeted awareness with training activities related to sustainable energy finance.

4. Research and Usage of Energy Efficiency Technologies

CEDB promotes the usage of energy efficiency technologies. For this, purpose, the bank supports the customers who are interested towards such energy efficiency technologies. The bank is in the continuous process of doing research and introducing such technologies which can support in the development of the nation. The bank supports the following energy efficiency technologies:

i) Electric Vehicle Financing

SAFA (clean) Tempo – a three-wheel public transport, powered by electricity, also known as Electric Vehicle or the EV – is promoted by CEDB. EVs were brought to replace the diesel powered three-wheelers from operating in the Kathmandu Valley. The US Asia Environmental Partnership (US-AEP) and Global Resources Institute (GRI), a US-based NGO, showed interest and successfully converted one diesel tempo to run on electric power. At the end of the pilot project in early 1996, a group of Nepali entrepreneurs bought the 7 EVs and started the first EV Company, Nepal Electrical Vehicle Industry (NEVI), in Kathmandu which is now one of the business partners of CEDB. There are currently 300-400 owners for more than 600 vehicles plying on the streets of the Kathmandu valley and 37 charging stations and five EV manufactures. The successful commercial operation of SAFA tempos and the financing by CEDB has made it economically viable to apply these cleaner technologies in Kathmandu and other parts of the country.

ii) Solar Financing

CEDB has been providing Solar Loan to different Solar Companies working under "Solar Energy Support Program" initiated by the Government of Nepal and supported by different donor agencies. CEDB has also entered into the rural solar energy market by using its wide network of Solar Companies and Micro Finance Institutions to facilitate rural electrification in remote parts of the country. CEDB has been introducing the latest solar platforms and affordable financing solutions to empower the country.

iii) Biogas Financing

CEDB has been providing Biogas Loan to different Biogas Construction Companies working under "Biogas Support Program" initiated by the Government of Nepal and supported by different donor agencies. CEDB has been financing small scale biogas plant by using the wide networks of Biogas Construction Companies through vendor financing models.

iv) Micro Hydropower Projects

Nepal has over 6,000 rivers of length over 2 km. Therefore, mini and micro- hydro technology has enormous potential to promote environmentally sound sustainable development of Nepal. At present about 16 companies manufacture and install micro-hydro plants in Nepal. So far about 17.6 MW of power has been generated from about 3,000 micro-hydro plants including peltric sets. Most of these turbines are installed solely for agro- processing. Some of the units are also coupled with electric generators. CEDB has been providing affordable and flexible financing solutions to exploit this potential into the future.

v) Husk Power Project

Nepal has immense potential for rice husk energy. The need of capitalizing this energy potential into electricity generation is more pressing at this time given the country's huge power deficit. Rice husk systems have been successfully demonstrated to be a clean form of technology in India. CEDB is exploring the possibility of generating electricity using rice husk and has already signed an agreement with Husk Power Systems Pvt. Ltd., India - a company that has successfully implemented several Husk Power Projects in India. CEDB has signed this agreement to facilitate a

convenient and lower cost rice husk technology to be made available to the people of Nepal; furthermore, the main advantage of the system is using rice husk which majority of the farmers consider as waste.

In addition, as a part of its marketing strategies, CEDB is also committed towards the following duties:

i) Public awareness building

CEDB is principally focusing on the production and usage of clean energy from the country's abundant natural resources. As a result, the bank has been creating awareness through its CSR program, the "Clean Circle". This initiative has been established to make our societies cleaner, greener and more eco-friendly through conservation, minimization of waste and efficient usage of energy resources to curb global warming and climate change, while also advocating the multiple benefits of using our own natural resources over imported fossil fuel.

ii) Linkage between stakeholders

CEDB, with its various activities, is able to create linkage between government authorities, investors and technocrats, which is giving impetus to come to one forum for sustainable development of energy sector mainly hydro and solar power.

iii) International networking

CEDB, through its international association and its own effort, is playing a key role in creating positive awareness for the country's energy sector for foreign investment. This has been possible due the bank being recognized in the international community - as a prominent Nepalese financial institution that specializes in facilitating the commercial use, of renewable energy and energy efficiency technologies within Nepal.

iv) Policy advocacy

CEDB has successfully been influencing, supporting and recommending the development of policies in establishments associated with energy such as the government, the central bank, the Nepal Electricity Authority and other developmental bodies - while trying to replicate the success of innovative technologies by assessing them in the Nepalese context. The bank has also been

successful in persuading policy makers to incorporate various suggestions to mitigate financial hunches and technical difficulties on numerous fronts.

v) Rural approach

CEDB has extended its services to various rural areas through its branch networking in Phidim (Panchthar), Katari (Udayapur) and Taplejung. The rural activity of the bank has also been extended through partnering with local financial institutions to provide services to the grass root levels of economy. CEDB has been in the forefront of combining microfinance activities with Renewable Energy Technologies (RETs) financing. CEDB has been providing microfinance loans to individual customers in rural areas for the installation of biogas plants, solar home system loans and financing micro hydro projects in association with the local community.

CEDB is also in the process of establishing a subsidiary - microfinance development bank that will focus on empowering the deprived population in the remote mountainous regions of Nepal. This institution will aim to facilitate economic capacity building in people who lack financial collateral through innovative microfinance products and access to affordable renewable energy technologies while socially mobilizing the communities in conjunction with various developmental intermediaries. All of these activities have not only supported CEDB to become a devoted national level bank but have also made CEDB dedicate micro loans worth 100MW to rural activities, in the process.

The following table shows the status of hydropower projects financed by CEDB solely or with collaboration with other banks or financial institutions.

Table: 2.2

Status of hydropower projects financed by CEDB

Project Name (Company/ location)	Capacity (MW)	Annual Energy (GWh)	Status as of July 2012	Exp. COD
Siuri Khola SHP (Nyadi Group Pvt. Ltd) Lamjung	5	32.0	Under Construction. Civil works 95%, HM works 95 %, EM works 75% and TL works 85% complete.	Aug 2012
Lower Modi -1 SHP (United Modi Hydropower Pvt. Ltd) Parbat	10	61.0	Under Construction. Civil, HM, EM and TL works complete. Protection works ongoing. Ready for Dry Test.	Aug 2012
Jhyari Khola SHP (Electro-com and Research Center Pvt. Ltd) Sindhupalchowk	2	9.5	Under Construction. 95% of headworks complete. Track opening for waterway alignment complete. EM equipment manufacturing ongoing.	Dec 2012
Mailung Khola SHP (Mailung Khola Hydropower Co. Pvt. Ltd) Rasuwa	5	33.1	Under Construction. Civil works 70% and HM works 20% complete. EM equipment ready for shipment. TL contract awarded.	Dec 2012
Pikhuwa Khola SHP (Eastern Hydropower Pvt. Ltd) Bhojpur	2.5	19.3	Under Construction. Access Road construction complete. Excavation at approach canal, desander and powerhouse ongoing. Contract awarded for HM works. Bids invited for EM works. TL design and cost estimation complete.	Sep 2013
Tadi Khola SHP (Aadishakti Bidhut Bikas Co. Pvt. Ltd) Nuwakot	4.2	29.3	Under Construction. Headworks and desander construction 80% complete, Waterway and powerhouse construction underway. Tailrace 90% complete. EM equipment shipped. Most of HM components site delivered.	Sep 2012
Tadi Khola SHP (Hiraratna Hydropower P. Ltd), Nuwakot	5	34.0	Under Construction. Access road and Camp Facilities construction underway. Contract documents preparation ongoing.	Jul 2014

Continued.....

Upper Mai HEP (Mai Valley Hydropower Co. Pvt. Ltd) Ilam	9.98	55.3	Under Construction. Camp & Housing Facilities complete. 543m of headrace tunnel excavation complete and excavation works ongoing.	Apr 2014
Chotte Khola SHP (Pashupati Environmental Engineering Power Co. Pvt. Ltd.) Gorkha	0.6	4.92	Under Construction. Access road construction complete. TL 95% complete. Civil works in progress.	Apr 2013
Phawa Khola SHP (Shibani Hydropower Co. Pvt. Ltd.)Taplejung	5	36.1	Access road 80% complete. 90% Land acquisition complete. Civil, EM, HM, TL contract documents under review.	Apr 2015

2.2.5 Promotional Tools of CEDB

CEDB adopts various promotional tools to position its products and services in the target market. The promotional tools used by CEDB are:

i) Television Advertisement

Considering the benefits of effective direct marketing, CEDB is focusing on Television Advertisement. The bank used to occasionally air its television advertisement in Nepali Television Channels. The bank had sponsored the program related to energy in Nepal Television in which the ad of CEDB used to be seen. Now, seeing the popularity of television ads, the bank is focusing more on television ads and is designing new ads to air on television channels which help in awareness of bank and its products among the public in large level.

ii) Cable Banners

CEDB advertises its products and services through various cable networks. The bank communicates its products and services in the popular hindi channels in the form of caption which is known as television banners.

iii) Hoarding Board

CEDB has advertised its products through the display in hoarding boards. The bank has placed hoarding boards in certain areas with the view of communicating its products and services among the public.

iv) FM Advertisement

CEDB has used various regional FM radio channels in advertisement of its products and services. The products and services offered by CEDB are aired through these FM channels in the form of jingles or other normal advertisements.

v) Other Promotional Tools

CEDB promotes its products and services through various promotional tools too. The bank promotes its services through the use of brochures, pamphlets etc. The bank also offers discount on shopping to CEDB account holders time to time. The bank has recently opened a page/group on facebook which informs about the bank and its activities. The bank also uses its website www.cedbl.com for the promotion with regular updates.

2.2.6 SWOT Analysis of CEDB

SWOT analysis is a tool for auditing an organization and its environment. SWOT analysis is the vital stage of planning which helps marketers to focus on key issues. SWOT stands for strengths, weaknesses, opportunities, and threats. Strengths and weaknesses are internal SWOT factors. Opportunities and threats are external SWOT factors. Like other institutions, CEDB also has some strengths, weaknesses, opportunities and threats which are mentioned below:

Strength

- CEDB is run by experts and professionals who have a strong track record in the related fields.
- CEDB has been providing wide range of banking products to its customers based on their needs, demands and nature.
- CEDB has been providing banking services through its 9 branch networks including its main office. The location of the bank and its branches are in the suitable areas in business point of view.
- CEDB has been providing qualitative services with the use of various modern technologies to its customers. The services provided by the bank are directed towards customer satisfaction.

- CEDB not only provides banking services, but also provides freelance services related to renewable energy and has also been investing in renewable energy sector which has created a good image of the bank in the nation.
- CEDB has been technically or financially supported by various national and international organizations like FMO, USAID, Winrock International, EPF, etc.

Weakness

- The bank has not focused much on advertising and marketing aspects. The bank regards investment in marketing as expenses rather than investment.
- The coverage of the bank and its branches is relatively low with only three branches inside the Kathmandu valley and six outside the valley. Similarly, the bank has only 4 no. of own ATM in Nepal, two inside valley and two outside the valley.
- CEDB is suffering from the problem of staff turnover. Skilled and semi skilled manpower are being diverted towards other financial institutions. Due to the presence of large number of financial institutions in the country, this problem is common in most of the financial institutions of Nepal.

Opportunity

- The market of the bank is in increasing trend. The faith and trust of people upon the bank has been increasing. Due to this, the number of customers banking with CEDB is increasing day by day.
- CEDB has alliance with various national and international organizations. The bank has also signed the MOU for the merger with NMB Bank Ltd.
- CEDB has a major investment in renewable energy sectors including the investment in hydro power which has a great prospect in the context of Nepal, which is suffering from the problem of load shedding or energy scarcity.
- CEDB has its unique status in the country which is perhaps the only Bank to have a focused developmental agenda towards harnessing the nation's abundant natural resources in addition to uplifting the standards of living of the people of Nepal.
- The government, including Nepal Rastra Bank, is supporting the financial sectors of the country in order to uplift the economy of the nation by creating favorable environment to run them.

Threats

- With the increase in competitors providing similar types of products and services in the market, there has been increase in competition in the market.
- There has been increase in price or interest wars with competitors. There has been increase in wars with competitors regarding higher interest rates on deposit and lower interest rates on loans.
- The economic condition of the country is poor with negative growth in industrial sectors. The country is also facing higher political instability.
- Excess pressure or unfavorable rules and regulations from NRB and government may create adverse environment for the bank to operate.

2.3 Review of Research Papers

Review of literature comprises of previous research study articles concerned with the study and other studies with a view for supplement the present research and such review adds to the dimensions of the study. In order to conceptualize the issue of research of activities helps to identify the adequate relevant literatures. This sort of activities helps to identify the research problem as well as to determine the methodology for the study. It also avoids unintentional replication of previous studies.

For this study, relevant literatures have been reviewed from books, journals, magazines, published and unpublished articles and so on. Reports of previous research and dissertation works have also been reviewed during the study. Relevant literatures are also cited form related web sites. Libraries and online libraries including encyclopedias are frequently visited for this purpose. This chapter presents an outline of the literature reviewed during the study.

Bhatta (2005), in his thesis entitled “*Sales Promotion and its effect on Sales: A Case Study of Beer Market of Nepal*”, has mentioned the impact of sales promotion on sales of Beer. The researcher has explained the mode of sales promotion acceptable by the Nepalese consumers and the mode used by the manufacturers as sales promotion tools. The researcher has also find out the most suitable media used for sales promotion and has also evaluated the effectiveness of sales promotional activities in the sales of beers in Nepal. Thus, this study specially dealt with most

recent and widely used methods of promotion-sales promotion and its impact on product.

Dhakal (2006), in his study entitled “A comparative study of Financial Performance of Private Sector Banks in Nepal especially of Nabil Bank Ltd. and Nepal Investment Bank Ltd.” concludes that the banks with a successful track and a strong capital base along with adequate reserves have helped the banks in creating trust among the common public which has led to their growth and higher profits. Both the banks are found to be efficient in utilizing most of their total assets by minimizing their operational expenses, mobilizing resources more efficiently and extending their banking facilities to the rural areas. The trust and service that has been created through their customized banking services and access to the major areas of Nepal has led to increase in customers banking with them. The Banking services and satisfaction level among the customers have also been satisfactory till date.

Dahal (2006), in his study of “*A Report Study on Performance Evaluation of Chaudhary Group for customer satisfaction in instant noodle*” has made remarkable efforts for evaluating Chaudhary Group on the customer satisfaction in instant noodles. He focused on customer satisfaction specially noodles products produced by Chaudhary Group. Dahal focused on his report writing that customer is the king of market and product should be produced according to test and want of customer and then only company can earn profit in competitive market. Goods should be produced as per above provision and after sale service should be provided and lastly the customers feedback about the sold products should be responded. Finally, he recommended that the company should focus on customer test and satisfaction rather than prizes and schemes, expand its new market area and expand its product line with the test and want of customer.

Khatiwada (2007), in her study entitled- “*Internship Project Report on Marketing Strategies of Nepal Credit and Commerce Bank*”, has indicated that NCC Bank’s marketing strategies are mainly directly towards customer need’s satisfaction. The bank has offered a variety of innovative products and services in the market with the help of new technology. As a consequence of competition, the challenge of the bank includes market segmentation, product positioning and innovative delivery channels, cross selling etc.

2.4 Research Gap

The research study about various tools of marketing like advertising, promotion, etc in various fields has been carried out several times by several researchers previously. However, the research in the field of marketing strategies of banks and financial institutions in Nepal is rare and has carried out in a very limited number. In Nepal, there are 31 commercial banks, 87 development banks, 79 class C finance companies, 21 class D Micro Finance Credit Development banks, 16 Saving and Credit Co-operatives (Limited Banking) licenced by Nepal Rastra Bank. Each of these institutions has different marketing strategies. Very limited number of research has been carried out to study the marketing strategies of these financial institutions. Marketing or marketing strategies itself is the confidential matter for any organization which the organization does not want to reveal. Due to this, it has been found to be difficult for carrying out the research in this field which has resulted in conduct of few research works in the subject. Since the development of banking and financial sector in Nepal is in the growth stage and most of them are in profit or in sound condition, there has always been curiosity about how these institutions function and how these organization design and implement their marketing strategies. Hence, for finding out such answer this research work has been performed. No research has been found to be conducted in the marketing strategies of Clean Energy Development Bank Ltd. Due to this, the bank has been chosen for carrying out the research work.

CHAPTER-III

RESEARCH METHODOLOGY

This chapter presents the methods of research used to carry out the research, which include the research design, population and samples taken for the study, methods of data collection and procedures for using analytical methods and so on.

3.1 Introduction to Research Methodology

Research Methodology is the systematic way to solve the research problem. Research methodology refers to the sequential approach of the research where various steps are followed in order to conduct the study. Research Methodology is a way to systematically solve the research problem. (Kothari, 1995)

Research Methodology can be:

- The analysis of the principles of methods, rules, and postulates employed by a discipline;
- The systematic study of methods that are, can be, or have been applied within a discipline.
- A documented process for management of projects that contains procedures, definitions and explanations of techniques used to collect, store, analyze and present information as part of a research process in a given discipline.
- The study or description of methods.

Research Methodology describes specific methods to be followed in a given procedure or in attaining an objective. When proper to a study of methodology, such processes constitute a constructive generic framework; thus they may be broken down in sub-processes, combined, or their sequence changed. As such, methodology may entail a description of generic processer or, metaphorically, may be extended to explications of philosophically coherent concepts or theories as they relate to a particular discipline or field of inquiry. By similar reasoning methodology refers to the rationale and/or the philosophical assumptions that underlie a particular study or a particular methodology.

Steps of the scientific method are shaped like an hourglass - starting from general questions, narrowing down to focus on one specific aspect, and designing research where we can observe and analyze this aspect. At last, we conclude and generalize to the real world.

Researchers organize their research by formulating and defining a research problem. This helps them focus the research process so that they can draw conclusions reflecting the real world in the best possible way.

Research Methodology is the set of method and principles which are used for systematic investigation of the study. Thus, it helps a lot in establishing facts to reach in a new conclusion. In other words, research methodology is the way to systematically solve the research problem.

It is one of the important steps of research project. The quality of research methodology plays the vital role in the importance and usage of research report used in study. It helps in studying the entire research work in easy manner and also in presenting report in understandable way. It includes wide range of methods, including qualitative technique for analyzing and analysis of data and information collected. Therefore, research methodology refers to the methods and techniques used in the collection, tabulation and analysis of data and information collected to achieve the objective of study so that the outcome would be appropriate.

Researchers must follow various steps in order to be in the right path that will lead towards the solution of the problem identified. There can be instances where the researchers follow various steps at a time and the progress of the study can get clash and that will lead to confusion. Therefore, research should be designed in such a way that steps would not be clashed and misleading in order to find and solve the problem.

3.2 Research Design

Research design refers to the entire process of planning and carrying out a research study. Identification, selection and formulation of a research problem may be considered as the planning stage of a research. The remaining activities refer to the designs, operation and completion of the research study. (Wolf and Pant, 1999: 203).

“A research design is the arrangement of conditions for collection and analysis of data that aims to combine relevance to the research with economy in procedure.” (Selltitz, Jahoda, Deutsch, & Cook, 1962). It describes the method and process applied in the entire aspect of the study. A focus is given to the nature and source of data, the model statistical tools used, and limitations of the study.

In order to achieve the objective of the study an appropriate methodology becomes necessary, which is an essential part of study throughout the study. Thus, this study consists of research design, population & sample, nature and sources of data, data processing procedure and method of analysis.

A systematic research design is necessary to fulfill the objective of study. It means defined procedures & techniques that guide and propounds ways for research viability. Several typologies have been suggested for classifying a wide variety of research designs according to nature of research. The research design in this project is descriptive. Descriptive research includes surveys and fact-finding inquiries of different kinds. For this study, descriptive research design is used where the data is collected through the questionnaire. The information is gathered from the different customers of the banks in order to obtain and analyze the marketing effectiveness of the bank. To achieve the objective of the study, descriptive and analytical research design has also been used.

3.3 Population and Sample

The data collection activity consists of taking ordered information from reality and transferring it into some recording system so that it can later be examined and analyzed for patterns. Population or universe refers to the entire group of people, events or things of interest that the researcher wishes to investigate. The method consisting of the selecting for study, a portion of the universe with a view to draw conclusions about the universe or population is known as sampling. In most of cases, we are not able to collect data of whole population or universe (an aggregate of the set of result of an operation). A statistical sample ideally purports to be a miniature model or replica of the collectivity or the population constituted of all the items that the study should principally encompass, that is, the items which potentially hold promise of information relevant to the purpose of a given research.

Due to lack of time and unavailability of the relevant data, it is not possible to study the customers of all financial institutions in Nepal and also, it is not possible to study each and every customers of CEDB as well. Hence, in this research, 150 respondents who were the account holders of the bank were randomly selected in order to seek fair and frank responses on effectiveness of marketing strategies of the bank. Researcher has chosen the account holders of the bank in order to make the research more effective and relevant. To achieve the objective of the study, descriptive and analytical research design has been used.

3.4 Sources of Data

Data are collected from two sources. They are primary and secondary sources. The data presented here are both primary and secondary types. Primary Data includes questionnaire, personal interview with the respondent and consultation with concerned staffs and customers which are made for the reliability and practicality of the data by making different types of questions i.e. open ended, ended, yes/no, choosing the best one to sampling method around 150 customers. Personal experience of the researcher during the work period was also a source of primary data. The opinion and general conception as per the researcher's observation and academic knowledge has also the instrumental role in obtaining data.

Although the research is based on the primary data collected, the secondary data obtained from various sources are also used in the interpretation purpose. Formal and informal talks with the concerned authorities of the bank were also helpful to obtain the additional information of the related problem. Likewise, various data and information are collected from the official website of CEDB, NRB, yearly AGM, MIS report, different brochures and leaflets published from the bank, financial statistics published by NRB, customer service department record, strategy department record of the bank, economic journals, periodicals, bulletins, magazines and other published and unpublished reports and documents from various sources.

CHAPTER-IV

DATA PRESENTATION AND ANALYSIS

In the earlier chapters, general background and research methodology have been highlighted for the purpose of this study. Now it comes to the most important component of the study, which deals to the analysis of marketing strategies of CEDB. This chapter analyses the various data of CEDB which are used in studying the effectiveness of marketing strategies implemented by CEDB. Basically, primary data collected through questionnaire has been used for the purpose. Different diagrams or charts have been shown for the clarification of the presented data.

4.1 Data Analysis

The primary data is collected through questionnaire from 150 account holders of the bank. The questions are basically focused to the services offered to the customers and the level of customer satisfaction, which is the major part of the marketing strategy of the bank. The responses of the respondents have been shown in the table here under:

4.1.1 Gender of the respondents

Total 150 respondents participate in the questionnaire survey. The sex-wise distribution of the respondents is as under:

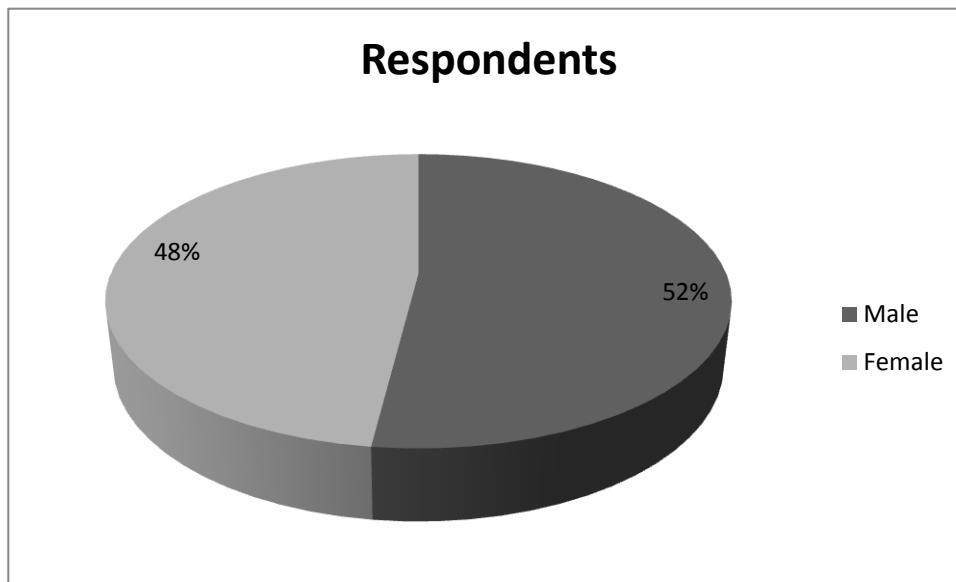
Table: 4.1

Sex-wise distribution of Respondents

Gender	Respondents	Percentage
Male	78	52
Female	72	48
Total	150	

Source: Field Study

Figure: 4.1
Sex-wise distribution of Respondents



Total 150 respondents participate in the questionnaire survey. It includes 78 male and 72 female which occupied 48% and 52% respectively in total respondents. The gender of respondents is nearly in equal division. It reflects that the analysis on the questionnaire data can represent each gender's opinions.

4.1.2 Occupation of the Respondents

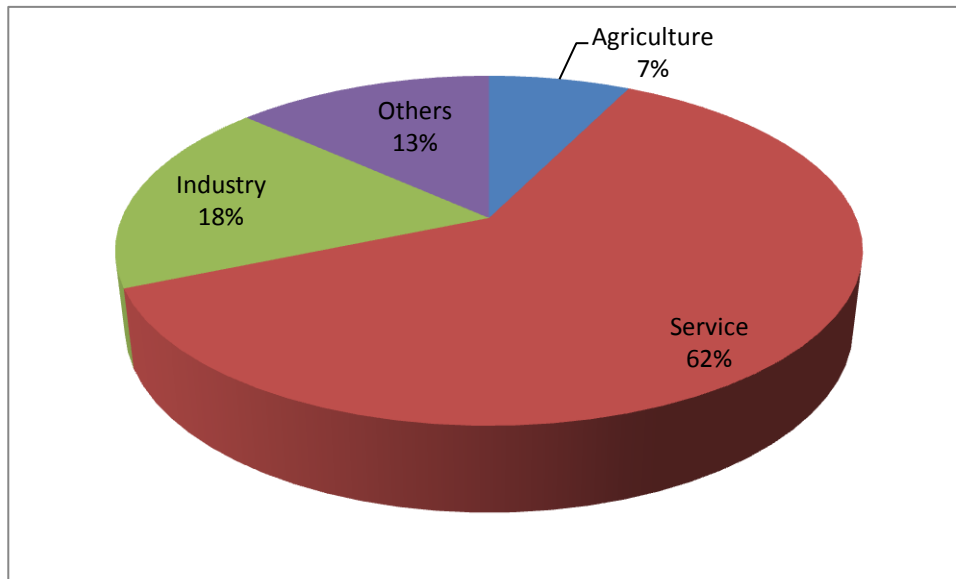
The occupation of the respondents participating in the research was as under:

Table: 4.2
Occupation of Respondents

Occupation (Sector)	Number of Respondents	Percentage
Agriculture	11	7.33%
Service	92	61.33%
Industry	27	18.00%
Others	20	13.33%
Total	150	

Source: Field Study

Figure: 4.2
Occupation of Respondents



The above table or figure shows that majority of the participants were from service sector. Although most of the people in Nepal are engaged in agriculture, only 7.33% of the participants in this research were engaged in Agriculture sector. 18% of the participants were from industry sector and remaining 13.33% were from other sectors.

4.1.3 Information about the bank

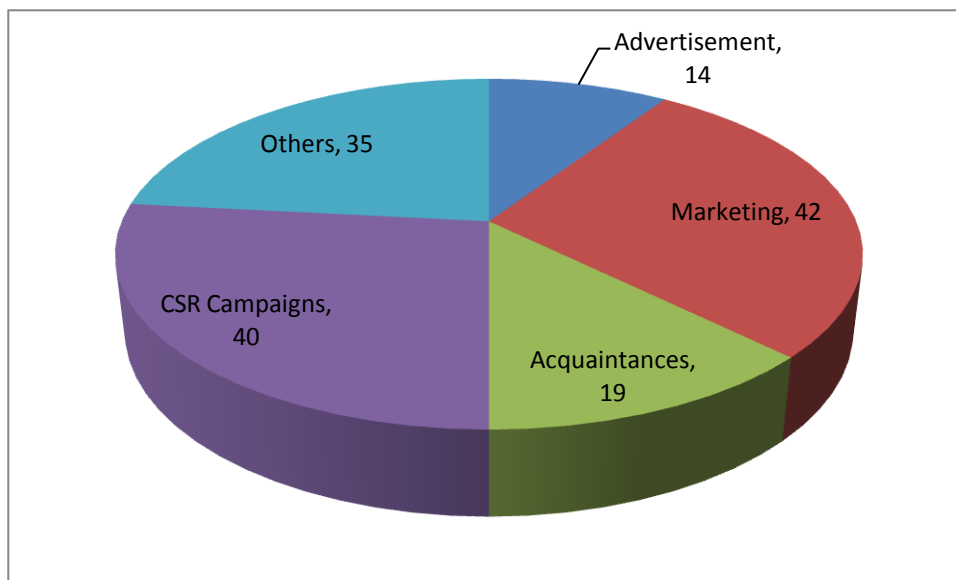
During the research, respondents were asked about how did they first know about CEDB and following was the response:-

Table: 4.3
Reason of familiarity to CEDB

Reason of familiarity to CEDB	No. of Respondents	Percentage
Advertisement	14	9.33%
Marketing	42	28.00%
Acquaintances	19	12.67%
CSR Campaigns	40	26.67%
Others	35	23.33%
Total	150	

Source: Field Study

Figure: 4.3
Reason of familiarity to CEDB



Since only the account holders of the bank were included in the survey, every respondents were familiar to CEDB. Most of them i.e, 28% were familiar about the bank and its products through the direct marketing of bank staffs. 26.67% of the respondents were aware about the bank and its products through various CSR campaigns conducted by the bank, 12.67% of respondents were aware through their relatives or friends who have maintained account in CEDB. Only 9.33% of the respondents were aware through the various types of advertisements of the bank. 23.33% of the respondents were aware about the

bank through other reasons rather than these. The reasons behind choosing CEDB among other financial institutions were nearness, reliability, service quality, interest rate, hassle free services, no hidden costs in the products or services, etc.

4.1.4 Account Types

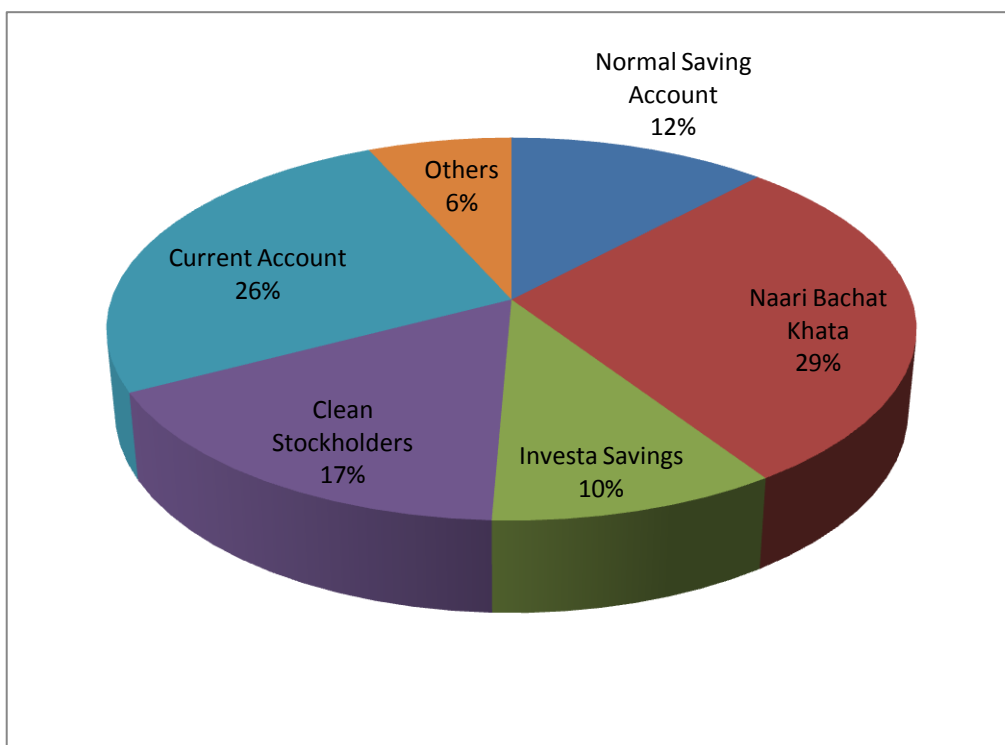
During research following were the types of accounts maintained by the participants:

Table: 4.4
Types of Accounts

Account Types	Number of Customers	Percentage
Normal Saving Account	18	12.00%
Naari Bachat Khata	43	28.67%
Investa Savings	15	10.00%
Clean Stockholders	25	16.67%
Current Account	39	26.00%
Others	10	6.67%
Total	150	

Source: Field Study

Figure: 4.4
Types of accounts



The above table and figure shows that out of 150 respondents chosen for this study, 12% customers were maintaining normal saving accounts. 28.67% participants were maintaining Nari Bachat Khata, the account designed to women only. 10% were maintaining Investa Savings Account (Gold/Silver), 16.67% accountholders were maintaining Clean Stockholders Account, 26% were maintaining current account and remaining 6.67% were maintaining other accounts including Clean Future Deposit, Jestha Bachat Khata, etc. Similarly, during the research, it was also found that out of 150 respondents, 40 of them have maintained fixed deposit in the bank and for transfer of interest, all of them have also maintained nominee account in the bank.

4.1.5 Diversity of CEDB's products

The following response of the respondents was observed during the survey while asking about the diversity of CEDB's products:

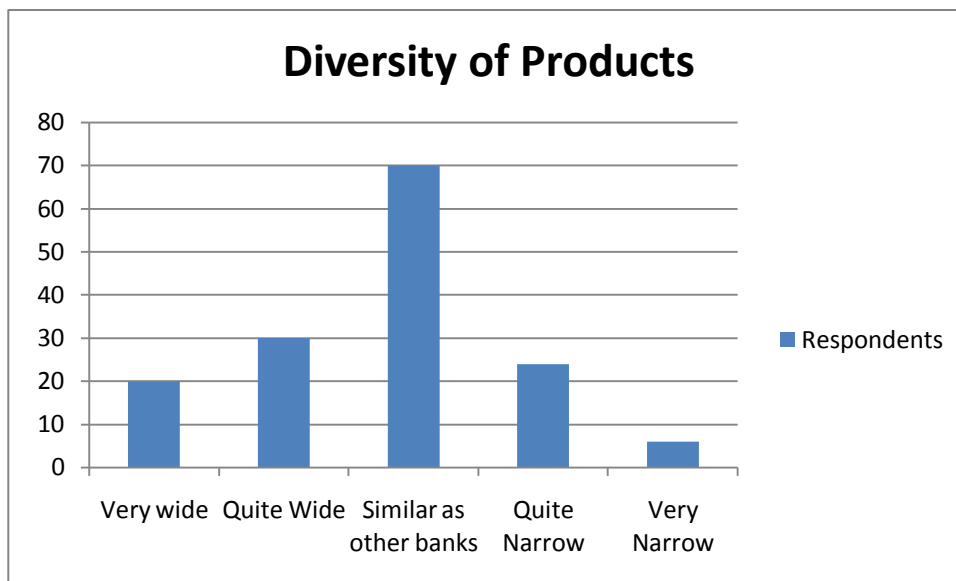
Table: 4.5

Diversity of CEDB's Products

Diversity of Product	Respondents	Percentage
Very wide	20	13.33%
Quite Wide	30	20.00%
Similar as other banks	70	46.67%
Quite Narrow	24	16.00%
Very Narrow	6	4.00%
Total	150	

Source: Field Study

Figure: 4.5
Diversity of CEDB's Products



Above figure and table denote that denote that 46.67 % respondents believe that the products of CEDB are similar to other banks or financial institutions while 4% of them believe that diversity of products of CEDB is very narrow. 13% of the respondents believe that CEDB has very wide product diversity while 20% believe that CEDB has quite wide product diversification. During face to face questionnaire distribution, we collected some comments by communicating with respondents. Most respondents thought commercial banks had more product diversity as compared to development banks and finance companies. However, most of them believe that in the comparison with other development banks and finance companies, CEDB has wide product diversity.

4.1.6 Interest Rate on CEDB

Respondents were asked about the interest rate on deposit and loan of CEDB. Their response was as under:

Table: 4.6

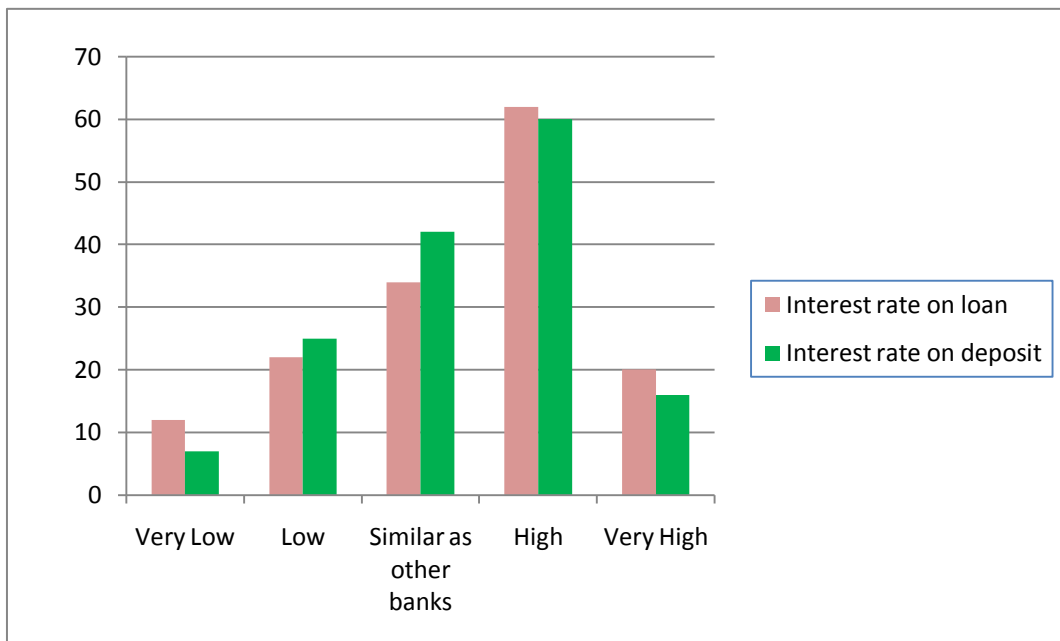
Interest Rate on CEDB

Interest rate on loan	Respondents	Interest rate on deposit	Respondents
Very Low	12	Very Low	7
Low	22	Low	25
Similar as other banks	34	Similar as other banks	42
High	62	High	60
Very High	20	Very High	16
Total	150		150

Source: Field Study

Figure: 4.6

Interest Rate on CEDB



The above table and figure shows what the respondents think about the interest rate on deposit and loan of CEDB. Most of the respondents think that the interest rate on both deposit and loan is high in CEDB. According to the conversation with respondents, most of them think that CEDB has higher interest rate on deposit or loan as compared to other development banks and commercial banks but lower as compared to other finance companies.

4.1.7 Services provided by CEDB

Respondents were asked about the various services provided by CEDB. They were also asked whether they were satisfied by those services. While asking about the services provided by CEDB, the feedbacks of respondents were as under:

4.1.7.1 Customer Services

Respondents were asked about the customer service provided by CEDB. They were asked whether they are are satisfied with the customer service of the bank, their answer was as under:

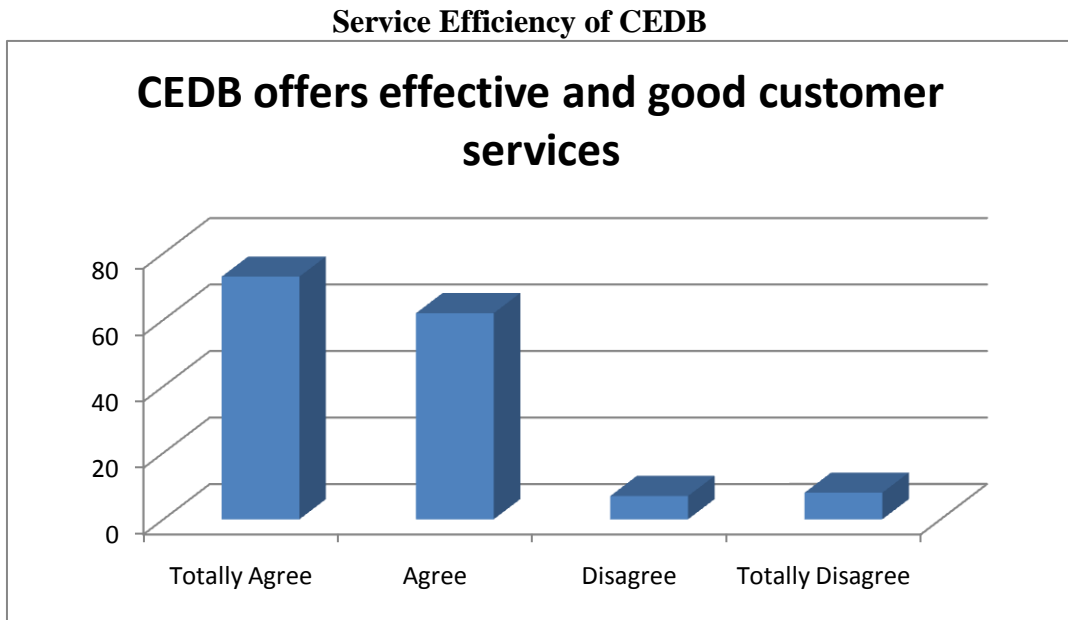
Table 4.7
Customer Satisfaction at CEDB

Are you satisfied with customer service of CEDB?	No. of Respondents
YES	135
NO	15

Source: Field Study

Out of 150 respondents, 135 customers were satisfied with the customer service provided by CEDB. 15 of the respondents were not satisfied with the customer service of CEDB. The respondents were further asked about whether CEDB offers effective and good customer services. Their response is given in the figure below:

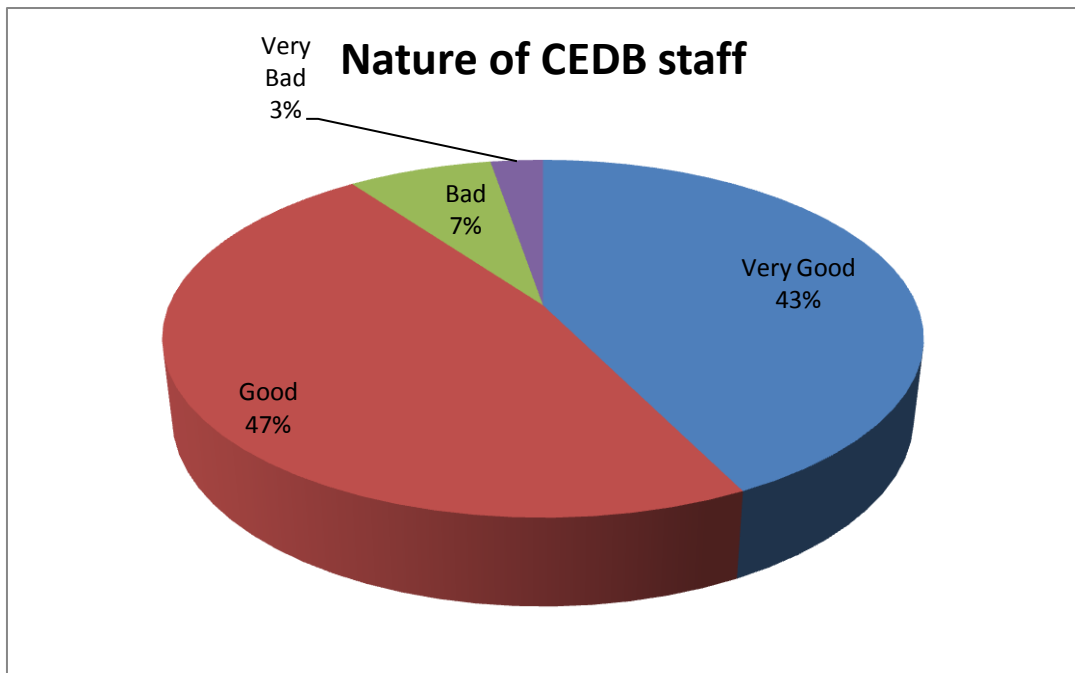
Figure: 4.7



The above figure shows that out of 150 respondents, 73 respondents are totally agreed with the statement ‘CEDB offers effective and good customer services to them’, 62 of them were agreed with the statement while 7 were disagreed and 8 were totally disagreed with the statement. The 15 respondents were the unsatisfied customers of CEDB.

The respondents were asked to give their feedback about the nature of CEDB staff. They were asked what they thought about CEDB staff. Their response is presented in the diagram below:

Figure 4.8
Nature of CEDB Staff



The above figure 4.8 shows that majority of the respondents, i.e. 47% thought that CEDB staffs were good and helpful. They were pleased by the help and co-operation of CEDB staffs. 43% of the respondents were delighted by the support of CEDB staffs so that they thought CEDB staffs are very good. Meanwhile, 7% of the respondents thought CEDB staffs are bad and 3% of them thought they are very bad. These were the same respondents who were unsatisfied by the service of CEDB. They thought CEDB staffs are unsupportive and they lack professional etiquette.

4.1.7.2 Internet Banking Facility

The respondents were asked about the internet banking facilities provided by the bank. They were asked how often they use the internet banking facility which they answered as:

Table: 4.8

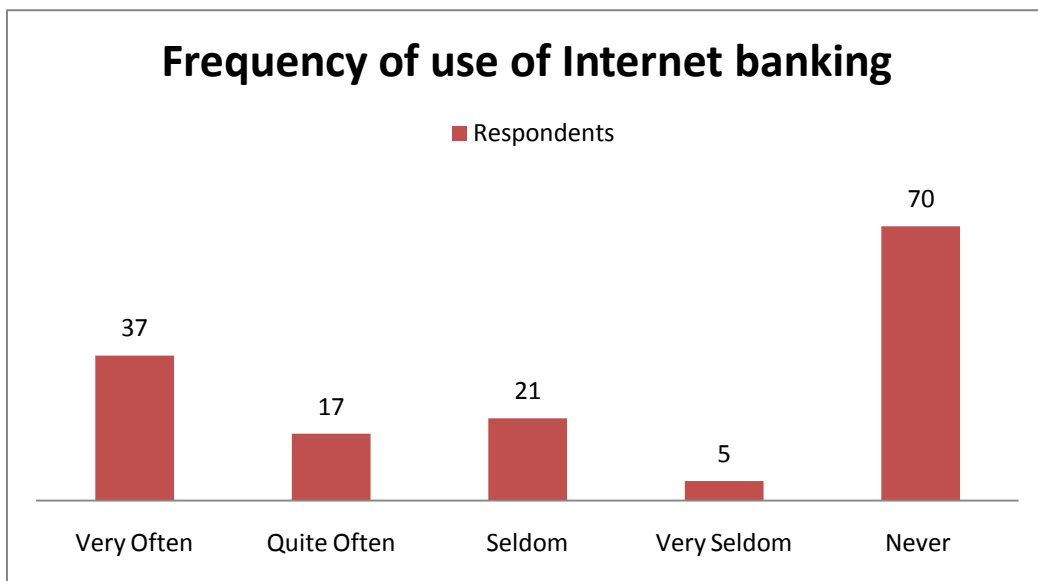
Frequency of use of Internet Banking Facility

Frequency of use	Number of Respondents
Very Often	37
Quite Often	17
Seldom	21
Very Seldom	5
Never	70
Total	150

Source: Field Study

Figure: 4.9

Frequency of use of Internet Banking Facility



The above table and figure depicts that out of 150 respondents, only 80 of them use internet banking facility provided by the bank. Out of the users, 37 very often use the facility, 17 use quite often, 21 seldom use the facility and 5 very seldom use the facility. According to the respondents, since the internet banking facility provided by the bank only have the statement view and print options, they do not feel this facility effective. Similarly, according to them, they quite often face various problems in the internet banking. While asking about the satisfaction, most of the users were not satisfied by this facility. Out of 70 non-users, most of them did not feel necessity of the facility, so have not subscribed to the facility yet.

4.1.7.3 Credit Services

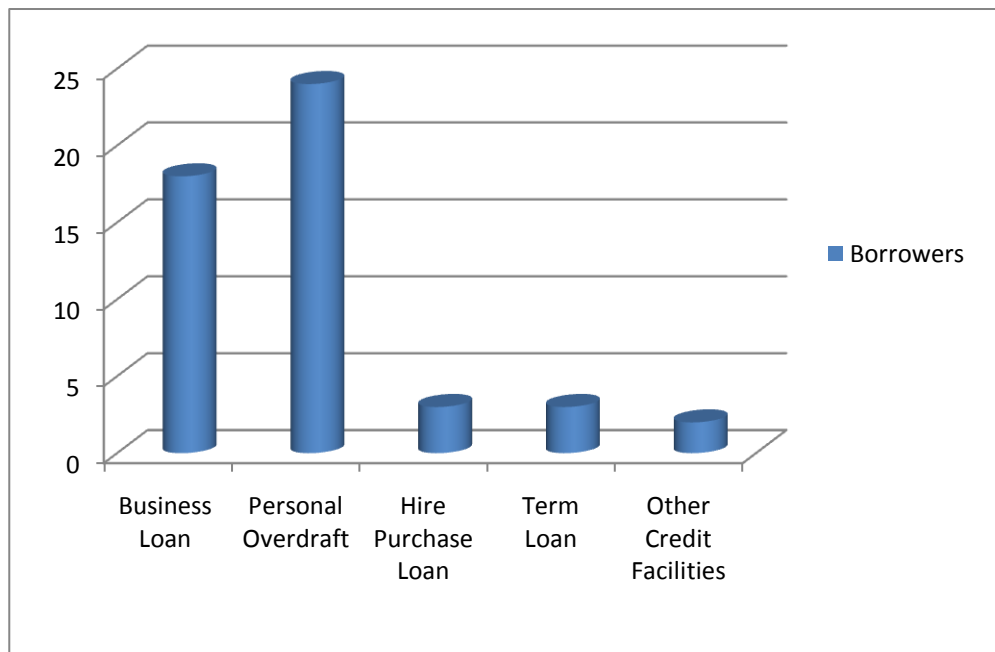
Out of 150 respondents, 50 were using various credit facilities from the bank. The types of loan, they were availing and the level of satisfaction of them is as under:

Table 4.9
Credit Facility Users

Types of Credit Facility	Number of Respondents
Business Loan	18
Personal Overdraft	24
Hire Purchase Loan	3
Term Loan	3
Other Credit Facilities	2
Total	50

Source: Field Study

Figure 4.10
Credit Facility Users



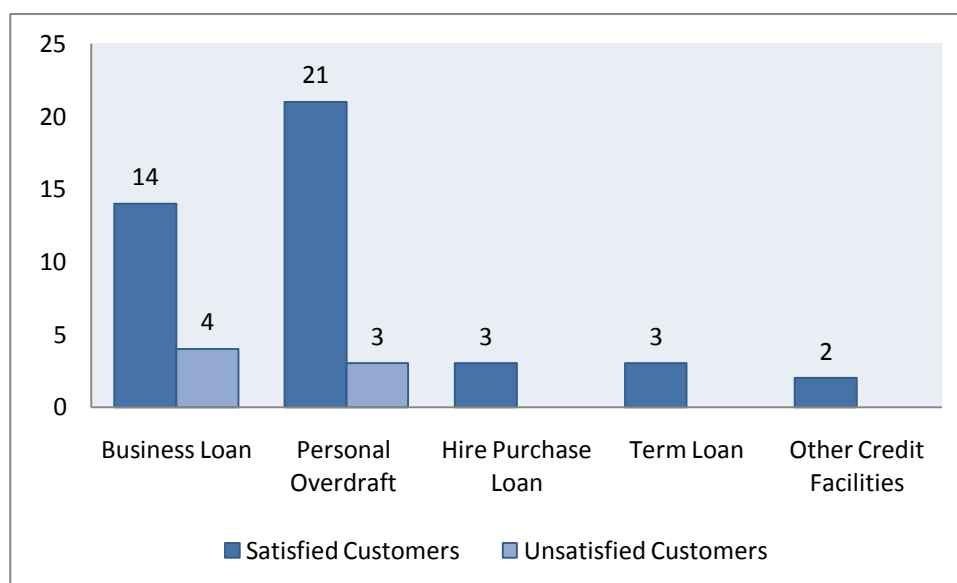
The above table and figure reveals that out of the total credit facility users, Personal Overdraft Facility users were higher in number compared to others. The number of credit facility users who were availing Business Loans lie second to Personal Overdraft Facility users. The Hire Purchase Loan and Term Loan Facility users lie in

the third and fourth places respectively. Other credit facility users, who were availing Bank Guarantee Facility, lie in the fifth place.

Table 4.10
Level of Satisfaction (Credit Facility Users)

Types of Borrowers	Satisfied (No. of Customers)	Not Satisfied (No. of Customers)
Business Loan	14	4
Personal Overdraft	21	3
Hire Purchase Loan	3	-
Term Loan	3	-
Other Credit Facilities	2	-
Total	43	7

Figure 4.11
Level of Satisfaction (Credit Facility Users)



The above table shows that majority of the credit customers of CEDB were satisfied. 4 out of 18 Business Loan Facility users and 3 out of 21 Personal Overdraft facility users were dissatisfied customers. This happened due to high interest rate and lengthy process in the disbursement of the facility. However, while discussing with the clients, most of them complained about the time consuming and bothering legal and other procedures to be followed during the process of loan disbursement.

4.1.7.4 Debit Card Services

Out of 150 respondents, 112 of them have availed the ATM card (also called SCT Debit Card) from CEDB. It is due to the issuance of free debit card by CEDB in major accounts and with the facility of free withdrawal from more than 900 SCT Network ATM with in Nepal. When asked about the Debit Card Services of the bank, following was the response:

Table 4.11

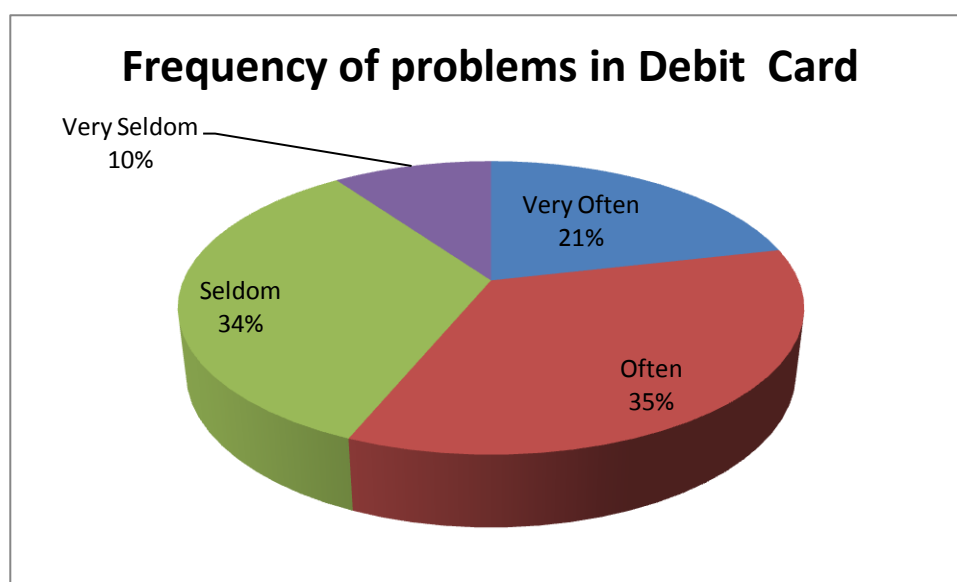
Frequency of Problems in Debit Card Service

Frequency of problems	No. of respondents	Percentage
Very Often	24	21.43%
Often	39	34.82%
Seldom	38	33.93%
Very Seldom	11	9.82%
Total	112	

Source: Field Study

Figure 4.12

Frequency of Problems in Debit Card Service



The above figure and table shows that about 34% of the customers seldom face problems in SCT Debit card of CEDB and about 10% very seldom face problems in the debit card. Whereas, about 35% customers often face problems in the debit card and about 21% very often face problems in the SCT Debit card. The main problem faced by the customers include link problem in SCT Network, account debiting without cash being withdrawn, capture of debit card, etc. However, all of

the clients were satisfied with the ATM outlets for using Debit Card as the cards can be used in more than 900 ATM counters of SCT network without any charge and can also be used in Visa Network including numerous POS machines.

4.1.7.5 Remittance Services

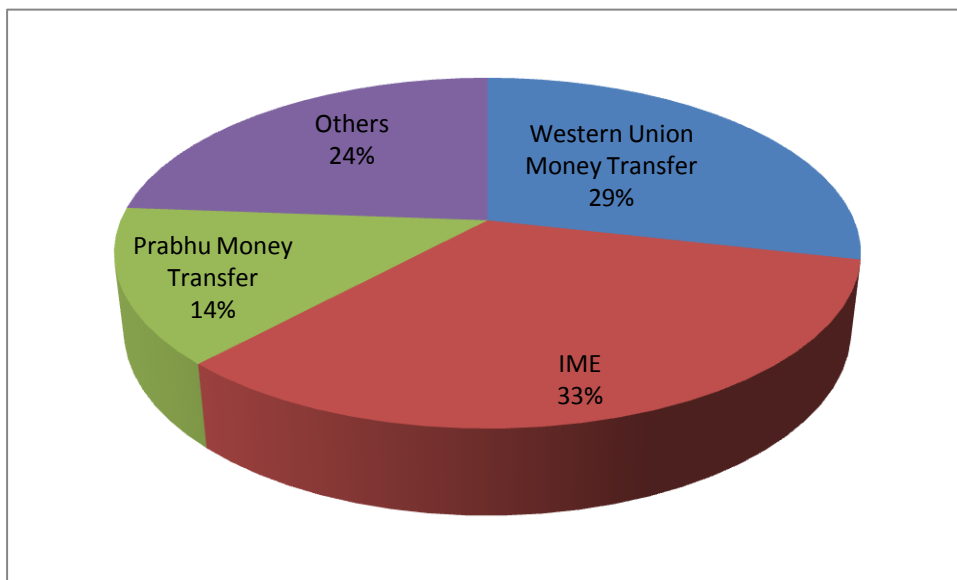
When asked about the remittance facilities of the bank, following was the response of the respondents:

Table 4.12
Remittance Facility Users

Remittance Agents/Companies	No. of Respondents	Percentage
Western Union Money Transfer	6	28.57%
IME	7	33.33%
Prabhu Money Transfer	3	14.29%
Others	5	23.81%
Total	21	

Source: Field Study

Figure 4.13
Remittance Facility Users



The above table and figure depicts that out of 150 respondents, 21 of them use remittance facilities from CEDB. Out of remittance facility users, majority 33% use IME remit for inward remittance. Similarly, about 29% use Western Union

Money Transfer, about 14% use Prabhu Money Transfer and about 24% use other remittance agents. Other Remittance Agents include Reliable Remit, Nabil Remit, Crystal Remit, Kantipur Remit, etc. Customers use Reliable Remit and Nabil Remit for outward or inward remittance with in Nepal. While discussion with the respondents, it was known that since CEDB acts as an agent or sub agent of major Remittance Companies, all of them were satisfied with the diversity of remittance facility and also seldom faced problems in remittance facility from the side of the bank.

4.1.8 Extra Services Requirements

Research had found that majority of the customers were expecting extra facilities from CEDB.

Table 4.13

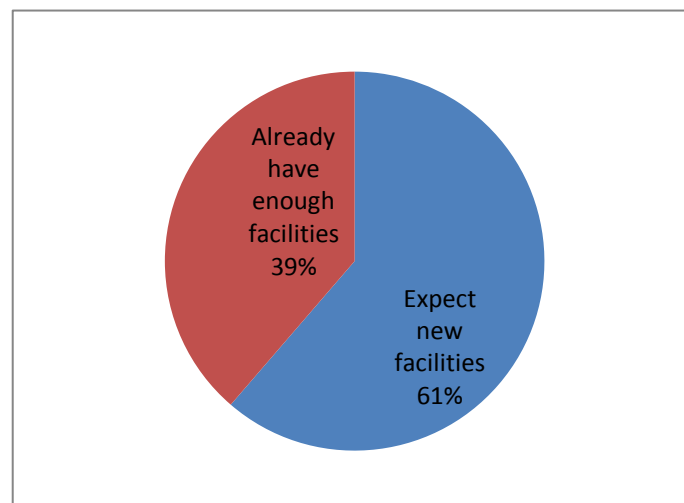
Extra Service Requirements

Particulars	No. of customers
Expect new facilities	92
Already have enough facilities	58

Source: Field Study

Figure 4.14

Extra Service Requirements



The above table and figure shows that majority of the customers expect new facilities from CEDB. Although those customers were satisfied with the existing facilities, they suggested the bank to increase its facilities that other banks are providing. Majority of

the customers were expecting Credit Card Services, Travelers Cheque Services, gold loan services, etc which the bank does not provide yet.

4.1.9 Accounts in other banks and their comparison

Research had found that most of the customers had maintained account in other banks and financial institutions as well.

Table 4.14

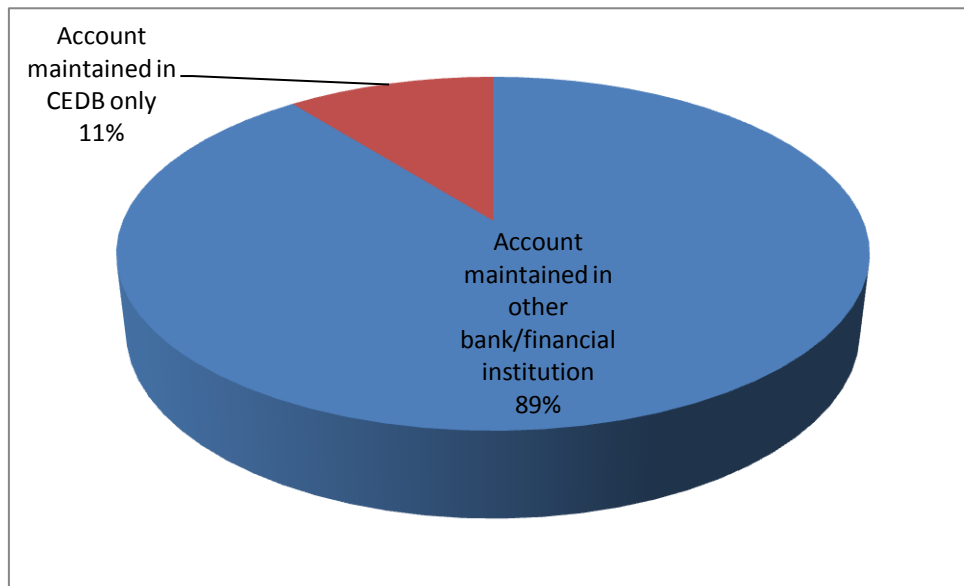
Account maintained in other banks and in CEDB

Particulars	No. of Respondents	Percentage
Account maintained in other bank/financial institution	134	89.33%
Account maintained in CEDB only	16	10.67%

Source: Field Study

Figure 4.15

Account maintained in other banks and in CEDB



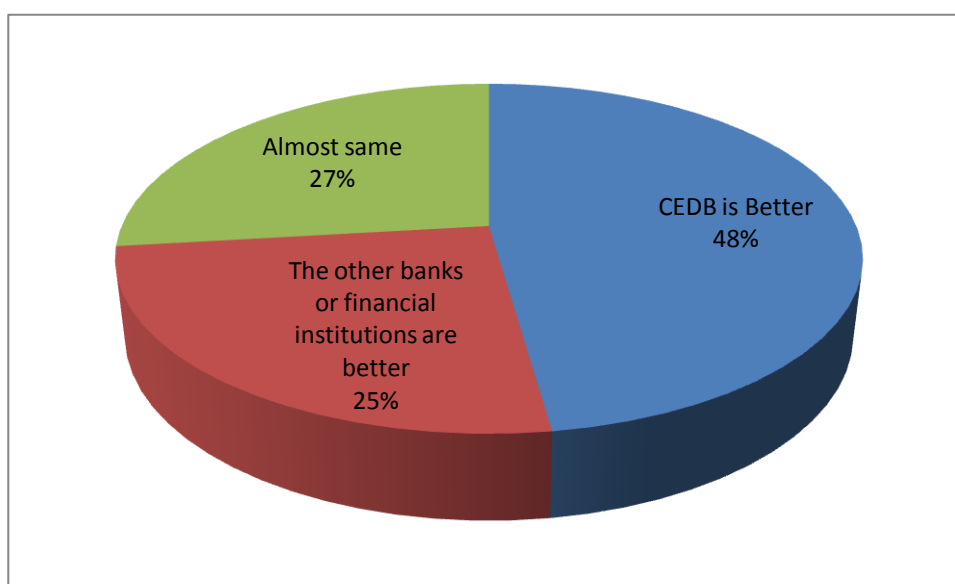
The above table and figure shows that about 89% of the customers have been maintaining accounts in both CEDB and other banks or financial institutions.

Table 4.15
Comparison of Service Quality

Particulars	No. of Respondents	Percentage
CEDB is Better	64	47.76%
The other banks or financial institutions are better	34	25.37%
Almost same	36	26.87%
Total	116	

Source: Field Study

Figure 4.16
Comparison of Service Quality



The table 17 and figure 19 shows that almost 48% of the respondents said that the service provided by CEDB is better as compared to other financial institutions. About 27% respondents said that the service provided by CEDB is almost same to others while, about 25% believed that the service provided by other financial institutions is better than CEDB.

4.2 Major Findings

After analyzing the data and with the reference of introduction and research methodology, the following has been taken the key point of findings:

1. Within 6 years of establishment, CEDB has maintained its distinctiveness and good social reputation through its various branch networks in Nepal. CEDB has been able to create higher trusts and satisfaction among the customers.
2. CEDB provides different type of services to its customers i.e. Banking Services like deposit or withdraw, credit facilities, remittance services, 365 days banking service, any branch banking services, internet banking etc. and Energy Services like technical know-how, project financing, pre-investment activities, investment and corporate advisory services, Hydropower Consultancy, Freelance Services, etc.
3. CEDB provides different types of loan facility to its customers such as Working capital/overdraft loans, Term loans, Personal Overdraft, Demand Loan, Hire purchase loan, Education loan, Margin Lending Loan, Home loan, Loans against Shares, fixed deposits, bonds, treasury bills, etc.
4. During the research out of 150 respondents chosen for the study, 48% were female and remaining 52% were male. All of the respondents were account holders of CEDB who were maintaining various accounts in CEDB. Majority of the participants were from service sector. Most of the respondents were familiar to the bank through the marketing and CSR campaigns of the bank. Only few of them (about 9%) were aware about the bank through the advertisement of the bank in media or other means.
5. From the research, it was found that majority of the participants (28.67%) were maintaining Naari Bachat Khata, it was due to the active participants of Female respondents in the research program; as bank has provided various benefits to them in that account, they have operated that account. Similarly, about 26% participants were maintaining current account in the bank. During the research, it was found that majority of the current account holders participated in the research have been availing loan facilities from the bank.
6. Respondents had chosen CEDB among other various financial institutions due to easy location of the bank, competitive interest rate, suggestion from reference groups, services provided by the bank, attitude of bank staffs etc. Majority of the participants think that the diversity of products of CEDB is

similar as other banks while only few think that the diversity of the products of CEDB is narrow or very narrow.

7. From the research, it was found that majority of the respondents think that the interest rate on both loan and deposit is higher in CEDB as compared to other banks. They think that the interest rate on deposit is higher in CEDB as compared to commercial or other development banks and the interest rate on loan is higher than commercial banks but lower than other development banks and finance companies.
8. From the research it was found that maximum numbers of account holders were satisfied with the customer services and the nature and behavior of CEDB staff. Majority of them agreed that CEDB offers effective and good customer services with fast and reliable services. However, some of the respondents were not satisfied from the customer service and behavior of CEDB. They thought CEDB staffs have lack of professional etiquette and the services provided by them are slow and bothersome.
9. Only about 60% of the account holders of CEDB were using internet banking facility of CEDB. Majority of the users were also not satisfied by the internet banking service of the bank. Since the internet banking facility of CEDB had only options to view and print account statements, they were not satisfied by the service. They also complained about the problems faced in the service.
10. Out of 150 respondents, one third of them were availing credit facilities from the bank. Major portions of them were availing business or personal loans. 7 of them were not satisfied by the credit services of the bank. That was mainly due to the high interest rate charged to them. Most of the credit clients complained about the time consuming and bothering legal and other procedures to be followed during the process of loan disbursement.
11. Most of the customers using ATM facility from CEDB complained about the network problem and other problems they have faced while using the debit card. Most of them have faced problems while using the card in shopping outlets and SCT network ATM of other institutions. However, customers were satisfied from the free withdrawal facility provided by CEDB in SCT

networks in Nepal. Though the bank has very few its own ATM outlets, they did not complain about it as they can use the card in more than 900 SCT network ATM outlets at free of cost.

12. Out of 150 respondents, 21 were using remittance facilities from the bank. Some of them opened the account in the bank due to the diversified remittance products in the bank and the remittance facility users were satisfied from the bank. Majority of them were using IME for remittance facilities.
13. From the research, it was found that interest or charges is not the major factor for the customers. For most of the respondents, it was the hassle free services, behavior of the bank staffs and reliability of the bank, the most important issues.
14. Although satisfied by the services of CEDB, majority of the customers expected extra facilities from CEDB. They suggested CEDB to keep on increasing the products or services in order to make it better than other financial institutions. They were expecting services like credit card services, traveler's cheque, gold loan, etc. and other various services that CEDB did not provide from the bank.
15. Out of 150 respondents, 134 have maintained account in other financial institutions too. Only 16 of them have maintained account in CEDB only. However, most of them told that they mostly use the account at CEDB as compared to others.
16. Comparative study had shown that the service provided by CEDB is better than other banks or financial institutions. About 48% of the account holders said that that services provided by CEDB are better than other banks or financial institutions. About 27% believe that the facility provided by CEDB is almost same to other banks or financial institutions and the rest about 25% of the account holders are more satisfied with other financial institutions.

CHAPTER-V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

This chapter presents summary, conclusion and actionable plans. This chapter also highlighted some selected actionable conclusions and recommendation on the basis of the main findings, which are derived from the analysis of CEDB. Summary covers the brief explanation to all the chapters of the study, and shows the actual facts that have been taken from the analytical section. Summary mainly focuses on the objectives, methods and findings of the study. Conclusion section attempts to synthesize the results of specific objectives. Similarly, the recommendation part consists of some fundamental recommendations to the immediate stakeholders. The study has carried out some sequential steps of research methodology such as defining research problem, reviewing literature and designing research, collecting data, analyzing data, interpreting data and reporting.

5.1 Summary

This research is related on the study of marketing strategies of Clean Energy Development Bank Ltd. This thesis has been divided in five chapters with different sub-chapter. After the introduction of opened market policy and liberal economic policy in 2040 B.S. different financial institution were established in private. The practice of banking emerged in Nepal about 70 years ago with the establishment if Nepal Bank Limited in 1994 B.S. In the 70 years banking history, the country has made much headway in the banking sector. There is now a wide- ranging network of financial institutions scattered across the length and breadth of the country. The financial system of the country now consists of the central bank, commercial banks. Development banks, finance companies and co-operatives engaged in limited banking transactions. For the smooth development of the country, private sector plays vital role. Two types of business mainly exit in the market i.e. product oriented and service oriented but second type of business are going increasing tendency in the current market.

Clean Energy Development Bank Limited was established in 2006 in a joint venture with FMO - Netherlands, as the first national level development bank to have a focused developmental agenda towards harnessing the nation's abundant natural resources in addition to uplifting the standards of living of the people of Nepal with its head office in Sitapaila, Kathmandu. Today, with a paid up capital of above 1.08 billion rupees, it is one of the full fledged national level development bank operating in Nepal. CEDB is also committed towards excellence in general banking business. It offers a wide range of corporate and retail banking services with a unique customer oriented approach. All in all, the bank is dedicated to achieving sound business growth and maximizing stakeholders' values by embracing team spirit, progressive technology and good corporate governance. The bank aims to serve the people of both the urban and rural areas and also aims to promote and preserve the natural resources of the country. Presently there are 8 branch offices of CEDB operating in the country.

CEDB provides various products, services and facilities to its customers. It facilitates customers with various kinds of deposit accounts as per their requirements, various credit facilities, remittance facilities, Debit card facilities, mobile banking facilities, internet banking facilities, any branch banking services, safe deposit locker facilities etc. CEDB has also been actively utilizing its in-house capability brought in by its energy experts for due diligence and feasibility studies of medium and small hydro power projects

A marketing strategy is a process or model to allow a company or organization to focus limited resources on the best opportunities to increase sales and thereby achieve a sustainable competitive advantage. It is a strategy that integrates an organization's marketing goals into a cohesive whole. Ideally drawn from market research, it focuses on the ideal product mix to achieve maximum profit potential. The marketing strategy is set out in a marketing plan. Marketing strategy includes all basic and long-term activities in the field of marketing that deal with the analysis of the strategic initial situation of a company and the formulation, evaluation and selection of market-oriented strategies and therefore contributes to the goals of the company and its marketing objectives. Marketing strategies serve as the fundamental underpinning of marketing plans designed to fill market needs and reach marketing objectives. If an organization is to have any chance of reaching its goals and objectives, it must have a game plan or road map for getting there. A strategy, in effect, outlines the

organization's game plan for success. Strategy is the foundations upon which marketing campaigns are formed. Effective marketing requires sound strategic planning at a number of levels in an organization. At the top levels of the organization, planners concern themselves with macro issues such as the corporate mission, management of the mix of strategic business units, resource acquisition and assignments, and corporate policy decisions. Planners at the middle levels, typically a division or strategic business unit, concern themselves with similar issues, but focus on those that pertain to their particular product/market. Strategic planning at the lower levels of an organization is much more tactical in nature. Here, planners concern themselves with the development of marketing plans- more specific game plans for connecting products and markets in ways that satisfy both organizational and customer objectives.

Customer satisfaction is a customer's feeling of pleasure or disappointment regarding the performance of the product he consumes. Since, customers are the king of market, the success and failure of every organizations are basically dependent upon the satisfaction of the customers. Satisfied customers are most likely to share their experiences with other people to the order of perhaps five or six people. Equally well, dissatisfied customers are more likely to tell another ten people of their unfortunate experience. Furthermore, it is important to realize that many customers will not complain and this will differ from one industry sector to another and it is the duty of marketer to know the psychology of people. Hence, while preparing and implementing the marketing strategies, organizations are concerned about connecting their products or services in such a way that satisfy the customer needs and demands. This study has been prepared with a specific objective of presenting about the marketing strategies of Clean Energy Development Bank Limited and to also assess the performance of the bank in terms of customer satisfaction, in which is the marketing strategies of the bank are directed towards.

The effectiveness of marketing is calculated on the basis of level of customer satisfaction. In order to retain the customers in every organization the service provider must know how to please their customers. Furthermore, it is important to realize that many customers will not complain and it is the duty of the marketers to understand the feelings of customers and the strategy should be developed on the basis of it. This research was undertaken to find out whether the marketing strategies of CEDB are

effective or not mainly on the basis of customer satisfaction which is the major tools for measurement of marketing efficiencies.

As per research the means of advertisement used by the bank are seemed to be ineffective. However, the CSR campaigns followed by the bank are found to be effective in building the goodwill and brand image of CEDB. Majority of the account holders were from service sector with limited customers from agriculture sector. In terms of customer satisfaction, majority of account holders of CEDB were found satisfied. Some of the account holders were not satisfied with the interest rate, customer service and products or services offered by the bank but the majority of the account holder were found satisfied. Debit Card holders were found satisfied with the services provided to them but were dissatisfied by the problems they faced on the cards and were also demanding the credit card facilities too. Majority of the credit facility users were found satisfied with the services provided by CEDB. Majority of the customers were found to be unsatisfied with the limited features available in internet banking. Customers were found satisfied from the remittance services provided to them and were also satisfied with the services and behavior of the employees and overall impression of the bank was found to be good. In overall, the research revealed that the accountholders of CEDB were found to be satisfied and the marketing strategies of the bank were also found to be effective.

5.2 Conclusion

CEDB offers a variety of products and services to its customers. The bank offers wide ranges of general banking products and services which include consumer banking, corporate and institutional banking, rural banking, corporate finances, depository services, remittance services, transaction banking, 24 hours ATM, locker services, telephone / mobile phone bill payment facilities and many more. The bank also focuses on promotion and development of clean energy and energy efficient services. The bank has a focused developmental agenda towards harnessing the nation's abundant natural resources in addition to uplifting the standards of living of the people of Nepal. CEDB is playing a proactive role in finding the best solutions to create an effective platform for the sustained development of the country. CEDB seeks to be responsible by incorporating environmental and social factors into the day to day decision making and business processes while using the limited resources

morally. The bank is well known about its duties and responsibilities towards the nation. As a part of its operation, the bank serves the society through the fulfillment of its Corporate Social Responsibilities through various CSR campaigns. The bank is committed towards responsible banking, customer service, customer security and environmental footprints. The bank tries to build an important relationship of trust between its clients and itself. This enables CEDB to forge ahead in its market, building a partnership based on sincerity and most importantly prosperity.

CEDB's priority lies in serving the people and the nation, providing world class banking products and services, providing technical expertise and investing in clean energy sector to strengthen the economy of the nation. CEDB focuses on the establishment, development, expansion and enhancement of capability and productivity of agriculture, industry, trade and other productive business which appears feasible from business viewpoint, and renders support for bringing about dynamism in the development of industrial, trade and agricultural sectors of the country. As a long run objective, CEDB plans to establish, operate, protect and promote the hydro-power, renewable energy and other infrastructures and business related therewith.

During the research program, the primary data is collected from 150 account holders of the bank to find out the effectiveness of marketing and strategic planning of the bank. Since, the bank regards itself as the part of the society and its activities are directed towards customer satisfaction, main focus of the research has been made on customer satisfaction provided by CEDB, and on the basis of it, questionnaires were designed. From the survey and interaction with the respondents, it has been found that the overall marketing strategy of the CEDB is found to be effective and the bank is being able to fulfill its objectives. The majority of satisfied customers and current position of the bank proves that the bank is able to match its product and services to the needs and demands of its customers. A company that seeks to satisfy the customer by providing them value for what they take and the quality they expect will get more repeat business, referral business and reduce complaints and service expenses. CEDB not only provides quality service but they also give extra service to make their customers feel important and valued. In this way, the bank has been able to satisfy both organizational and customer objectives.

5.3 Recommendations

Bank plays the vital roles to eliminate the economic backwardness of the country. There are many banks and financial institutions existing in Nepal, among them, Clean Energy Development Bank is also contributing a lot for the economic development of the nation. During the research, it has been realized that CEDB still needs improvement in order to overcome the problem and inefficiencies to achieve its overall objectives. Therefore, some valuable suggestions and recommendations are prescribed on the basis of findings, presentation and analysis of data and conclusion to overcome weakness and inefficiencies and to design effective and efficient marketing strategies.

The following recommendations are prescribed on the basis of data analysis and major findings of the study:

1. Due to the establishment of several banks and financial institutions, there is intense competition in the market. Therefore, CEDB should emphasize on introduction of modern and sophisticated technology and providing fast, reliable and efficient services.
2. CEDB should focus on Human Resource Development. Various training programs should be organized in order to develop the skills and knowledge of employees so that better and fast professional services could be delivered to the customers.
3. CEDB should focus on the development of "Innovative approach to Bank Marketing" and formulate new strategies of serving customers in a more convenient and satisfactory way.
4. CEDB should focus on relationship marketing. Every employee in the organization should try to maintain harmonious and long term relationship with the customers. Customer satisfaction should be greatly focused by each and every employee working in the organization.
5. CEDB should focus on increment and development of marketing communication platforms which is a powerful capability for personalizing and disbursing marketing contents in an automated fashion based on the profile of the recipients. The bank should also focus more on the advertisement of the

products and services using the appropriate media or means of communication.

6. CEDB should rapidly increase its branch networks. The current 9 branches including head office is quite inadequate for better market coverage.
7. CEDB should focus more on lending on productive sectors including Agriculture so that it will help in the contribution of economic development of the nation. The bank should also focus on SME (Small Medium Enterprises) lending.
8. CEDB should focus on improvement of quality of service in internet banking and mobile banking services. The current features in these services are inadequate, so bank should increase the features in these services.
9. CEDB has not introduced credit card facility so it is recommended to introduce credit card facilities as per the requirement of customers. The bank should also emphasize on improvement of quality of debit card services.
10. CEDB should continuously focus on research and development of products and services offered to customers so that the bank could better satisfy the changing needs and wants of customers and could successfully run in the competitive dynamic environment.

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Appendices

Appendix I

Questionnaires

(This is the set of questionnaires prepared to conduct a project report on Marketing Strategies of Clean Energy Development Bank Limited, as the partial fulfillment of the requirement for the degree of Masters of Business Studies. The questionnaires must be filled by the respondents who are requested to fill up. The information obtained via this questionnaire will be kept confidential and will be used for this research purpose only).

Name:

Sex: Male/ Female

Occupation:

Age:

Address:

1. How did you first know about Clean Energy Development Bank Ltd?

- a) Advertisement
- b) Marketing of Bank staff
- c) Acquaintances
- d) CSR Campaigns
- e) Others

2. What facilities are you using in Clean Energy Development Bank Limited? Please specify.

.....

3. Which account have you maintained in Clean Energy Development Bank?

- a) Normal Saving b) Nari Bachat Khata c) Investa Savings
- d) Clean Stockholders e) Current Account f) Others (Please Specify).....

4. Why have you chosen CEDB out of number of other commercial or development banks?
(You can choose more than one option)

- a) Nearness b) Interest rate c) Reliability d) Services
- e) Attitude of bank staffs e) Others (Please Specify)

5. What do you think about the diversity of the products of CEDB?

- a) Very wide b) Quite wide c) Similar as other banks
- d) Quite narrow e) Very narrow

6. What do you think about the interest rate on savings of CEDB?

- a) Very low b) Low c) Similar as other banks d) High e) Very high

7. What do you think about the interest rate on loans of CEDB?

- a) Very low b) Low c) Similar as other banks d) High e) Very high

8. Are you satisfied with the services provided by CEDB?

- a) Yes b) No

9. CEDB offers effective and good customer services?

- a) Totally agree b) Agree c) Disagree d) Totally disagree

10. CEDB offers fast and reliable services?

- a) Totally agree b) Agree c) Disagree d) Totally disagree

11. What do you think about CEDB staff?

- a) Very Good b) Good c) Bad d) Very Bad

12. How often do you use the internet banking facility of CEDB?

- a) Very often b) Quite often c) Seldom
d) Very Seldom e) Never

13. Are you satisfied by internet banking facility of CEDB?

- a) Yes b) No

14. Are you availing credit facilities from CEDB? If yes what type of facility?

- a) Business Loan b) Personal Loan c) Hire Purchase Loan d) Term Loan
e) Others (please specify).....

15. Are you satisfied with the service provided by the credit department?

- a) Yes b) No

16. Are you satisfied with the Debit Card Service of the Bank?

- a) Yes b) No

17. How often do you face problems from the Debit card?

- a) Very often b) Often c) Seldom d) Very seldom

18. Do you use remittance facility from CEDB? If yes, which remittance company/agent do you use?

- a) Western Union Money Transfer b) IME c) Prabhu Money d) Others

19. Which of the following issues is the most important for you? (You can make three choices)

- a) The attitude of the staff b) Reliability c) Location of the bank
d) Ease of use of products and services e) Hassle free services e) Low fees
f) After-sale service g) Other

20. Do you expect any other new facilities from Clean Energy Development Bank Limited?

- a) I'm happy with the services available b) I think CEDB should provide new services

21. Do you have your account in any other financial institutions/ banks?

- a) Yes b) No

22. Please compare the services provided by CEDB and other financial institutions.

- a) CEDB is better
b) The other financial institutions is better
c) It is almost same.

23. What do you suggest the bank for the better services? Please write briefly.

.....

.....

Thank you very much for your cooperation.

Appendix : II

Interview Questionnaires for CEDB Managers

1. Please provide the basic information and market performance of CEDB.
2. What are the objectives of marketing for CEDB?
3. What is the market opportunity and size of CEDB?
4. What are the marketing strategies of CEDB? Are they effectively implemented?
5. Who are the major competitors of CEDB?
6. Who are the target groups of CEDB?
7. Which competitors have the largest market share within your target market segments?
Which competitors have the greatest visibility with your target audience?
8. What does each of your identified target audiences know and believe about you today?
9. What are the major problems faced by CEDB?
10. What are your Unique Selling Points (USPs) compared with competitors?
11. What are the most important products or services of CEDB? How does CEDB implement or market these products or services?
12. What measure have you implemented and going to implement for better customer satisfaction in your bank? What further programs are you organizing regarding it?
13. What are the further strategies of CEDB?

Appendix : III

Photographs



Photograph 1: Clean Energy Development Bank, Head office Sitaipaila.



Photograph 2: Cash Counter- CEDB, Head Office



Photograph 3: Customer Service Area- CEDB, Head Office



Photograph 4: Eighth Branch of CEDB at Salleri, Solukhumbu.



Photograph 5: CEDB distributing plants to public on 'CEDB Green Marathon 2011' program.



Photograph 6: CEDB distributing masks to public on 'Clean Breathing 2012' program.



Photograph 7: CEDB gifting Solar Light to 'Maniharsha Briddhashram', Thankot.



Photograph 8: Construction site of Central Park, Bishalnagar, a project financed by CEDB on behalf of Clean Developers.



Photograph 9: Construction site of Modi Hydro Power Parbat (10 MW) financed by CEDB.



Photograph 10: Construction site of Siuri Khola Hydro Power, Lamjung (5 MW) financed by CEDB.



Photograph11: CEDB's Trademark

विलन ईनर्जी डेभलपमेन्ट बैंक सगौरब प्रस्तुत गर्दछ



विलन बाल बचत

विशेषताहरू

- अभिभावकको निःशुल्क दुर्घटना विमा हुने
- बालबालिकाको लागि प्रचलित दर भन्दा ०.५ प्रतिशत सहुविधित दरमा शैक्षिक कर्जाको व्यवस्था भएको
- सामान्य मुद्दती निक्षेपमा ०.५ प्रतिशत बढि ब्याज पाइने



विलन ज्येष्ठ बचत

विशेषताहरू

- सामान्य मुद्दती निक्षेपमा ०.५ प्रतिशत बढि ब्याज पाइने
- होम बैंकिङ तथा डिपोजिट कलेक्सन सुविधा पाइने



विलन फ्यूचर डिपोजिट

विशेषताहरू

- स-सानो रकम मासिक बचत गरी मुद्दती निक्षेपको जस्तो ब्याज पाइने
- मासिक रु ५०० मा नै योजनामा सहभागी हुन सकिने छ ।

विलन बाल बचत तथा विलन ज्येष्ठ बचत योजना अन्तर्गत बैंकमा जम्मा भएको निक्षेपको ०.५० प्रतिशत बराबर रकम बैंकले बालबालिका, ज्येष्ठ नागरीक तथा स्वस्थ वातावरण सम्बन्धी कार्यमा लगाउने छ ।

विलन ईनर्जी डेभलपमेन्ट बैंकमा खाता खोली स्वच्छ उर्जा तथा वातावरणको प्रबर्द्धनमा टेवा पुऱ्याउँ ।



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काठमाडौं, नेपाल, फोन: +९७७-०१-४६७९४४४, ४६७९६६६
फ्याक्स: +९७७-०१-४२७७०१३, ई-मेल: info@ceddb.com

www.ceddb.com

Photograph 12: Pamphlet of CEDB advertising its new products

देशभरिका ८०० भन्दा बढी ATM बाट निःशुल्क रकम भिक्तन सकिने

SCT सञ्जाल अन्तर्गत नेपाल भरिका
८०० भन्दा बढी ATM बाट
बिना शुल्क रकम भिक्तन सकिने
सुविधा सहर्ष संचालन गराइएको छ।



जतिसुकै रकममा १२.५०% (वार्षिक) मासिक ब्याज भुक्तानी ।

विलन ईनर्जी डेभलपमेन्ट बैंकमा जतिसुकै रकमको
एक वर्षे मुद्दती खाता खोल्नुहोस् र १२.५०%
वार्षिक ब्याज मासिक रूपमा भुक्तानी प्राप्त गर्नुहोस् ।
यो योजना सीमित अवधिका लागि मात्र ।



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फोन: ४६७९४४४ / ४६७९६६६ शाखा कार्यालय: वरवार मार्ग: ४२९०९४
बापाथली: ४२६९६२७ - बित्तिमोड: ०२३-५४३६२६
गोरखा: ०६४-४२९४०७ - कटारी बजार: ०३५-४५०४४४
फिदिम: ०२४-५२०५०५ - ताप्लेजुङ्ग: ०२४-४६०६०२
इमेल: info@ceddb.com वेबसाइट: www.ceddb.com

Photograph 13: Newspaper Ad of CEDB advertising its products.