

CHAPTER- I

INTRODUCTION

1.1 Background of the Study

Bank is the crux of any financial sector. Banking sector is also known as back bone of national economy because it helps us formulate capital by collecting scattered idle funds from the people as deposit and provides it to the investors as loan for productive purpose. Commercial bank is the vital aspect of this sector, which work as the intermediary between depositor and lender, commercial bank come into existence mainly with the objective of collecting the idle funds mobilizing them into productive sectors and causing an overall economic development. In order to attract and retain the customers, commercial bank need to market new product and services and increase delivery channels. They produce different types of product and services with the limitation of their all rules and regulations and permission allowed to them by *Nepal Rastra Bank*. They offer different types of products and services such as deposit collection, foreign exchange, fund transfer, issuance and acceptance of letter of credit, issuance and acceptance of guarantees, safe deposit lockers, remittance, lending (Personal and Business) and issuance of credit card, debit card and Automated Teller Machine (ATM) cards.

Credit card is an instrument of payment used to pay the price of payment, goods and services instead of cash or cash item, while repayment could be done after a fixed time or period of time. It is plastic cards that makes purchase or obtain cash advances using a line of credit extended by the financial institutions that issued the card. By definition, the card holder makes purchases by using his/her credit card and pays on behalf of his/her to the merchant (Shops, hotel, hospital, petrol pumps etc.) who provides goods or services. Card holder has the option of paying only a part of the amount billed (a minimum amount is required) and carrying forward the balance on which he/she will pay interest. The cardholder pays off for the goods or services received to the merchant by presenting the credit card. The merchant imprints the unique card number on a slip called charge slip and the cardholder signs the amount of services rendered and deposits the charge slip at the bank called acquiring bank with which he/she has agreement to accept a particular type of card. The bank pays to the merchant in advance after discounting of the charges slip and claims from the card association via an-line electronic data communication

mechanism. The card associations pay the acquiring bank after deducting from its account from the issuing bank by acquiring bank is charge to cardholder card account at the issuing bank. In this way a credit card transaction is completed.

1.1.1 History and Development of Credit Card in the World

The concept of using a card for purchase was described in 1887 by Edward Bellamy in his utopian novel Looking Backward. Bellamy used the term credit card eleven times in this novel.

The modern credit card was the successor of a variety of merchant credit schemes. It was first used in the 1920s, in the United States, Specifically to sell fuel to a growing number of automobile owners (KFA). In 1983 several companies started to accept each other's cards. Western Union had begun issuing charge cards to its frequent customers in 1914. Some charge cards were printed on paper card stock, but were easily counterfeited.

The Charga-Plate was an early predecessor to the credit card and used during the 1930s and late 1940s. It was a 2 1/2"x1 1/4" rectangle of sheet metal, similar to a military dog tag that was embossed with the customer's name, city and state (no address). It held a small paper card for a signature. It was laid in the imprinter first. Then a charge slips on top of it, onto which an inked ribbon was pressed. Charga-Plate was a trademark of Farmington manufacturing Co. Charga-Paltes were issued by large scale merchants to their regular customers, much like department store credit cards of today. In some cases, the plates were kept in the issuing store rather than held by customs. When an authorized user made a purchase, a clerk retrieved the plate from the store's file and then processed the purchase. Charga-Plates speeded back-office bookkeeping that was done manually in paper ledgers, before computers.
[\(\[Http://en.wikipedia.org/wiki/creditcards\]\(http://en.wikipedia.org/wiki/creditcards\)\)](http://en.wikipedia.org/wiki/creditcards)

The concept of paying different merchants using the same card was invented in 1950 by Ralp Schneider and frank X. McNamara, founders of Diners club, to consolidate multiple cards. The dinners Club, which was created partially through a merger with Dine and Sign, produced the first "general Purpose" charge card, and required the entire bill to be paid with each statement. That was followed by Carte Blanche and in 1958 by American Express which created a worldwide credit card network.

Bank of America created the BankAmericard in 1958, a product which, with its overseas affiliates, eventually evolved into the Visa system. MasterCard came to being in 1966 when a group of credit-issuing banks established Master Charge; it received a significant boost when Citibank merged its proprietary Everything Card, launched in 1967, into Master Charge in 1969. The fractured nature of U.S. banking system meant that credit cards became an effective way for those who were traveling around the country to move their credit to places where they could not directly use their banking facilities. In 1966 Barclaycard in the UK launched the first credit card outside of the U.S.

There are now countless variations on the basic concept of revolving credit for individuals (as issued by banks and honored by a network of financial institutions). Including organization-branded credit cards, Corporate-user credit cards, store cards and so on.

In contrast, although having reached very high adoption levels in the US, Canada and the UK, it is important to note that many cultures were much more cash-oriented in the latter half of the twentieth century, or had developed alternative forms of cash-less payments, such as Carte bleue or the Eurocard (Germany, France, Switzerland, and others). In these places, the take-up of credit cards was initially much slower. It took until the 1990s to reach anything like the percentage market penetration levels achieved in the US, Canada, or the UK. In many countries acceptance still remains poor as the use of a credit card system depends on the banking system being perceived as reliable.

In contrast, because of the legislative framework surrounding banking system overdrafts, some countries, France in particular, were much faster to develop and adopt chip-based credit cards which are now seen as major anti-fraud credit devices.

The Design of the credit card itself has become a major selling point in recent years. The value of the card to the issuer is often related to the customer's usage of the card, or to the customer's financial worth. This has led to the rise of Co-Brand and Affinity cards-where the card design is related to the "affinity" (a university, for example) leading to higher card usage. In most cases a percentage of the value of the card is returned to the affinity group.

While the plastic card has been the standard for a half century, recent developments show alternatives forms of payment rising to prominence, from online services such as Pay Pal to credit card key fobs to chips that can be implanted into cell phones or other devices. But with the sheer volume of devices in use around America whose sole purpose is to read a flat piece of plastic with a magnetic stripe, the “card” in “credit card” is unlikely to pass from the scene any time soon (<http://en.wikipedia.org/wiki/creditcards>).

1.1.2 Historical Background of Credit Cards in Nepal

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

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

The brought about competition in small credit card market of Nepal and of course for the better as it reduced the high commission charges that were enjoyed by the pioneers of credit card introducers and improved the quality services. In Nepal, however, the use of the credit card is

restricted to small value and mostly personal transactions and in tourism sector. Today Credit card is still in initial stage in Nepalese market. So it is facing some problems. The major problem with the card business is that most of the people are not aware of its benefit. They are only familiar with the general services provided by the bank. They don't know what the credit card is, how operation is carried out, how the entire system works and what are the advantages if one becomes the cardholder. The primary reason behind this may be huge investment to start card business and comparatively very low return due to small market size. Hence this has been one of the problems to top the forside business. The main purpose of this is to analyze, evaluate the card business of Nepal particularly with reference to HBL, NABIL and SCBNL.

1.1.3 Present Status of the Financial Institution in Nepal

Nepalese financial sectors can be divided into two parts: the banking financial institutions and the non-banking institutions. The banking financial institutions involves of Central bank, Commercial bank, Development bank, financial institutions and Gramin Bikash bank. The non-banking institutions involves of Employees Provident fund, Nepal Stock Exchange Ltd., Insurance Companies, Mutual Saving Bank, Pension Trust, Postal Savings Offices and some non-government organizations.

Financial Organization	No. of Institutions
a) Central Bank	1
b) Commercial Banks	26
c) Financial Companies	79
d) Development Banks	61
e) Micro-credit Financial Institutions	12
f) Co-operatives (Licensed by NRB)	17
g) NGOs (Licensed by NRB)	47
h) Insurance companies (Licensed by Insurance Board)	25
i) Employee Provident Fund	1
j) Citizens Investment Trust	1

(Source: KFA, 2009)

1.1.4 Bankers of Credit Card in Pokhara

Himalyan Bank, Nabil Bank, SCBNL, NIBL, Laxmi Bank and Bank Of Kathmandu are carrying the credit card business in Nepal. All of these banks are both issuer and acquirer. Types of credit cards they are acquiring and issuing are shown in the table:

Table 1.1
Bankers of Credit Card in Pokhara

Banks	Cards Issued	Cards Acquired
NABIL	Master Cards	Master Card/Visa/Dinner Cards
SCBNL	Master/ Visa Card	Master Card/Visa/Dinner Cards
HBL	Visa Cards	Visa Cards
NIBL	Visa Cards	Visa Cards
LAXMI	Visa Cards	Visa Cards
BOK	Visa Cards	Visa Cards

Source: Survey Form

1.1.5 A Brief Introduction of the Banks Involved in Credit Cards Business

In context of Nepal, credit card business is still in initial phase. Only six banks Nabil Bank, SCBNL, HBL, NIBL, Laxmi Bank and Bank of Kathmandu are involved in this business among the twenty six commercial banks that operate in the country. NIBL, Laxmi Bank and Bank of Kathmandu has recently entered in this field. So in this research only three banks Nabil, SCBNL and HBL are considered as sample bank but NIBL also is included wherever appropriate. The detail information about these banks is mentioned as below:

a. Nepal Arab Bank Limited (NABIL)

The openings of NABIL bank in 1984 the door for private commercial bank was opened in Nepal. NABIL bank is earlier known as Nepal Arab Bank Ltd. The Bank is very successful as its slogan says ‘Your Bank @Your Service *"Hajur ko Bank, Hajur kai Sewama"*’. Today, amongst all private banks, Nabil has the largest Branch and ATM networks. It has 35 branches and 43 ATM's in the country. Nabil provides a full range of commercial banking services through its 19 points of representation across the kingdom and over 170 reputed correspondent banks across the globe. The bank is fully equipped with modern technology which includes ATMs, credit cards,

state-of-art, world-renowned software from Infosys Technologies System, Banglore, India, Internet banking system and Tele-banking system.(www.nabilbank.com)

In present market there are so many banking and financial institutes. So, the competition is getting tougher. Among the institution Nabil is getting consistent achievements which were possible due to the team effort put by the all members of Nabil team.The team which, comprises of highly skilled and talented individuals across the bank. Recognizing this fact, Nabil today is amongst the highest paymasters and most preferred employers in not only the industry but the nation.

b. Standard Chartered Bank Nepal Limited (SCBNL)

Standard Chartered Bank Nepal Limited has been in operation in Nepal since 1987 when it was initially registered as a joint-venture operation. Today the Bank is an integral part of Standard Chartered Group having an ownership of 75% in the company with 25% shares owned by the Nepalese public. The Bank enjoys the status of the largest international bank currently operating in Nepal.

Standard Chartered has a history of over 150 years in banking and operates in many of the world's fastest-growing markets with an extensive global network of over 1750 branches (including subsidiaries, associates and joint ventures) in over 70 countries in the Asia Pacific Region, South Asia, the Middle East, Africa, the United Kingdom and the Americas. As one of the world's most international banks, Standard Chartered employs almost 75,000 people, representing over 115 nationalities, worldwide. This diversity lies at the heart of the Bank's values and supports the Bank's growth as the world increasingly becomes one market.(www.scbnl.com)

With 18 points of representation, 18 ATMs across the country and with more than 350 local staff, Standard Chartered Bank Nepal Ltd. is in a position to serve its customers through an extensive domestic network. In addition, the global network of Standard Chartered Group gives the Bank a unique opportunity to provide truly international banking services in Nepal. The bank has primary listing on the Nepal Stock Exchange Limited. The financial statements have been prepared in accordance with Nepal Accounting Standards Board (NASB) expect interest income.

Interest income on loan and advance is recognized on cash basis as per the directive issued by Central Bank, which is not in accordance with Nepal Accounting Standard.

c. Nepal Investment Bank Ltd.

Nepal Investment Bank, one of the leading commercial banks of the country, was earlier known as the Nepal Indosuez Bank. Nepal Investment Bank Limited was established in 1986. Nepal Investment Bank was a joint commercial enterprise between the Nepalese and the Credit Agricole Indosuez which is one of the largest banking group in the world. Nepal Investment Bank Limited (NIBL) functions on the rule given by the Nepal Government and the *Nepal Rastra Bank* or the Central Bank of Nepal. Besides all the function that Nepal Investment Bank Limited (NIBL) performs, it is generally known for its remittance services. It boasts of being one of the most dependable and the strongest center of money transfer to Nepal. Money can be sent to NIBL through their exchange houses, correspondent banks and the Middle-East banks using NIBL's in-house remittance software and the Prithivi Express by the remitters across the globe.

The Head office of the Nepal Investment Bank Limited is located at Durbar Marg- Kathmandu, which remains open all round the year. This bank has 15 branches and 78 remittance centers throughout the country. Mr. Prithivi Bahadur Pande is the present CEO of the Nepal Investment Bank Limited. (www.nibl.com)

d. Himalyan Bank Limited (HBL)

Himalayan Bank Limited (HBL) is the largest and one of leading private sector banks of Nepal. The Bank was incorporated in 1992 by a few eminent individuals of Nepal in partnership with the Employees Provident Fund and Habib Bank Limited, Pakistan. The Bank commenced its operations in January 1993. Himalayan Bank is also the first commercial bank of Nepal with most of shares held by the private sector of Nepal. Besides commercial banking services, the Bank also offers industrial and merchant banking service.

In spite of having tough competition among others competitive banks, Himalayan Bank has been able to maintain a lead in the primary banking activities in Loans and Deposits. Himalayan bank is an institution that's known throughout Nepal for its innovative approaches to promoting and customer services. Products such as Premium Savings Account, HBL Proprietary Card and

Millionaire Deposit Scheme besides services such as ATMs and Tele-banking were first introduced by HBL. Therefore, Himalayan Bank stands for the innovations that they bring about in this country to help their Customers besides modernizing the banking sector. HBL bank believes that they obviously lead the banking sector of Nepal. (www.hbl.com)

e. Laxmi Bank Ltd.

Laxmi Bank was incorporated in April 2002 as a commercial bank. The current shareholding constitutes of promoters holding 55.42 percent, Citizen Investment Trust holding 9.02 percent and the general public holding 35.56 percent. Promoters represent Nepal's leading business families with diversified business interests. The Bank's shares are listed and actively traded in the Nepalese Stock Exchange.

Laxmi Bank has grown with branches in Birgunj, Banepa, two in Pokhara, Biratnagar, Narayanghat, Pulchowk, Lalitpur, Teku, New Road, Janakpur, New Baneshwor, Damak, Bhatbhateni, Itahari, Maharajgunj and Bhairahawa. Following the merger with Hisef Finance Ltd., a decade old first generation finance company, its office in Hattisar, Kathmandu was converted to that of Laxmi Bank. This office was converted to a full branch and our corporate office in October 2005.

With a view to providing safe, seamless, quick and advance banking services, the bank has been heavily investing in contemporary banking technologies. The Bank uses Flex cube as its main banking platform. Flex cube incidentally has been ranked the number one selling core banking solution globally, and has been embraced by over 500 financial institutions across over 90 countries. The Bank provides its services through a host of delivery channels including cell phone, Internet, ATM, Point of Sales (PoS) etc., in addition to a network of physical branches. Our Internet banking facility comes with capabilities of online shopping in addition to regular Internet banking features. Similarly, through the bank's alliance with Smart Choice Technologies (SCT), the ATM/Debit cardholder of Laxmi Bank has access to a network of ATMs, and PoS terminals located in all major urban centers of the country. The bank is the first in South Asia to have implemented SWIFTNet, the advanced version of the SWIFT technology, which is used for speedy and secure payment and messaging services.

Under a professional management team, the bank has established itself as an emerging key player. Today the bank is recognized as an innovative and progressive bank geared to providing shareholders and customers with quality earnings and value-added services. Transparency, good governance, and sound business growth are our driving forces. (www.laxmibank.com)

f. Bank of Kathmandu

Bank of Kathmandu Limited has become a prominent name in the Nepalese banking sector. We would like to express our sincere gratitude to our customers, shareholders, employees and other stakeholders for their support and co-operation for leading the bank to the present height of achievements. We wish to reiterate here that whatever activity we undertake; we put in conscious efforts to glorify our corporate slogan, “We make your life easier”.

We would also like to elucidate that Bank of Kathmandu is committed to delivering quality service to customers, generating good return to shareholders, providing attractive incentives to employees and serving the community through stronger corporate social responsibility endeavor. Bank of Kathmandu Limited (BOK) has today become a landmark in the Nepalese banking sector by being among the few commercial banks which is entirely managed by Nepalese professionals and owned by the general public.

BOK started its operation in March 1995 with the objective to stimulate the Nepalese economy and take it to newer heights. BOK also aims to facilitate the nation's economy and to become more competitive globally. To achieve these, BOK has been focusing on its set objectives viz. to use the latest banking technology to provide better, reliable and efficient services at a reasonable cost; to facilitate trade by making financial transactions easier, faster and more reliable through relationships with foreign banks and money transfer agencies and to contribute to the overall social development of Nepal. (www.bok.com)

1.2 Statement of the Problem

In 1951, the first bank credit card appeared in New York's Franklin National Bank for loan customers. However, in case of Nepal only from 1985 that is after 34 yrs of inception of card business credit card business started through the initiative of Alpine Travel Service. In 1993 Himalayan Bank Limited and NABIL Bank Ltd both started card business at once by issuing different cards domestic card respectively. Today credit card has become a synonym for currency notes in foreign countries. Nepalese people have not yet developed their banking habit; even highly educated ones do not have the knowledge regarding credit cards. Most of the people use their credit card as an ATM card to withdraw money and very few use for shopping. So the concerned banks are forced to find domestic internal user. So the study has focused on the following problems related to the subject chosen:

- What are the positions of different banks involved in credit card business?
- Who are the major credit card users of Pokhara?
- What are the people's perceptions towards credit card?
- What are the problems that the bank face while transacting credit card?
- What are the strengths and weaknesses of credit card business?
- What is the growing trend of credit card business in Pokhara?

1.3 Objectives of the Study

As known to us credit card business is quite new in Nepalese context. This study is conducted to study whether increase awareness to use credit card to general public needs. And also present the bank with a picture of current market trend and scenario of credit card business in Pokhara sub-metropolis. The general objective of the study is to find out the credit card business of financial institutions in Pokhara. The specific objectives of the study are:

- i. To identify the present situation of credit card business in Pokhara.
- ii. To determine the major credit card users of Pokhara.
- iii. To identify the perception of card issuer/acquirer, card acceptor and card user towards credit card and its business.
- iv. To assess the trends of credit card business of Pokhara.
- v. To find out the strengths and weaknesses of credit card business.

1.4 Rationale of the Study

As we know the users of credit card increasing day by day, but very limited researches have been done to provoke the merits and demerits of it. In the international market credit card has become synonyms for cash. They are going to declare some places as cash free zone. Talking about our two giant neighbors, China and India, they are also rapidly moving in the credit card business fueled by their fast growing economy and increasing GDP. In this regard, this study is very useful for everyone. This study is also useful for researcher, students, government, etc who want to know about credit card; the banks involved in card business; to modify their card service and to develop strategy for efficient operation of card services, finally government who has to make different policies for regulating the business. It is therefore justifiable to study in this topic.

1.5 Delimitation of the Study

The study is limited to the study of credit card business of six commercial banks in Pokhara sub metropolis. The information is collected through the participants involved in the study. The trend analysis is based on three year's data.

1.6 Organization of the Study

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

Chapter-I: Introduction

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

Chapter-II: Review of Literature

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

Chapter-III: Research Methodology

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

Chapter-IV: Data Presentation and Analysis

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

Chapter-V: Summary, Conclusion and Recommendation

Findings, Conclusion and suggestions have been presented in the last chapter after data presentation and analysis.

CHAPTER-II

REVIEW OF LITERATURE

Review of literature is the systematic identification, location and analysis of documents containing information related to a research problem (Gay & Airasion, 2000:628). The literature review shows how the proposed research fits in with the existing body of knowledge. The purpose of the literature review is to situate research in the context of what is already known about a topic. It need not be in-depth; it needs to show how work will benefit the whole. It should provide the theoretical basis for work, show what others, have done in the area, and set the stage for work. The literature review part of the study is divided into the three sections: conceptual review, review of related studies and business implication of the reviewed literatures.

2.1 Conceptual Review

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

2.1.1 Payment Card

A payment card is small plastic card, which allows its holder to pay for good purchase or services available at different outlets or on-line through site. It also allows the holder to withdraw money from the ATM or from the bank. Before proceeding further deep into the intricacies of credit card business, it will be worth nothing that credit card is just a line of product of the card payment business. Different banks and card companies issue brands of payment card by forming membership such as (Shrish, 2009:20):-

Members of Visa International headquartered at Yokohama, Japan issue Visa Branded Payment cards. Till date it is a non-profitable organization run solely by its thousands of members located globally. Members of Master card international, head quartered at St. Louis, USA issue Master card branded payment cards. It is also a non profitable organization till date run by the members (Ibid).

American Express Corporation Ltd being a big banking giant itself and head quartered at New York, USA issues American Express (here in after referred as AMEX card) branded cards. It is a

profitable organization. Now all these globally operating institutions, member banks and credit card companies' issues are distinguished from each other by the different feature they carry.

2.1.2 Credit Card

Any card that may be used repeatedly to borrow money or buy products and services on credit, issued by banks, savings and loans, retail stores, and other businesses. It is an instrument of payment used for making payment or services and good in place of cash items, while repayment can be made after fixed time or over a period of time. It has the option of revolving credit. The card holder can have the option of partial payment, and on the remaining dues, one has to pay interest. Bank and finance companies issue credit cards carrying the brand of any international payment association such as Visa Card or Master Card. The bank issuing card pays on behalf of card user to the merchant from where the card is used for purchase. A certain percentage is charged from the merchant in return for processing the transaction. Crediting the purchased amount less bank's commission to the merchant's account. The amount that the card holder uses is treated as a loan. If cardholder doesn't pay the amount within the period given by the bank, usually within 45 days of statement issued interest is charged.

A Credit card's grace period is the time the customer has to pay the balance before interest is charged to the balance. Grace periods vary, but usually range from 20 to 30 days depending on the type of credit card and the issuing bank. Some policies allow for reinstatement after certain conditions are met. Usually, if a customer is late paying the balance, finance charges will be calculated and the grace period does not apply. Finance charge(s) incurred depends on the grace period and balance, with most credit cards there is no grace period if there's any outstanding balance from the previous billing cycle or statement (i.e. interest is applied on both the previous balance and new transactions). However, there are some credit cards that will only apply finance charge on the previous or old balance, excluding new transactions (Shrish, 2009:22).

Foreign currency credit card can be availed against the passport facility for traveling abroad. Foreign currency account holders also can obtain credit card for hotel and travel expenses. All Credit card or Charge card users have a credit limit up to which one can use the fund to purchase goods or services.

a. Types of Credit Card

There are two types of credit cards: - Secured and unsecured. The card that is secured with a saving deposit of cardholders to ensure payment of the outstanding balance if he/she were to default on payment is called secured cards. It is generally used by people who are new to the bank and also who are trying to rebuild their poor credit ratings. The cardholder of a secured credit card is still expected to make regular payments, as he or she would with a regular credit card, but should he or she default on a payment, the card issuer has the option of revolving the cost of the purchases paid to the merchants out of the deposit. The advantage of the secured card for an individual with negative or no credit history is that most companies report regularly to the major credit bureaus. This allows a person with a poor credit history or no credit history to have a credit card that might not otherwise be available. They are often offered as a means of rebuilding one's credit. Secured credit cards are available with both Visa and Master Card logos on them.

Fees and service charge for secured credit cards often exceed those charged for ordinary non-secured credit cards. However, for people in certain situations, (for example, after charging off on other credit cards, or people with a long history of delinquency on various forms of debt), secured cards can often be less expensive in total cost than unsecured credit cards, even including the security deposit whereas the card, which does any collateral not secure is called unsecured credit card. Most of the credit cards are unsecured so there is higher interest rate than other forms of lending. Such as mortgages, this utilized property as collateral. All credit cards fit into of the following three categories:

-Bank Cards: They are the cards issued by banks. For example: - Visa and Master card

- Travel and entertainment (T&E) cards

Examples of these types of card are American express, Dinner club and Carte Blanche. Travel, entertainment and national house card have same and conditions wherever you apply.

-House Cards: House cards are good only in a chain of stores. It is generally a local and national retail card.

b. Transaction Process

Credit cards are issued after the credit provider has approved an account, after which cardholders can use it to make purchases at merchant accepting that card. When a purchase is made, the credit card user agrees to pay the card issuer. The cardholder indicates his/her consent to pay, by signing a receipt with a record of the card details and indication the amount to be paid or by entering a personal identification number (PIN). Also many merchants now accept verbal authorizations via telephone and electronic authorization using the Internet, known as a 'Card/cardholder Not Present' (CNP) transaction.

Electronic verification systems allow merchants to verify that the card is valid and the credit card customer has sufficient credit to cover the purchase in few seconds, allowing the verification to happen at time of purchase. The verification is performed using a credit card payment terminal or point of Sale (POS) System with a communications link to the merchant's acquiring bank. Data from the card is obtained from a magnetic stripe or chip on the card; the latter system is in the United Kingdom and Ireland commonly known as Chip and PIN, but is more technically an EMV card. Other variations of verification systems are used by e-commerce merchants to determine if the user's account is valid and able to accept charge.

These are typically involve the cardholder providing additional information, such as the security code printed on the back of the card, or the address of the cardholder. Each month, the credit card user is sent a statement indicating the purchases undertaken with the card user is sent a statement indicating the purchases undertaken with the card, any outstanding fees, or the total amount owed. After receiving the statement, the cardholder may dispute any charges that he or she thinks are incorrect (See fair Credit Billing Act for detail of the US regulations). Otherwise, the cardholder must pay a defined minimum proportion of the bill by a due date, or may choose to pay a higher amount owed (Typically at a much higher rate than most other forms of debt). Some financial institutions can arrange for automatic payments to be deducted from the user's bank accounts, thus avoiding late payment altogether as long as the cardholder has sufficient funds.

2.1.3 Debit Card

Debit card is also a plastic card, an instrument used to pay the price of services and goods in lieu of cash or cash items, where payment is made only against the deposits available in the customers depository account and payment is effected immediately. It exactly looks like a credit card but the features are completely different. A debit cardholder must have an account with the bank and the moment he makes any purchase. His account gets immediately debited at the point of purchase and hence is called debit card that the bank issue are the example of debit card (Ibid, P.22).

2.1.4 Charge Card

Charge card is also a payment card with a pre-set limit. The cardholder does not have the option of revolving credit. The cardholder must pay the entire dues at the end of each month or the billing period.

2.1.5 Smart Card

Smart card is also a payment card and looks like any other plastic card or an ATM with an integrated circuit (IC Chip) installed. The IC contains memory, may contain a processor, and communicates with the external world through contacts on the surface of the card. The size, position and utility of the contacts are specified by an internal standard (ISO7810), so that cards can interact with a variety of equipment. There are two main types of smart cards: Intelligent Memory Chip and Microprocessor cards. Payment are made either on-line by connecting to the customer account or off-line through credit card concept and through funds loaded in the chip. A memory chip has a data storage capability that enables the card to collect every time it is used.

2.1.6 Premium Cards

These cards possess added features such as travel insurance, cardholder assistance and emergency cash advances along with the normal features of conventional credit cards and charge card.

2.1.7 What is VISA?

Visa international is a membership corporation that is owned by its members. Visa operates the world's largest retail electronic payment network and is one of the most recognized global financial service brands. Visa facilitates global commerce through the transfer of value and information among financial institutions, merchants, consumers, business and government entities. Visa offers a range of branded payment product platforms, which its financial institution clients use to develop and offer credit, charge, deferred debit, prepaid and cash access program to cardholders.

Visa card platform provide consumers, business, merchants and government entities with a secure, convenient and reliable way to pay and be paid in 170 countries and territories. Visa's global transaction and information processing network, Visa Net, supports these payment platform and delivers value-added services, including fraud and risk management, dispute resolution, reward and other business enhancing application. Visa's family of global payment brands, including Visa, Visa electron, plus and interlink, enjoy unsurpassed acceptance at 27 million merchant outlets and 1 million ATMs across the world. It is the world's largest payment system owned by more than 22000 financial institutions worldwide. Visa provides its member with

- Payment product
- A global communication network
- risk control and authorization services
- Cleaning and settlement facilities

Visa is also a registered trademark. The blue white and gold band form one of the world's largest recognized brands. Visa assures a high profile for the brand through a number of activities, such as advertising, sponsorship of the Olympics and other promotional events. The trade mark is licensed to member for their use to ensure increasing acceptance of Visa payment card and service worldwide (www.visa.com).

2.1.8 What is Master Card?

The Master Card story begins in 1996 when a group of banks created a member-owned association that later became Master Card. In 1968 the company extended its presence to Mexico, Japan and Europe, marking the start of its commitment to becoming the leading global

payment network. Through the 1980s, Master Card continued to build on this promise, bringing the advantages of electronic payments to new regions and markets around the globe. Master Card became the first payment card issued in the People's Republic and global online debit program; in partnership with Euro pay International. The next decade saw electronic payments become even more closely integrated into peoples' lives, a behavioral shift MasterCard capitalized on by developing new technologies that improved convenience, speed and efficiency. MasterCard also launched the "Priceless" campaign, elevating its consumer brand and differentiating the company's connection to consumers.

2.1.9 Credit Card Business

The credit card was first used in the 1920s, in the United States, specifically to sell fuel to an ever increasing number of automobile owners (KFA Course Book, p.224). In the context of Nepal, card business initiated by Alpine Travel Service in association of OUB in late 1980s. In 1990/91 Nabil and SCBNL started acquiring business of Master card and visa (Ibid).

Credit card business comprises of three sections Issuance, Acquiring and Card authorization center. Issuance section deals with the card application processing, issuing of cards, card payment processes, physical card reconciliation, data maintenance of card holders and statement generation/dispatching. Acquiring section deals with the merchant application processing, merchant accountant maintenance, merchant payment, initiating or representing chargeback, sending batches of transactions to the card payment association VISA/Master Card, etc and reconciling the settlement. Card authorization is concerned with taking authorization of the manual transactions, advising the merchants and blocking of card accounts i.e. lost or stolen cases (KFA Professional Banking Course, p.225).

2.1.10 Advantage of Payment Card

- a. Safe and secure in comparison to traditional mode of payment like cash, cheque, etc.
- b. Very convenient to carry it instead of bulky cash
- c. Wide acceptance
- d. Unlike cash it is easy to get replacement.

- e. Not only for Purchase, a credit card also be used to make cash advances. Hence, it is helpful during shortage of cash and in emergencies.
- f. In-built credit instrument with the privilege of interest free credit period of 45 days maximum and 15 days minimum
- g. Symbol of status and reliance. For example: in North America it is almost impossible to rent a car without a credit card.
- h. Facility of revolving credit i.e. option of minimum stated payment on regular installment rather than setting it at time.

2.1.11 Parties Involved in Credit-Card Business

Basically there are six parties involved in credit card business and they are as follows:

a. Issuer

Any financial or non-financial institutions, which issue credit card on behalf of cardholder, are called issuers. Examples of such issuer in Pokhara are Nabil Bank Ltd., Standard Chartered Bank Nepal Ltd, Himalyan Bank Ltd, Nepal Investment Bank Ltd, Laxmi and BOK.

b. Association

VISA and Master Card are actually associations of member banks and financial institutions. The associations specify membership rules, but do not issue credit cards, the members issue the cards. American Express, Discover and Dinner Club are single corporations and not associations, and they issue their own cards.

c. Cardholders

Persons or organizations that have credit card issued by issuer are called cardholders.

d. Merchant

All those outlets, who accept credit card as a mode of payments, are called merchants. Examples of such merchants are travel agencies, departmental stores, shopping center,

grocery center, hotels, restaurants, etc. Now a day, there are many on-line merchants who are allowed to do transactions on –line without the card being present.

e. Acquirer

Financial institutions, usually a bank which make payment to the merchant, are called acquirer. Whenever a cardholder makes a transaction, he/she needs to do sign a sales slip. This sales voucher is then presented to the financial institution (a bank), which makes the payment to the merchant normally on the same day or the next working day. A bank can be both issuer as well as acquirer. For example: Nabil Bank issues credit card as well as processed the transactions for its various merchants. Acquiring banks are generally members of the VISA and Master Card Associations.

f. Clearing and Settlement

Since a credit card is not a cash purchase where the merchant is paid by its acquirer, it involves a sixth and most important party called the clearing and settlement bank. Once the acquirer makes the payment to the merchant, it itself need to get the payment from the bank which has issued the card and it is not possible and feasible to make direct claim as there are hundreds or even thousands of transactions taking place every day. Hence these claims from all these member institutions are forwarded to the clearing and settlement bank for payments. In the clearing part all the necessary calculations are made to compute the net payment and in the settlement process the actual payments are made. In the case of Master Card this process is conducted by master card International and In the case of Visa card by Visa International.

2.1.12 Components of Credit Card

The Components of credit card are mentioned below:

a. Name of Card Holder

Name of cardholder is also embossed on the credit card with the help of embossing machine. The cardholder may be the account holder or any third party.

b. Unique Card Number

It is the credit card number embossed on the credit card by embossing machine. Card number is different for different credit card account. The beginning card number differs

depending upon the settlement banks. For example: Master card begins with the number 5 and visa with the number 4.

c. Validity date

Validity date is also embossed on credit card by embossing machine. It is the date after which the card expires. The expiry month associated with specific year is mentioned on the credit card.

d. Brand Name

The brand name of the credit card associated with certain settlement bank is also printed on the credit card. For example: master Card, VISA Card etc.

e. Issuing Bank

The name of the card issuing bank is printed on the card such as Standard Chartered Bank Ltd., Nabil Bank Ltd. etc.

f. Magnetic Stripe

Magnetic Stripe is on the backside of the credit card. It is the main part of the card. All the data associated with the credit card is mentioned it. The data can be studied with the help of specific machine.

g. Photo of the Cardholder

A Photo of credit cardholder is attested on the backside of credit card to make the credit transaction simple and convenient. But it is not necessary to attest photo on credit card. It depends upon the credit card issuing bank.

2.1.13 How does credit card work in Practice?

Credit Card operation starts when cardholder makes a purchase by using credit at the authorized store or shop. When merchant accepts the card during transaction, merchant make sales draft by using imprinter (electronic machine) and gives to the cardholder to sign on the sales draft. After that such sales draft is submitted to the acquirer for reimbursement. The acquirer reimburses the amount and deducts certain charge. Such charge is known as merchant services fee. Then the acquirer claims the amount from the settlement bank that may be Visa International or Master Card International who further charges to the issuing banks.

The company that issues the card lets the user spend up to an agreed upon amount and then makes additional money available to him/her as one pay off what he/she has spent. One must pay at least a minimum amount by the due date, generally once every month. One will pay a finance charge or credit card to pay for anything; he/she do not pay by the due date. When one uses a credit card to pay for anything, he she gets an interest free period of 45 days. Billing cycles are structured in such a way that he/ she definitely get at least 30 days out of these as clean credit time, which is especially beneficial to salaried people. Better still, one can option to pay his/her

payment bill in full when he/she receives it or he/she can carry forward his/her payments by paying as little as 5% of the total amount on or before the due date every month. One can spend now and pay later.

2.1.14 Basic Eligibility criteria

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

- Age 18 years above
- Have a regular income source with annual income of more than Rs.120,000.
- Maintains account with any branch of concerned bank.
- As prescribed under *Nepal Rastra Bank* regulation (For international dollar card)

2.1.15 Documents Required when Applying for Credit Card

The following documents must be submitted with credit card application from when applying for a credit card

Required document for Applying Personal Card

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

Required Document for Applying Corporate Card

- Company/firm registration certificate
- Income tax registration and tax clearance certificates
- Board resolution authorizing availing of credit card and debiting company account for all charges
- Letter by authorized management personal for issuing individual credit card
- A copy of latest audited Balance Sheet and Statement of Profit and Loss of the along with proof of any other income sources
- Identification paper (copy of citizenship certificate/Passport)
- Two passport size colour photographs.

2.1.16 Application Processing

Before issuing the card and assigning the merchant number, the concern banks analyze the data and information provided by applicant to minimize the risk and it is called application processing. It includes merchant application and card application which follows.

Merchant Application: When potential merchant submit the merchant application from the bank as for all incorporation documents as mandatory during account opening. An analysis is executed by the representative officer who has made the actual visit at the merchant's location and made study of the merchant. On the basis of analysis and history of the merchant number. The merchant is then either given an imprinter machine or an electronic terminal depending upon the volume and frequency of transactions. In major cases merchant's account with the bank is mandatory with very few exceptions.

Card Application: Similarly when a potential cardholder submits the card application form, a careful study of the form is made in order to have all the relevant and required information. After analyzing the concerned documents by representative officer card is issued to those who prove to have genuine intention to pay back and can afford to avail the card.

2.1.17 Risk Involved in Credit Card Business

There are various risk associated with operation of credit card transaction and they are as follows:

Loss of Card: The main risk associated with operation of credit card is losing or stealing of the credit card. If the cardholder fails to inform about the loss or stealing of the card to the bank in time, the transaction made by unauthorized third person will be on account of the cardholder. Though the bank fights for their clients, in case of losing or stealing the card the total burden of liability has to be borne by the cardholder or the account holder.

Transaction of Expired Card: Sometimes, merchants commit negligence in checking the expiry date of the card. In such case, if transaction is made through the expired card, the acquiring bank denies to make further procedure of the transaction. In this case, the merchant

will be in loss. Sometimes, the acquirer may send the draft to the issuing bank on the basis of good faith but the decision entirely depends upon the cardholder.

Copy of Signature: Copy of signature occurs in case of lost or stolen of the cards. The unauthorized third party copies the signature at the back of the signature panel and reders goods and services. Charge slips of such types of transaction will be denied by the actual cardholder. As a result dispute arises. In this situation, any party either the cardholder or the merchant may win depending upon the situation.

Duplicate of Card: There are lots of syndicates around the world engaged in fraud transaction of credit card. They make the duplicate credit card which exactly looks like the original card. If the bank identification number is not used in making the duplicate card, It can be caught with the help of sorting machine. But sometimes, the bank identification number is also copied and cards similar to the original cards are circulated in the market. In such a situation, no party will be to take the responsibility.

Change of amount: Sometimes, merchants change the actual amount and currency on sales draft with bad motive and present then to the acquiring bank. In this case, the cardholder will deny the charges and present the original copy of the true transaction. As a result dispute arises.

2.2 Review of Related Studies

The trend of using credit cards (Master, Visa, etc) in Nepal is very slow. There are 27 commercial banks in Nepal and 22 in Pokhara but only five banks currently holds the business of credit cards, they are: HBL, NABIL, SCBNL, NIBL and Laxmi Bank. The usage of credit and debit cards among the bank account holders of Nepal also does not portray an encouraging figure. According to estimates, of the total account holders' population of around six million, only about 1.4 percent holds such cards (Sirish, 2009:46). Therefore, the business of credit card is limited in fewer institutions in Nepal. It is so because it has several difficulties to acquire eligibility to handle such cards e. g. a huge minimum balance.

One of the main reasons in such a slow growth was the deposit – of up to Rs. 50,000/- the bank used to demand to issue such cards. But a paradigm shift in the banks' strategy to issue credit cards to non-account holders without requirement of any cash deposits is expected to attract more people, especially the middle class families (Ibid).

In Nepal, those who have constant minimum monthly income of Rs.10, 000/-, allows to use credit card, so the trends of using credit card is not increasing swiftly, but is crawling in tortoise speed.

Chandler Ewert (1976) state ignoring the sex of the applicant when granting credit will systematically diminishes the opportunity for females to be obtained credit (Ibid, p. 41).

Sullivan and Johnson (1980) explored an alternative pricing structure that might be adopted for bank credit cards. According to author Yobas (1996), today's world credit is seen as an essential component of daily life when explains the enormous in credit card ownership over the past twenty years.

Anderson (1999) states, internationally most internet trade related payment is performed with the use of a credit card based payment system on the internet (Ibid, p.42). Visa International (2000) states in 1998 over 185 million bankcards were issued in Asia Pacific region alone which accounted for transaction worth over US \$330 billion (Ibid).

Thapa, C. B. (2002) had conducted research on “Prospect and Challenge of Credit Card Business in the Banking Sector of Nepal” with the objectives viz. to find out the prospects and challenges of credit card business in the banking sector of Nepal. Researcher has taken NBL and SCBNL as the sample of the study.

The researcher found that the main problem of credit card business is acceptance infrastructure which takes huge amount of investment to commerce. The credit card business in Nepal depends mainly upon the arrival of tourist and high fixed cost associated with card operation was portrayed as a barrier.

Hada, Sunila (2004) had conducted “Credit Card Practices in Nepal”. In this study researcher had tried to find out the situation of credit card in Nepal at that period considering three banks and the leader bank that led the card business and viability of card business in Nepal. In this research also the researcher had failed to explore the exact situation of credit card business and is only based on secondary data. Hence, the necessity of further study is remained same.

Shrestha, Ranjana (2007) had conducted her study on “credit card business in Nepal with references to HBL. Her study is highly commendable and she had shown significant conclusions and remarkable recommendations for HBL. Her study is more analytical and also attempts to give a slight picture of credit card market in Nepal. However, the study is focuses and deals with only one bank and directed to identify the problems and remedial measures for particular bank.

In this way, the research gap is still remained same. Therefore, this study has been going to be conducted to fulfill that gap as far as possible. And, based on Pokhara, the most famous tourist destination of the country, considering the tourists’ transactions through credit card might be considerable, the study has been done.

CHAPTER-III

RESEARCH METHODOLOGY

Research methodology means a set of methods for the detailed investigation. Research methodology is the way of doing and completing research work. It is the way to solve the research problem systematically. The systematic and well organized way of solving the research problem can be referred to as research methodology. The research methodology methods and techniques are convenient and appropriate for analyzing the data and information collected. This includes personal observation questionnaire distribution, secondary data collection, annual report, previous study, websites of commercial bank etc. Research methodology depends on the various aspects of research projects. The size of project, the objective of project, impact of project in various aspect of human life etc are the variables determine the research methodology of the particular projects.

3.1 Research Design

A research design is a plan or blue print of investigation for the collection and analysis of data. It helps the researcher in the right direction in order to achieve the goal.

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

The research has taken as a development trend of credit card business in Nepal. Therefore the research shows the trend of card business in Nepal. The detail of objective wise data collection plans is mentioned below:-

Table 3.1
Schematic Chart

S.No.	Objective	Tools	Bank	Bank Representative (card issuer/acquirer)	Merchant (card acceptor)	Customer (card holder/user)
1.	<i>To identify the present situation of credit card business in Pokhara.</i>	Survey form	√			
		questionnaire		√	√	√
2.	<i>To determine the major credit card users of Pokhara.</i>	Survey form	√	√		
3.	<i>To identify the perception of card issuer/acquirer, card acceptor and card user towards credit card and its business.</i>	Interview questionnaire		√	√	√
4.	<i>To assess the trends of credit card business of Pokhara.</i>	Survey form	√	√		
5.	<i>To find out the strengths and weaknesses of credit card business.</i>	Interview questionnaire		√	√	√

3.2 Population and Sample Size

There are 26 commercial banks operating in Nepal at present. Out of them 22 are prevailing in Pokhara city. The population of this study refers to the target group on whom we have conducted our research. However, currently there are six commercial banks providing credit card facility, they are: HBL, SCBNL, NIBL, Laxmi Bank, BOK and NABIL banks. The sample banks for

study are the five commercial banks that issue credit card and based on Pokhara sub- Metropolis.
The sample scheme is shown below:-

Table 3.2
Sample Scheme

S.No.	Bank	Participants		
		Bank Representative (Card Issuer/Acquirer)	Merchant (Card Acceptor)	Customer (Card Holder/User)
1.	<i>Himalayan Bank Limited, Pokhara</i>	1	Departmental store, hotel and restaurant, travel agencies and tourism. All together ten.	4
2.	<i>Standard Chartered Bank Nepal Limited, Pokhara</i>	1		16
3.	<i>Nepal Investment Bank Limited, Pokhara</i>	1		2
4.	<i>Nabil Bank Limited, Pokhara</i>	1		4
5.	<i>Laxmi Bank, Pokhara</i>	1		4
6	<i>Bank of Kathmandu, Pokhara</i>	1		6
Total		6	10	36

3.3 Sampling Procedure

Sampling is the process of selecting the sample from the given population. The method of selecting a sample usually depends upon the nature of the investigation. Under different techniques of sampling, judgmental and convenient techniques of sampling are use in this study.

3.4 Source of Data

Each field work needs data and data sources. Data for this study are collected from two sources namely primary and secondary source. As primary source, direct interview and field survey has been conducted to collect data and information from bankers, card holders and merchants. As per study requirements secondary sources had also taken. For this bank' records, books, research reports, journals, brochures and other recorded items were taken.

3.5 Data Collection Tools

This study has used the following types of tools:-

- a. Interview schedule,
- b. Questionnaire index and
- c. Survey Form

3.6 Data Collection Procedure

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

3.7 Methods of Data Presentation, Analysis and Interpretation

As stated earlier, the basic structure of this study is descriptive and analytical as well as. In order to make the study more precise, the data are presented in tabular form. Figures and diagrams are used to clarify and verify the data presented. Various statistical tools are used in this study like mean, standard deviation, covariance and correlation coefficient of sampled banks to evaluate the performance of credit cards business.

CHAPTER – IV

DATA PRESENTATION AND ANALYSIS

This chapter deals with the presentation and analysis of the data collected from various sources. In the course of analysis, data gathered from the various sources has been presented in tabular form. Various tables prepared for the analysis purpose has been shown in the appendix. To some extent, data has been analysed by using some financial and statistical measures.

4.1 Present Situation of Credit Card in Pokhara

The present situation of credit card in Pokhara is in growing trend. The key areas, through which the present situation of credit card has been understood, are categorically explained here. For example banks, brands of card, time of card issuance, acceptance of card, etc.

4.1.1 Introduction of Credit Card Business in Pokhara

The table shown below shows that credit card business started before a decade back. The card business cannot be set up unless there are three basic exponents namely bank (card issuer), Merchants (card acceptor) and customer (card user). Therefore there exponents have been chronologically discussed here.

a. Introduction of Credit Card Business

The table given below shows the introduction of credit card business in Pokhara. At present there are six commercial banks that issue credit card.

Table 4.1
Introduction of Credit Card Business in Pokhara

Bank	Time
SCBNL	A decade back
Laxmi	2006
BOK	2009
NIBL	2005
Nabil	A decade back
HBL	2003

The table 4.1 shows that the credit card business was introduced a decade before in Pokhara via two commercial banks called SCBNL and Nabil. These are the major commercial banks on rank A of NRB list.

b. Introduction of Credit Card Service by Merchant

Another major exponent of credit card business is merchants. Merchants accepts the card and gives services in Pokhara for five years, credit card service has been provided by the merchants.

Table 4.2
Introduction of Credit Card Service in Pokhara

Time	Merchant	Percentage
Less than a year	2	20
More than a year	3	30
More than 5 year	5	50
Total	10	100

The table 4.2 shows that the introduction of credit card service started for 5 years. Out of 10 merchants, 50% have introduced it before 5 years and rests 50% have just started the credit card service to their customers.

c. Time of Credit Card Use by Customer

In Nepal, the credit card business started before 25 years. To know the time of the issuance of the credit card, the respondent cardholders were given three close end options as shown in table 4.3.

Table 4.3
Time of Credit Card use by Customer

Time of use	Respondent in number	Percentage
For 6 months	4	11.11
For a year	20	55.56
For more than 3 years	12	33.33
Total	36	100

Above table shows that out of the 36 cardholders, 55.56% were used their card for more than a year, 33.33% customers were used for more than three years and 11.11% customers have started to use credit card recently. After analyzing the above figure we can conclude that growth of the credit card has been just developing but not so proper.

4.1.2 Major Credit Card Issued in Pokhara: Banks and Brands

There are 26 commercial banks in Nepal and +3 banks are upcoming, most of their head offices and Branch offices are available in Pokhara. Most of the banks were issuing their debit cards and ATM cards for customer service but in case of credit card there are only 6 commercial banks i.e. Standard Chartered Bank Nepal Limited, Nabil Bank Limited, Himalyan Bank Limited, Nepal Investment Bank Limited, Laxmi Bank Limited, Bank of Kathmandu Limited. There are different brands of credit card such as VISA card, Master Card, JCB card, Diner Club card, etc. In case of Nepal, there are only two brands which are most popular they are shown in table 4.4.

Table 4.4

Major Brands of Credit Card Issued by Banks

Banks	Card Issued	
SCBNL	Master Card	VISA Card
Nabil	Master Card	VISA Card
HBL	Master Card	VISA Card
NIBL	-	VISA Card
Laxmi	-	VISA Card
BOK	-	VISA Card

Source: Field Survey, 2066

Table 4.4 clearly shows that all of six banks are issue VISA card but only three banks are issue Master card. In comparison of the given data it can be said that VISA card is the most popular in context of Pokhara.

4.1.3 Major Brand of Credit Card Accepted by Merchant in Pokhara

There are different brands of credit card such as VISA card; Master Card, JCB card, Diner Club card, etc. however, there are only three types of credit card accepted by merchants. The brands of the credit card accepted by the merchants are shown in table 4.5.

Table 4.5
Major Brand of Credit Card Accepted by Merchant

Cards	Merchant	Remark %
VISA	10	100
Master	10	100
JCB and other	3	30

Source: Field Survey, 2066

Table 4.5 shows that out of 10 respondents all merchants accept VISA and master card. But only 30% merchant accepted JCB card, American express, dinner club card, etc.

4.1.4 Major Brand of Credit Card Acquired by Customer in Pokhara

There are only two brands of credit card i.e. Master card and Visa card issued by the banks in Pokhara. The table 4.6 presents the brands of card acquired by customers.

Table 4.6
Major Brand of Credit Card Acquired by Customer

Brand	Respondent in number	Percentage
Master	6	16.67
VISA	30	83.33
Other	0	0
Total	36	100

Table 4.6 clearly shows that 83.33% cardholders have VISA card and 16.67% cardholders have Master card. The table clearly shows that, majority of the respondents have VISA card which, means VISA card is preferred by the respondents.

4.1.5 Purpose behind Introduction of Credit Card in Pokhara

The credit cards have been introduced by several commercial banks listed below. The purposes behind introducing such cards are presented below.

Table 4.7
Purpose behind Introduction of Credit Card Business

Bank	Purpose
SCBNL	Entirely business purpose
Laxmi	For additional service
BOK	To provide latest banking service
NIBL	To serve customer
Nabil	For Safety and easy service
HBL	To service and earn profit

As per table 4.7, out of 6 respondents, all they have their own purpose behind introducing credit card. Among all six respondents there are certain motive for which they are issuing credit card service to their customers.

Reason for Acquiring Credit Card by Customer

To find out the reason for acquiring credit card by customer, cardholder were given four close end options as shown in table 4.8

Table 4.8
Reason for Acquiring Credit Card by Customer

Reasons	Respondent in number	Percentage
Market Trend	10	27.78
Need for Customer	6	16.67
Convenient and Safety	14	38.89
Other	6	16.67
Total	36	100

As per table 4.8, out of 36 respondents, 27.78% acquire credit card because of increasing market trend, 16.67% decide to acquire card because they need credit facility, 38.89% decide to acquire card because of convenience and safety and 16.67% acquire card for various other reasons. Hence, it can be seen that majority of the customer acquire card for convenience and safety as well as keep up with market trend, need and other.

4.1.6 Credit Card Service in Pokhara

a. Places of Usage of Credit Card Service

In the context of Pokhara there are not proper places where use of card facility entertained. There are very limited places such as café, hotel, departmental stores and travel agency where card service has been accepted. To find out the places where card generally uses, customer were given option which shown as table 4.9

Table 4.9
Places of Usage of Credit Card

Places	Respondent in number	Percentage
Café	2	5.56
Hotel	2	5.56
Departmental Store	20	55.56
Travel Agency	4	11.11
Other	8	22.22
Total	36	100

As per table 4.9, out of 36 respondents 5.56% use their card in café, same percentage use their card at hotel and restaurant, 55.56% respondents use their card in departmental store, 11.11% use their card in Travel agency and 22.22% use their card in other places. This figure shows that most of the card holders use their card in departmental store.

a. Buying Nature of Customers

Above analysis shows majority of the customer use their card in departmental store. In context of Pokhara, some limited departmental stores have been set up where card facility is available. So, to determine the buying nature, costumer were given three close end options in table 4.10

Table 4.10
Buying Nature of Customers

Place	Respondent in number	Percentage
Binayak	18	50
Saleways	8	22.22
Other	10	27.78
Total	36	100

As per table 4.11, out of 36 respondents having credit card, 50% of them use their card at Binayak supermarket, 22.22% of them use card at saleways supermarket and 27.78% of them use their card at other supermarkets and stores.

b. Appropriate Media for Credit Card Business

Media play the vital role to enhance the credit card business. People can get information about credit card from different media. To identify the appropriate media for card business, cardholder were given four close end options as shown in the table 4.11

Table 4.11
Appropriate Media

Media	Respondent in number	Percentage
Print Media	10	27.78
Electronic Media	13	33.33
Broadcasting Media	6	16.67
Other	8	22.22
Total	36	100

As per table 4.11, it is found that out of 36 cardholders, 33.33% were are come to know about credit card through electronic media, 27.78% , 16.67% and 22.22% of them come to know about print media, broadcasting media and other media respectively.

4.1.7Trend of credit card Business in Pokhara

c. Frequency of Credit Card use for Payment in Purchase

In our country credit card cannot be used for making payment of regular expenses such as school fee, fancy store, *kirana pasal*, hospital bill, bank deposit, etc. Only few hotels, departmental stores travel agencies are accepting credit card. To determine the frequency of credit card use for payment in purchase, cardholders were given five close end options as shown in table 4.12

Table 4.12

Frequency of the Use of Credit Card as a Mode of Payment in Purchase

Time of use	Respondent in number	Percentage
Once a week	4	11.11
Twice a week	6	16.67
Every day	0	0
Once a month	10	27.78
Occasionally	16	44.44
Total	36	100

Table 4.12 shows that out of 36 cardholders most of the respondents use their card occasionally i.e. 44.44%, 27.78% cardholders use their card once in a month, 16.67% cardholders use their card twice in a week, 11.11% cardholders use their card once in a week and no one card holder use their card every day. By analyzing the above figure use of credit card is not so familiar due to the lack of easy acceptance.

4.2 Major Credit Card Users in Pokhara

To find out the major type of credit card users, the questionnaires were distributed to the respondents to obtain the information. The number of questionnaire distributed were 100, out of which 36 cardholders, 10 merchants, 6 bank representatives and 6 survey forms were duly filled and returned. The following information about the Cardholder has been obtained.

a. Gender of the Cardholders

The sample cardholders of the study were both male and female. So, out of 36 respondents how many respondents were male and how many were female is shown in table 4.13

Table 4.13
Gender Distribution of Cardholder

Gender	Respondent in number	Percentage
Male	32	88.89
Female	4	11.11
Total	36	100

Fig.4.1

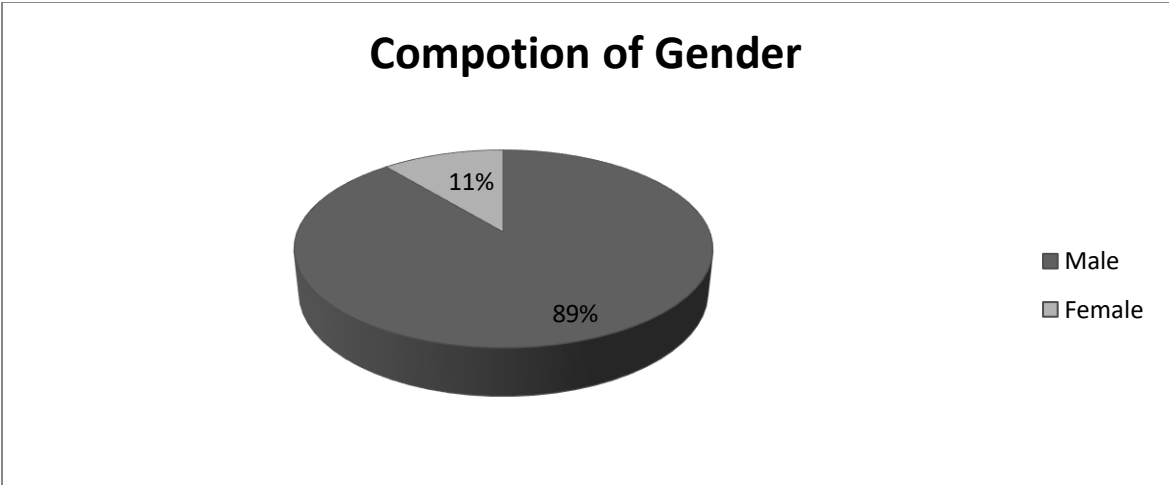


Table 4.13 and Fig. 4.1 shows, out of the respondents 88.89% were male and 11.11% were Female. The above data clearly shows that the majority of the respondents were male.

b. Age Distribution of Cardholders

In Nepalese Bank, for getting the Credit Card age should be at least 18 years. To find out the age group of the cardholder, respondents cardholder were categorized in to three different group is shown in table 4.14

Table 4.14
Age Distribution of the Customers

Age	Respondent in number	Percentage
18below	0	0
18-25	10	27.78
26-35	14	38.89
35 above	12	33.33
Total	36	100

Source: Field Survey

Table 4.14 shows that 27.78% cardholder under the age group 18 -25years, 38.89% cardholder under the age group 26-35 and 33.33% cardholder under the above 35years. This shows majority of the cardholder are under the 26-35 year age group.

c. Education Level of the Customer

There is no educational boundary to get credit card. Educational level of the cardholders are categorized in to four category is shown as table 4.15

Table 4.15
Education Level of the Customer

Educational background	Respondent in number	Percentage
Under SLC	0	0
Intermediate	2	5.56
Bachelor	12	33.33
Master	22	61.11
Total	36	100

Above table and Fig. shows 5.56% cardholders were Intermediate level, 33.33% cardholders were Bachelor level and 61.11% cardholders were Master level and above. This shows majority of the cardholder were Master level and above and no one respondent was under SLC level.

d. Income Level of the Customer

In Nepalese context, to be a Credit Cardholder customer's monthly income should be Rs.10000/- and above. Here respondent's income classified in to four different categories as shown in table 4.16

Table 4.16
Income Level of the Customer

Monthly Income (in Rs.)	Respondent in number	Percentage
Less than 10000	0	0
10000-20000	18	50
20000-30000	10	27.78
30000 above	8	22.22
Total	36	100

Table 4.16 shows that 50% of the cardholders' monthly income is Rs.10000-20000, 27.78% respondents' monthly income is Rs.20000-30000 and 22.22% respondents' monthly income is Rs. 30000 above. After analyzing the above table, it can be concluded that credit card are mostly used by those persons who have monthly income of Rs.20000 to Rs.30000.

e. Profession of Card holder

The professions of the respondent cardholders are categorized into 5 different categories as shown in table below.

Table 4.17
Profession of Card holders

Profession	Respondent in number	Percentage
Students	0	0
Personal Business	4	11.11
Service in public sector	2	5.56
Service in private sector	22	61.11

Other	8	22.22
Total	36	100

The table clearly shows that out of 36 respondents, 11.11% respondents are involve in their business, 5.56% respondents were involved in service in public sector, 61.11% respondents are involved in service in private sector, 22.22% involve in other professions and no one of them are pure students.

4.3 Perception towards Credit Card and Its Business

As per objectives of the study, researcher's attempted to find out the present perception of the respondents towards credit card business. In this respect researcher has asked several closed ended and several open ended questions to the respondents. The three tables presented below have shown the perception of the respondents towards credit card and its business.

Table 4.18

Banker's Perception on Present Situation of Credit Card Business

Banks	Perception
SCBNL	Tremendous Scope
Laxmi	Healthy growth
BOK	Increasing slowly
NIBL	Rapidly growing
Nabil	Growing slowly
HBL	Very low / unsatisfactory

Nepal has started card business after 35 years of business begin in the world. So credit card is a quite new concept for Nepalese and most of the people are not aware of it. So, to find out the perceptions about credit card, customer were given three options which are shown in the table 4.19

Table 4.19

Cardholders' Perception on Using Credit Card

Perception	Respondent in Number	Percentage
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Very Convenient	14	38.89
Convenient	22	61.11
Difficult	0	0
Total	36	100

As per table 4.19, out of 36 respondents 61.66% found convenient, 38.89% found very convenient and no one of them found difficult. Above figure shows majority of the cardholders are familiar about it.

Table 4.20
Perception of the Banks on Credit Card Business

Perception	Bankers Number	Percentage
Very Convenient	3	50
Convenient	3	50
Difficult	0	0
Total	6	100

As per table 4.20, out of 6 respondents 50% have their perception on very convenience and 50% have the perception on convenience of the card business. The figure shows that there are still some problems to be solved by the banks in order to make the card business effective.

4.3.1 Influencing Factor to Take Credit Card

We can get information about credit card from different sources such as media, friends, relatives etc. those are the factor which influence to take credit card, these factors were categorized in to four group which shown in table 4.21

Table 4.21
Influencing Factor to Take Credit Card

Factor	Respondent in number	Percentage
Media	2	5.56
Income	6	16.67
Bank	20	55.56

Other	8	22.22
Total	36	100

Table 4.21 shows that 5.56% respondents were influenced by media, 16.67% are influenced by their own income, 55.56% are influenced by bank and bank staff and 22.22% are influenced by other factors such as easy, for goodwill etc. It can be concluded that most of respondents are influenced by the bank and bank staff and other factor to take credit card.

Influencing factor in taking credit card from a particular bank

There are only six commercial banks who were issuing credit card. Different respondents issued their credit from different bank. There are different reasons to take credit card from a bank such as business relation, reputation of the bank, more credit limit, low interest charge, etc. To identify the reason to issue credit card from a particular bank are categorized in four groups which are shown in the table 4.22

Table 4.22

Influencing Factor to Take Credit Card from a Particular Bank

Factor	Respondent in number	Percentage
Business Relation	18	50
Reputation of the Bank	8	22.22
More Credit Limit	2	5.56
Low Interest Charge	8	22.22
Total	36	100

Table 4.22 shows that majority of the respondents who issue credit card from a particular bank is business relation which is 50%, another important factor is reputation of the bank which is 22.22% responses and another equally important factor is low interest charge and low credit limit is less important factor which has 5.56% responses.

4.3.2 Contribution of Credit Card on Business

The purpose of issuing credit card is to enhance income. But how much contribution does the card business given question has been asked to the bank representative shown in the table below.

Table 4.23

Banker's Perceptions toward Credit Card Increase the total Business

Opinion	Bank	Percentage
Strongly Agree	0	0
Agree	6	100
Disagree	0	0
Total	6	100

As per table 4.23, banker's perception toward credit card is found positive. All six banks were agreed on the fact that credit card can increase the total business of an enterprise.

4.3.3 Is Credit Card Leads a Growth in Consumption?

On the question – is credit card leads a growth in consumption? Most of the respondents are agreed that credit facility gives more purchasing power to the customer. It is found that credit card pay better leads a growth in consumption. But there may be different views of cardholders on use of credit card and its impact on consumption. To know the concept of credit card facility over consumption a question was asked to the cardholders. The cardholders were given three options as shown in table 4.24

Table 4.24

Cardholder's Perception on Use of Credit Card Leads a Growth in Consumption

Perception	Respondent in number	Percentage
Strongly Agree	10	27.78
Agree	20	55.56
Disagree	6	16.67
Total	36	100

As per table 4.24, out of the 36 respondents cardholder majority of the cardholder ie.55.56% are agreed, 27.78% cardholder are strongly agreed, and 16.67% cardholder were disagreed that use of credit card leads a growth in consumption.

Table 4.25

Banker's Perception on Use of Credit Card Leads a Growth in consumption

Perception	Bank	Percentage
Strongly Agree	0	0
Agree	6	100
Disagree	0	0
Total	6	100

To know whether credit card leads a growth in consumption banker's have the different opinions. As per table 4.25, all six banks representatives agreed on the fact that credit card business leads a growth in consumption.

4.3.4 Risk on Using Credit Card

a. Card holder's Perception about Risk on Carrying a Credit Card

Generally, people think that carrying a credit card has certain risks attached to it. So, the cardholders were asked a question as do you agree that carrying a credit card is risky? To determine this they were given three close end options as shown in table 4.26

Table 4.26

Card Holder's Perception about Risk on Carrying a Credit Card

Opinion	Respondent in number	Percentage
Strongly Agree	0	0
Agree	16	44.44
Disagree	20	55.56
Total	36	100

As per table 4.26, out of 36 respondents 44.44% cardholders are agreed, 55.56% customers are disagreed and no one of them are strongly agreed on carrying a credit card is attached with certain risks. So, it can be concluded that most of them believe that there is risk on carrying a credit card.

b. Banker's Opinion about Risk on Carrying a Credit Card

The question - is carrying a credit card at risk?, asked to the card issuers/banker's. They have their responses as shown below:

Table 4.27
Banker's Opinion about Risk on Carrying a Credit Card

Opinion	Bank	Percentage
Strongly Agree	0	0
Agree	0	0
Disagree	6	100
Total	6	100

As per table 4.27 all the six respondents are not agreed with the question. So it can be concluded that bankers have the clear perception that there is no risk on carrying a credit card.

4.3.5 Growth of Credit Card Business in Pokhara

To find out the growing trends of credit card business, researcher has asked some questions to the merchants (service provider) and banks (card issuer). The perceptions of the respondents are presented below.

Table 4.28
Perception of Merchant towards Credit Card

Growth	Merchants	Percentage
Increasing	6	60
Constant	1	10
Decrease	3	30
Total	10	100

Table 4.29

Perception of Banks towards Growth of Credit Card Business

Growth	Banks	Percentage
Rapid	0	0
Normal	4	66.67
Low	2	33.33
Total	6	100

The above tables clearly show that according to the merchant and banker credit card business in Pokhara has been increasing. Both of them have the same perception towards the growth of card business in Pokhara.

4.3.6 Necessity of Credit Card Business at Present Situation

To know about the necessary of credit card for presents business development. A separate question asked to the cardholders. The represents given by them are as shown below:

Table 4.30

Perception of merchants toward necessity of credit card

Reason	Merchants	Percentage
Demand of customer	4	40
Tourism facility	2	20
Safety and easy	3	30
Other	1	10
Total	10	100

As per table 4.30 most of the merchants i.e. 40% are agreed that credit card is necessary to fulfill demand of the present customer. Similarly 30% says for safety and easy exchange good and services, 20% of them say to enhance tourism and rest says for various purposes credit card is necessary.

4.4 Trends of Credit Card Business in Pokhara

To find out the trends of credit card business, the researcher has collected data from the selected banks. The three year's data were taken to analyze the trends of card business. The present market share of the banks and card business future prospects has also been analysed.

4.4.1 User Trends of Credit Card in Pokhara

The credit card business is in an initial phase in Nepalese market. Hence, the users of credit card are subsequently low. The following table shows the number of credit card user of the banks: SCBNL, Nabil, HBL, NIBL, Laxmi and BOK for the past 3 years

Table 4.31

User Trend of Credit Card Business of Pokhara

Year	SCBNL	Nabil	HBL	NIBL	Laxmi	BOK	Industry
2007	624	431	200	124	48	-	1427
2008	700	450	150	160	50	-	1510
2009	800	400	175	130	7	33	1545
Total	2124	1281	525	414	105	33	4482
Mean	708	427	175	138	35	33	1494
Growth	13.25%	-3.3%	-4.15	5%	-40.9%	-	4.5%
Standard Deviation	71.22	20.6	20.41	14.99	19.82	-	49.48
Coefficient of Variance	10%	4.83%	11.7%	10.86%	56.6%	-	3.31%
Market share of 2009	51.78%	25.89%	11.33%	8.41%	0.45%	2.14%	100%

Graph 4.2

User Trend of Credit Card Business of Pokhara Showing on a Histogram

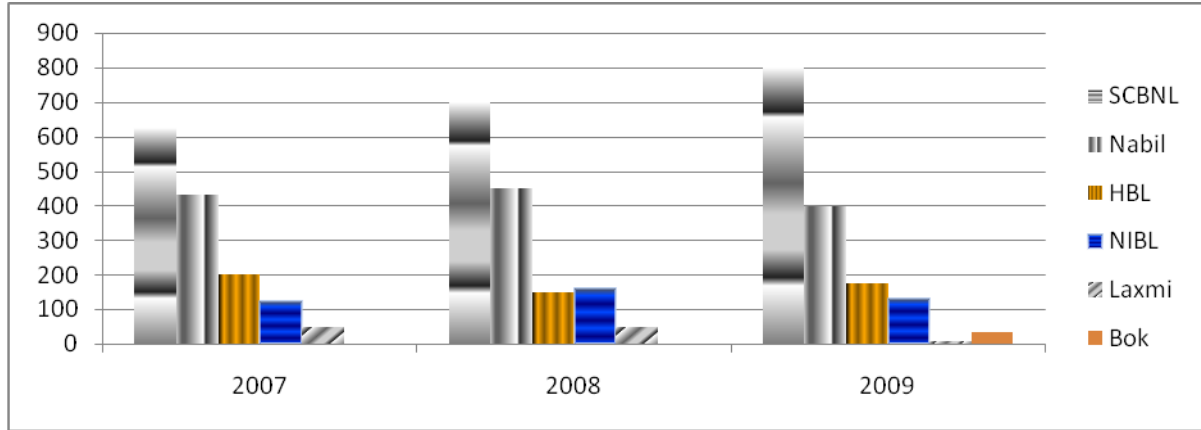
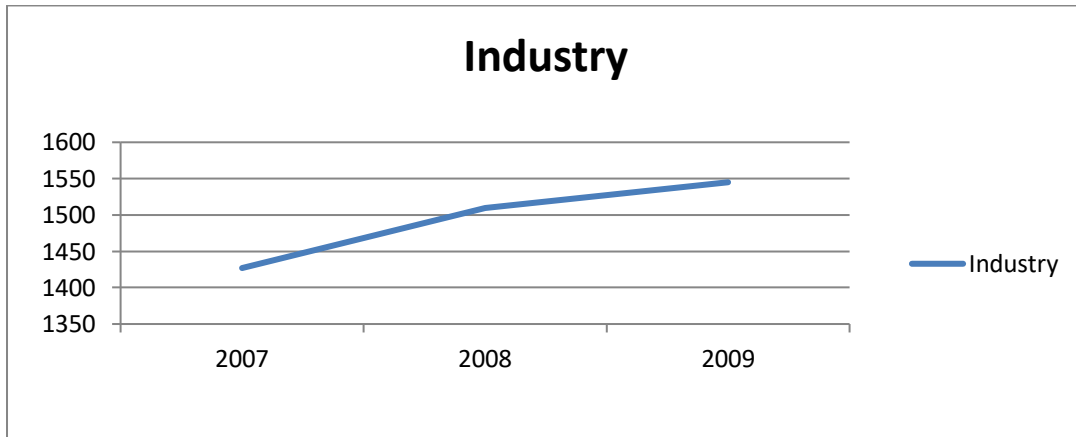


Figure 4.3

Credit Card User Trend of Industry (2007 – 09) Showing on a Curve



The above table shows the trend of card user of SCBNL, Nabil, HBL, NIBL, Laxmi, BOK and Industry are 708, 427, 175, 138, 35 and 33 respectively. In comparison among six banks, SCBNL has the highest number of card user. Similarly annual growth rate of banks: SCBNL, Nabil, HBL, NIBL, Laxmi, and Industry are 13.25%, - 3.3%, - 4.15%, 5%, -40.9% and 4.5% respectively. SCBNL has the highest growth rate among the six banks and Laxmi bank has the lowest growth rate i.e. - 40.9%.

Standard deviation shows the volatility of the user trend. From above data, the standard deviation of SCBNL, Nabil, HBL, NIBL, Laxmi and Industry are 71.22, 20.60, 20.41, 14.99, 19.82, and 49.48 respectively. This shows NIBL has the highest volatility among six banks.

The coefficient of variance measure the risk of business, higher the C.V. higher the risk, lower the C.V. lower the risk of business. From above data, the coefficient of variance of sample banks SCBNL, Nabil, HBL, NIBL, Laxmi and Industry are 10%, 4.83%, 11.7%, 10.86%, 56.6% and 3.31 respectively. This shows laxmi bank has the higher risk and Nabil has the lowest risk which is greater than industry risk

4.4.2 Present market share held by the different banks

In context of Nepalese credit card business, SCBNL, Nabil, HBL, NIBL, Laxmi and BOK are involved. Market share held by different banks are presented in case of number of credit card user is shown in figure 4.32

Figure 4.4

Market Share of Banks In Terms of Number of Cardholder for the Year 2009/10

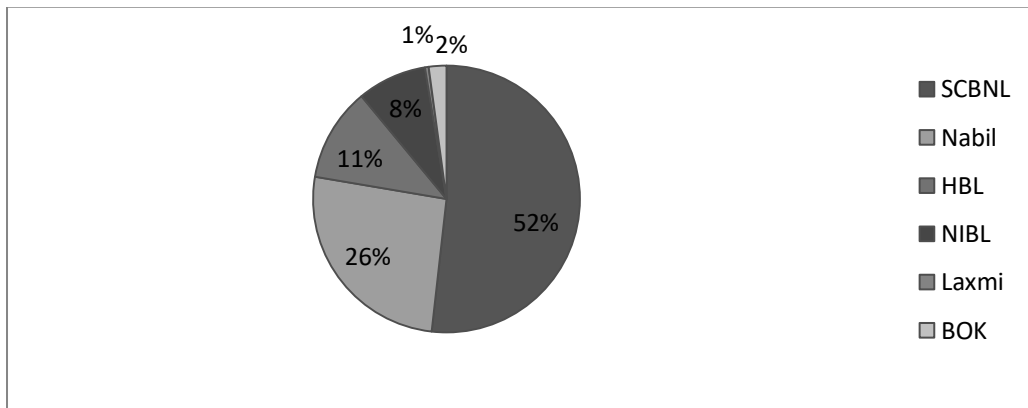


Figure 4.35 shows the market share of different banks involved in credit card business. In case of number of cardholders of SCBNL, Nabil, HBL, NIBL, Laxmi and BOK are 51.78, 25.89, 11.33, 8.41, 0.45, and 2.14 percent respectively. SCBNL has the highest percentage and Laxmi bank has the lowest percentage among these banks concerning card business.

Correlation Analysis

Correlation coefficient helps to the find the relationship between variable and how they move together. In this study relationship between different bank and industry in case of cardholder is as follows.

Table 4.32

Correlation Analysis between Banks and Industry

SCBNL	Nabil	HBL	NIBL	Laxmi
-0.10	-0.417	-0.685	0.396	-0.70

Table 4.32 shows negative degree of correlation of SCBNL with Industry, Nabil with Industry, HBL with Industry and Laxmi with Industry are -0.10, -0.417, -0.685, -0.70 respectively and positive degree of correlation 0.396 NIBL with Industry.

4.4.3 Trend Analysis of Card Business In Future

The common method to describe the trend is the method of least square which helps us to know about the movement of variables and by using this tool the future value can be predicted. Projected value of different banks for the year 2009/10 is shown as table 4.37

Table 4.33

Projected Values of Different Banks for the Year 2010

Tools	SCBNL	Nabil	HBL	NIBL	Laxmi	Industry
No of cardholder	884	396	150	144	-6	1612

As per table 4.33, we found no of cardholder of SCBNL, Nabil, HBL, NIBL, Laxmi and Industry are 884, 396, 150, 144, -6 and 1612 respectively.

4.5 Strength and Weakness of Credit Card Business

During the study, some questions were asked to the respondents to know the strengths and weaknesses. The results found as given below.

Table 4.34
Merchant's View

Strength	Weakness
Easy to pay	Wait for cash
Transaction increase	Fraud problem
Easy to transaction	Machine problem
Safety and comfort	High charge
Change lifestyle	Bank problem
Solve currency problem	Electricity problem

As per table 4.34 there are strengths and weaknesses of credit card operation. During study researcher has asked some open ended questions to the respondents. Most of the respondents said that credit card has made the business transaction easy though there is to some extent possibility of fraud and other technical problem.

4.6 Major Problems Occur in Credit Card Operation

It is the quite new concept in Nepalese context, so there are many types of problems may be created. So to find out the problem in first customer were given yes or no option about problem encountered as shown in table 4.35

Table 4.35
Problem Occurred

Problems	Respondent in number	Percentage
Yes	18	50
No	18	50
Total	36	100

As per table 4.35, out of 36 respondents 50% of them found problem and 50% of them have not found any problem yet now. However, in Nepalese context, people are not aware about such a technology, so there are many types of problems created such as network problem, electronic

problem, POS machine problem, etc. To determine the types of problems customer were asked question about problem according to their view, problems are shown in table 4.36

Table 4.36
Types of Problem Encountered by Customer

Problem	Respondent in number	Percentage
Credit card lost	2	5.56
Card not accepted by merchant	14	38.89
Card not accepted by POS machine	20	55.56
Total	36	100

As per table 4.40, out of the 36 respondents most of the cardholder were faced by the problem not accepted by the machine which is 55.56%, 38.89% respondents were faced card not accepted by merchant, and 5.56% respondents were faced credit card lost problem.

4.7 Findings of the study

The findings of the study are as follows:

- 4.7.1 There are six commercial banks namely SCBNL, Nabil, HBL, NIBL, Laxmi and BOK in Pokhara who issue credit card for their customers.
- 4.7.2 The major brands of credit card that issued in Pokhara are Master card and VISA card.
- 4.7.3 The major merchants that accepts credit card in Pokhara are departmental store, Hotel and Restaurants, Travel agency and Tourism.
- 4.7.4 The majority of the card holders are male who apprised 89% out of 36 respondents.
- 4.7.5 The cardholders category based on different age group constitutes 28% 15 to 25 age group, 39% 26 to 30 and 33% 30 above.
- 4.7.6 The qualification of the cardholder are 6% intermediate 33% bachelor, 61% master and above.
- 4.7.7 The income breakdown of the studies cardholders are found as 10 thousand to 20 thousand monthly income 50%, 20 thousand to 30000 thousand 28% and 23% have more than 30 thousand per month income.

- 4.7.8 Among the profession of the cardholder 61% services in private sector, 6% service in government sector and 11% personal business and rest constitute other professions.
- 4.7.9 Based on 36 sample respondents of the study there are 89% male and 11% female card user found in Pokhara.
- 4.7.10 Among the age-wise break down of the sample card user is none of them are 18 years below, 28% of them are 18 to 25 age, 39% of them are 26 to 35 age and 33% of them are 35 above age.
- 4.7.11 The education-wise break down of the respondents is as below SLC none, 6% intermediate, 33% bachelor, and 61% are master above.
- 4.7.12 The income level of the customer is none of them have below Rs. 10 thousand per month, 50% have Rs. 10 to 20 thousand per month, 28% of them have Rs. 20 to 30 thousands per month and 22% of the have Rs. 30 thousands and more income per month.
- 4.7.13 The profession of the card holder is as- none of them are students, 11% of them have business, 6% have government service, 61% have private service, and 22% have other profession.
- 4.7.14 Bankers have different perception towards credit card business. Some of them says, credit card business growing slowly, some of them say growing rapidly and some say growing unsatisfactorily.
- 4.7.15 According to the card holders' perception 61% perceived it as convenient and rest 39% say very convenient.
- 4.7.16 According to the merchant (service provider) 50% of them say it is very convenient and rest say only convenient.
- 4.7.17 According to cardholders, banks influence them to take credit card on which 56% are agreed, 17% influenced by their income, 6% by media and rest 22% from other services.
- 4.7.18 The factors that effect to take credit card from a particular bank are on business relation 50%, reputation of the bank 22%, more credit limit 6% and low interest charge 22%.
- 4.7.19 According to the banker's perception, 100% of them perceived that credit card business has the vital contribution on their business.
- 4.7.20 On a question – Does credit card leads a growth on consumption? 56% of them agreed, 28% strongly agreed and 17% disagreed.

- 4.7.21 Most of the cardholders (56%) are not agreed on carrying a credit card on risk but rests of them are not agreed.
- 4.7.21 According to the merchant, growth of credit card is increasing on which out of 10 respondents 60% are agreed on increasing, 10% constant and 30% say decreasing whereas 67% bankers say normal and 33% say slowly increasing.
- 4.7.22 The analyzed data shows that the credit card business is increasing slowly. In comparison of among six banks SCBNL, Nabil, HBL, NIBL, Laxmi and Industry are 13.29%, -3.3%, -4.15%, 5%, -40.9% and 4.5% respectively.
- 4.7.23 SCBNL bank has the highest and Laxmi has the lowest growth rate. Standard deviation shows that the volatility of the user trend. From the given data, the standard deviation of SCBNL, Nabil, HBL, NIBL, Laxmi and industry are 71.22, 20.60, 20.41, 14.99, 19.82 and 49.48 respectively.
- 4.7.24 SCBNL bank has the highest and NIBL has the lowest volatility among six banks.
- 4.7.25 The coefficient of variance measure the risk of business. The higher CV means higher the risk. From the analysis of the given data the coefficient of variance of the sample banks SCBNL, Nabil, HBL, NIBL, Laxmi and Industry are 10%, 4.83%, 11.7%, 10.86%, and 3.31% respectively.
- 4.7.26 The figure shows that Laxmi bank has the higher and Nabil has taken the lower risk.
- 4.7.27 The present market share held by the sample banks based on cardholders, are SCBNL, Nabil, HBL, NIBL, Laxmi and BOK are 51.78%, 25.89%, 11.33%, 8.41%, 0.45% and 2.14% respectively.
- 4.7.28 SCBNL has the highest and Laxmi has the lowest market share.
- 4.7.29 To find out the relationship between banks and industry, correlation analysis has been carried out. The result shows that only one bank i.e. NIBL has the positive and rest all have negative relationships with the industry.
- 4.7.30 From the future prospects, among projected value of different banks, SCBNL has the highest value i.e. 884 and Laxmi has the lowest i.e. -6 and industry has 1612.
- 4.7.31 According to the merchant the strengths of the credit card are easy to pay, safety and comfort, easy in transaction and weaknesses are possibility of fraud, machine, high charge, etc.
- 4.7.32 Based on card holders' responses, there is an equal chance of problem occurrence.

4.7.33 According to the cardholder, the major problems are: card not accepted by POS machine, 56% of the respondents accept this problem, 39% cardholders say cardnot accepted by merchant and 6% say there is chance of credit card loss.

CHAPTER – V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

This chapter discusses about the Summary, conclusions and Recommendation of the study. The first section summarizes the whole study, the second section draws the conclusion and the last section forwards the recommendations and suggestions.

5.1 Summary

Banking sectors can play vital role for the economic development of the country. It intends to collect scattered idle funds from depositors and invest to the productive sector. They offer different types of products and services such as deposit collection, foreign exchange, fund transfer, issuance and acceptance of letter of credit, issuance and acceptance of guarantees, safe deposit lockers, remittance, lending (Personal and Business) and issuance of credit card, debit card and Automated Teller Machine (ATM) cards. This study is based on credit card business.

Credit card is an instrument of payment used to pay the price of payment, goods and services instead of cash or cash item, while repayment could be done after a fixed time or period of time. In Nepal, Apline Travel Services Pvt. Ltd. first obtained the license from VISA and Master Card International in 1985 A.D and started credit card business for the first time. At present, many developed countries entered in to cashless transactions. Credit card is the synonym for cash. Credit card is not only used to make purchase but a range of other services are also available i.e. cash advance, utility payments, securing all the security data, privilege award, etc and most prominently, above all it is very helpful to cope with emergency situations.

The six banks which involved in credit card business of Nepal are SCBNL, Nabil, HBL, NIBL, Laxmi and BOK. This study deals with their present condition in terms of card issuance, cardholder's perceptions towards credit card facility and merchants' services are also analyzed in this research. For the analysis of data standard deviation, correlation and trend analysis are used as statistical methods. Due to unavailability of financial and other vital data due to confidentiality maintained by the banks, a complete picture could not be drawn. However, with

the help of direct interview and questionnaire tools, the outcomes are achieved and hence presented in appropriate tables and figures which, shows the current situations and future prospects of credit card business in Nepal.

Risk is the major elements of any kind of business. Card business is also a risky business. Through profitably is very high, the default changes from cardholder is also very high because card are issued merely on the basis of salary sheet and few identification documents unlike in foreign countries where people can be easily traced by their identification number or tax code. Among the six, CV and SD show that banks SCBNL has the highest risk in case of card issuance in comparison to other banks.

Correlation shows the relationship between two or more variable. In this study, card user and industry are correlated. Analyzing the result, it is found that SCBNL, Nabil, HBL and Laxmi banks are found to be negatively correlated whereas NIBL correlated positively. Similarly, growth rate or movement of card business is different from each other. SCBNL has the highest growth and Laxmi bank has the lowest growth rate.

Though credit card business started about a decade early in Nepal, the industry has not been able to fully equip in the recent market. Credit card business remains only in the alcove area in banking where very few of them have started to take up in recent market. However, the study show that at present the trends of credit card business is growing slowly. So, we can say that there is brighter side in the credit card business from the future prospects.

5.2 Conclusion

The researcher has carried out five objectives viz. to find out the situation of credit card business; to find out its users, perception towards it, assess and analyse its trends and to find its strengths and weaknesses. As per objectives fostered in the study, all the objectives have been achieved successfully. In finding the present situation, the card business is slow in growing trend. As per card user of the market, most of them are male from the gender point of view. Professionally, most of the customers have service in private sector. Most of the users have the age between the

range twenty five to thirty five. The income levels of the most users have ten to twenty thousand per month. Most of the customers highly educated.

Most of the respondents perceived credit card as a convenient means of business. Credit card has a vital role in enhancing consumption and gives contribution on overall business. Electronic media has the central role in credit card business. There are some technical and behavioural problems frequently occur in the credit card operations. Mainly POS machine problem and sometimes merchants do not accept card.

The trend of credit card business in Pokhara is not satisfactory. Most of the bankers have negative growth rate. To sum up, to equip credit card business from the present situation, governments, bankers and merchants have to do plenty of changes in coming days.

5.3 Recommendation

The credit card business at present situation in Pokhara is not satisfactory. The card user trend is going slowly. So major stakeholders involved in it should rethink seriously.

A decade long period of credit card history of Pokhara is found just formality and means of advertisement of standard. There is utmost necessity to adopt vital steps to introduce credit card in market.

Only two brands: VISA and Master card are given preference in Pokhara that are helpful in transaction mainly Nepal and India. Other types of card can be introduced in order to provide better service to the customers.

Credit limit is expensive for Nepalese standard so it should be reduced.

Most of the card users are male so female should encourage acquiring credit card. The gender balanced programme on credit card business should be launched by the bankers.

Credit card users of personal business are found very low. So programme should be made considering the persons who involved in business.

The transaction through credit card is very low so to encourage its use POS machine should be installed in governmental and private business areas.

Most of the cardholder and businessmen say credit card is very convenient means of transaction. So, bankers should take the productive initiative toward issuing credit card.

Electronic media are found to be effective means to enhance credit card business so in order to make it more efficient and effective media should be used properly.

Most of the users are credit card on limited places i.e. departmental stores, travel agency, hotel and café. To make it wide policy maker and stakeholder should initiate search new area.

All bankers say credit card business has the vital role in increasing total business but as per their saying they do not have any effective programme towards it, so they need to do something innovative action towards it.

Study shows that credit card also leads a growth in consumption so industrial sections have suggested investing in this sector.

Most of the customers say while using credit card there are problems of not accepting card by machine and merchant. So to give customer satisfaction merchant (service provider) should manage quality in machine and methods.

The credit card business has equal strengths and weakness at present, so to enhance its strengths side. Bankers (card issuer and acquirer) merchants (service provider) and customer (Cardholder) should come to sit at a place and do better for its bright future.

The statistical analysis: S.D. C.V. and correlation analysis shows that there is not good situation of credit card business at present. Most of the balance have negative growth trend so, in order to make it positive stakeholders i.e. governments banks, merchant should initiate serious action in coming future.

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APPENDICES

Appendix – 1

Calculation of Standard Deviation and C.V. of SCBNL

Year	NO of Cardholder (X)	X - \bar{X}	(X - \bar{X}) ²
2006/2007	624	-84	7056
2007/2008	700	-8	64
2008/2009	800	92	8100
	$\sum X = 2124$		$\sum (X - \bar{X})^2 = 15220$

$$\bar{X} = \frac{\sum X}{n}$$

$$= \frac{2124}{3} = 708$$

$$\text{Standard Deviation } (\sigma) = \sqrt{\frac{\sum (X - \bar{X})^2}{n}} = \sqrt{\frac{15220}{3}} = 71.22$$

$$(\sigma) = 71.22$$

$$\text{Coefficient Variance (C.V)} = \frac{\sigma}{\bar{X}} = \frac{71.22}{708} = 0.100 = 10\%$$

Calculation of Standard Deviation and C.V. of Nabil Bank

Year	NO of Cardholder (X)	X - \bar{X}	(X - \bar{X}) ²
2006/2007	431	4	16
2007/2008	450	23	529
2008/2009	400	-27	729

	$\sum X = 1281$		$\sum (X - \bar{X})^2 = 1274$
--	-----------------	--	-------------------------------

$$\bar{X} = \frac{\sum X}{n}$$

$$= \frac{1281}{3} = 427$$

$$\text{Standard Deviation } (\sigma) = \sqrt{\frac{\sum (X - \bar{X})^2}{n}} = \sqrt{\frac{1274}{3}} = 20.60$$

$$(\sigma) = 20.60$$

$$\text{Coefficient Variance (C.V)} = \frac{\sigma}{\bar{X}} = \frac{20.60}{427} = 0.0483 = 4.83\%$$

Calculation of Standard Deviation and C.V. of HBL

Year	NO of Cardholder (X)	$X - \bar{X}$	$(X - \bar{X})^2$
2006/2007	200	25	625
2007/2008	150	-25	625
2008/2009	175	0	0
	$\sum X = 525$		$\sum (X - \bar{X})^2 = 1250$

$$\bar{X} = \frac{\sum X}{n}$$

$$= \frac{525}{3} = 175$$

$$\text{Standard Deviation } (\sigma) = \sqrt{\frac{\sum (X - \bar{X})^2}{n}} = \sqrt{\frac{1250}{3}} = 20.41$$

$$(\sigma) = 20.41$$

$$\text{Coefficient Variance (C.V)} = \frac{\sigma}{\bar{X}} = \frac{20.41}{175} = 0.117 = 11.7\%$$

Calculation of Standard Deviation and C.V. of NIBL

Year	NO of Cardholder (X)	$X - \bar{X}$	$(X - \bar{X})^2$
2006/2007	124	-14	126
2007/2008	160	22	484
2008/2009	130	-8	64
	$\sum X = 414$		$\sum (X - \bar{X})^2 = 674$

$$\bar{X} = \frac{\sum X}{n}$$

$$= \frac{414}{3} = 138$$

$$\text{Standard Deviation } (\sigma) = \sqrt{\frac{\sum (X - \bar{X})^2}{n}} = \sqrt{\frac{674}{3}} = 14.99$$

$$(\sigma) = 14.99$$

$$\text{Coefficient Variance (C.V)} = \frac{\sigma}{\bar{X}} = \frac{14.9}{138} = 0.1086 = 10.86\%$$

Calculation of Standard Deviation and C.V. of Laxmi Bank

Year	NO of Cardholder (X)	$X - \bar{X}$	$(X - \bar{X})^2$
2006/2007	48	13	169

2007/2008	50	15	225
2008/2009	7	-28	784
	$\sum X = 105$		$\sum (X - \bar{X})^2 = 1178$

$$\bar{X} = \frac{\sum X}{n}$$

$$= \frac{108}{3} = 35$$

$$\text{Standard Deviation } (\sigma) = \sqrt{\frac{\sum (X - \bar{X})^2}{n}} = \sqrt{\frac{1178}{3}} = 19.82$$

$$(\sigma) = 19.82$$

$$\text{Coefficient Variance (C.V)} = \frac{\sigma}{\bar{X}} = \frac{19.82}{35} = 0.566 = 56.6\%$$

Calculation of Standard Deviation and C.V. of Industry

Year	NO of Cardholder (X)	$X - \bar{X}$	$(X - \bar{X})^2$
2006/2007	1427	-67	4489
2007/2008	1510	16	256
2008/2009	1545	51	2601
	$\sum X = 4482$		$\sum (X - \bar{X})^2 = 7346$

$$\bar{X} = \frac{\sum X}{n}$$

$$= \frac{4482}{3} = 1494$$

$$\text{Standard Deviation } (\sigma) = \sqrt{\frac{\sum (X - \bar{X})^2}{n}} = \sqrt{\frac{7346}{3}} = 49.48$$

$$(\sigma) = 49.48$$

$$\text{Coefficient Variance (C.V)} = \frac{\sigma}{\bar{X}} = \frac{49.48}{1494} = 0.0331 = 3.31\%$$

Calculation of Correlation coefficient of SCBNL with Industry

Year	SCBNL (X)	Industry (Y)	$X - \bar{X}$	$Y - \bar{Y}$	$(X - \bar{X})^2$	$(Y - \bar{Y})^2$	$(X - \bar{X})(Y - \bar{Y})$
2006/2007	624	1427	-84	-67	7056	4489	-5628
2007/2008	700	1510	-8	16	64	256	-128
2008/2009	800	1545	92	51	8100	2601	4692
					$\sum(X - \bar{X})^2$ = 15220	$\sum(Y - \bar{Y})^2$ = 7346	$\sum(X - \bar{X})(Y - \bar{Y})$ = -1064

$$\text{Correlation Coefficient (r)} = \frac{\sum(X - \bar{X})(Y - \bar{Y})}{\sum(X - \bar{X})^2 \sum(Y - \bar{Y})^2} = \frac{-1064}{\sqrt{15220 \times 7346}} = \frac{-1064}{10574} = -0.100$$

Calculation of Correlation coefficient of Nabil with Industry

Year	Nabil (X)	Industry (Y)	$X - \bar{X}$	$Y - \bar{Y}$	$(X - \bar{X})^2$	$(Y - \bar{Y})^2$	$(X - \bar{X})(Y - \bar{Y})$
2006/2007	431	1427	4	-67	16	4489	-268
2007/2008	450	1510	23	16	529	256	368
2008/2009	400	1545	-27	51	729	2601	-1377
					$\sum(X - \bar{X})^2$ = 1274	$\sum(Y - \bar{Y})^2$ = 7346	$\sum(X - \bar{X})(Y - \bar{Y})$ = -1277

$$\text{Correlation Coefficient (r)} = \frac{\sum(X - \bar{X})(Y - \bar{Y})}{\sum(X - \bar{X})^2 \sum(Y - \bar{Y})^2} = \frac{-1277}{\sqrt{1274 \times 7346}} = \frac{-1277}{3059} = -0.417$$

Calculation of Correlation coefficient of HBL with Industry

Year	HBL (X)	Industry (Y)	$X - \bar{X}$	$Y - \bar{Y}$	$(X - \bar{X})^2$	$(Y - \bar{Y})^2$	$(X - \bar{X})(Y - \bar{Y})$
2006/2007	200	1427	25	-67	625	4489	-1675
2007/2008	150	1510	-25	16	625	256	-400
2008/2009	175	1545	0	51	0	2601	0
					$\sum(X - \bar{X})^2$ = 1250	$\sum(Y - \bar{Y})^2$ = 7346	$\sum(X - \bar{X})(Y - \bar{Y})$ = -2075

$$\text{Correlation Coefficient (r)} = \frac{\sum(X - \bar{X})(Y - \bar{Y})}{\sum(X - \bar{X})^2 \sum(Y - \bar{Y})^2} = \frac{-2075}{\sqrt{1250 \times 7346}} = \frac{-2075}{3030} = -0.685$$

Calculation of Correlation coefficient of NIBL with Industry

Year	NIBL (X)	Industry (Y)	$X - \bar{X}$	$Y - \bar{Y}$	$(X - \bar{X})^2$	$(Y - \bar{Y})^2$	$(X - \bar{X})(Y - \bar{Y})$
2006/2007	124	1427	-14	-67	196	4489	938
2007/2008	160	1510	22	16	484	256	352
2008/2009	130	1545	-8	51	64	2601	408
					$\sum(X - \bar{X})^2$ = 674	$\sum(Y - \bar{Y})^2$ = 7346	$\sum(X - \bar{X})(Y - \bar{Y})$ = 882

$$\text{Correlation Coefficient (r)} = \frac{\sum(X - \bar{X})(Y - \bar{Y})}{\sum(X - \bar{X})^2 \sum(Y - \bar{Y})^2} = \frac{882}{\sqrt{674 \times 7346}} = \frac{882}{2225} = 0.396$$

Calculation of Correlation coefficient of Laxmi with Industry

Year	Laxmi (X)	Industry (Y)	$X - \bar{X}$	$Y - \bar{Y}$	$(X - \bar{X})^2$	$(Y - \bar{Y})^2$	$(X - \bar{X})(Y - \bar{Y})$
2006/2007	48	1427	13	-67	169	4489	-871
2007/2008	50	1510	15	16	225	256	240
2008/2009	7	1545	-28	51	784	2601	-1428
					$\sum(X - \bar{X})^2$ = 178	$\sum(Y - \bar{Y})^2$ = 7346	$\sum(X - \bar{X})(Y - \bar{Y})$ = -2059

$$\text{Correlation Coefficient (r)} = \frac{\sum(X - \bar{X})(Y - \bar{Y})}{\sqrt{\sum(X - \bar{X})^2 \sum(Y - \bar{Y})^2}} = \frac{-2059}{\sqrt{1178 \times 7346}} = \frac{-2059}{2942} = -0.40$$

Calculation of Projected Value of cardholder of SCBNL

Year (X)	No of cardholder (Y)	$x = X - 2008$	x^2	xy
2007	624	-1	1	-1427
2008	700	0	0	0
2009	800	1	1	1543
	$\sum y = 2124$		$\sum x^2 = 2$	$\sum xy = 176$

Since $\sum x = 0$, now $a = \frac{\sum y}{n} = \frac{2124}{3} = 708$

And $b = \frac{\sum xy}{\sum x^2} = \frac{176}{2} = 88$

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

$$y = a + bx = 708 + 88x$$

When $y = 2010$, then $x = X - 2008 = 2$

$$= 708 + 88 \times 2 = 884$$

Calculation of Projected Value of cardholder of Nabil

Year (X)	No of cardholder (Y)	$x = X - 2008$	x^2	xy
2007	431	-1	1	-431
2008	450	0	0	0
2009	400	1	1	400
	$\sum y = 1281$		$\sum x^2 = 2$	$\sum xy = -31$

Since $\sum x = 0$, now $a = \frac{\sum y}{n} = \frac{1281}{3} = 427$

$$\text{And } b = \frac{\sum xy}{\sum x^2} = \frac{-31}{2} = -15.5$$

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

$$y = a + bx = 427 + (-15.5)x$$

When $y = 2010$, then $x = X - 2008 = 2$

$$= 427 + (-15.5) \times 2 = 396$$

Calculation of Projected Value of cardholder of HBL

Year (X)	No of cardholder (Y)	$x = X - 2008$	x^2	xy
2007	200	-1	1	-200
2008	150	0	0	0
2009	175	1	1	175

	$\sum y = 525$		$\sum x^2 = 2$	$\sum xy = -25$
--	----------------	--	----------------	-----------------

Since $\sum x = 0$, now $a = \frac{\sum y}{n} = \frac{525}{3} = 175$

And $b = \frac{\sum xy}{\sum x^2} = \frac{-25}{2} = -12.5$

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

$$y = a+bx = 175 + (-12.5)x$$

When $y = 2010$, then $x = X-2008 = 2$

$$= 175+(-12.5) \times 2 = 150$$

Calculation of Projected Value of cardholder of NIBL

Year (X)	No of cardholder (Y)	$x = X-2008$	x^2	xy
2007	124	-1	1	-124
2008	160	0	0	0
2009	130	1	1	130
	$\sum y = 414$		$\sum x^2 = 2$	$\sum xy = 6$

Since $\sum x = 0$, now $a = \frac{\sum y}{n} = \frac{414}{3} = 138$

And $b = \frac{\sum xy}{\sum x^2} = \frac{6}{2} = 3$

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

$$y = a+bx = 138 + 3x$$

When $y = 2010$, then $x = X-2008 = 2$

$$= 138 + 3 \times 2 = 144$$

Calculation of Projected Value of cardholder of Laxmi Bank

Year (X)	No of cardholder (Y)	$x = X - 2008$	x^2	xy
2007	48	-1	1	-48
2008	50	0	0	0
2009	7	1	1	7
	$\sum y = 105$		$\sum x^2 = 2$	$\sum xy = -41$

Since $\sum x = 0$, now $a = \frac{\sum y}{n} = \frac{105}{3} = 35$

And $b = \frac{\sum xy}{\sum x^2} = \frac{-41}{2} = -20.5$

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

$$y = a + bx = 35 + (-20.5)x$$

When $y = 2010$, then $x = X - 2008 = 2$

$$= 35 + (-20.5) \times 2 = -6$$

Calculation of Projected Value of Industry (Cardholder)

Year (X)	No of cardholder (Y)	$x = X - 2008$	x^2	xy
----------	----------------------	----------------	-------	------

2007	1427	-1	1	-1427
2008	1510	0	0	0
2009	1545	1	1	1543
	$\sum y = 4482$		$\sum x^2 = 2$	$\sum xy = 118$

Since $\sum x = 0$, now $a = \frac{\sum y}{n} = \frac{4482}{3} = 1494$

And $b = \frac{\sum xy}{\sum x^2} = \frac{118}{2} = 59$

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

$$y = a+bx = 1494 + 59x$$

When X= 2010, then $x = X-2008 = 2$

= Y for 2010= $1494+59 \times 2 = 1612$

Appendix – II

Work Plan for Research

Time and Task	Task to be completed by											
Month Activities	September 2009			November			January 2010			March		
Preliminary studies and proposal writing	█	█	█									
Development of tools				█	█							
Data collection							█	█	█			

Data processing (coding, analysis and interpretation)																
Completion of draft thesis																
Completion of final form of the thesis																
Printing and submission of the thesis																

Appendix – III

Schematic Chart

S.No.	Objective	Tools	Bank	Bank Representative (card issuer/acquirer)	Merchant (card accepter)	Customer (card holder/user)
1.	<i>To identify the present situation of credit card business in Pokhara.</i>	Survey form	√			
		questionnaire		√	√	√
2.	<i>To determine the major credit card users of Pokhara.</i>	Survey form	√	√		

3.	<i>To identify the perception of card issuer/acquirer, card acceptor and card user towards credit card and its business.</i>	Interview questionnaire		√	√	√
4.	<i>To assess the trends of credit card business of Pokhara.</i>	Survey form	√	√		
5.	<i>To find out the strengths and weaknesses of credit card business.</i>	Interview questionnaire		√	√	√

Appendix – IV

Sample Scheme

S.No.	Bank	Participants		
		Bank Representative (Card Issuer/Acquirer)	Merchant (Card Acceptor)	Customer (Card Holder/User)
1.	<i>Himalayan Bank Limited, Pokhara</i>	1	Departmental store, hotel and restaurant, travel agencies and tourism. All together ten.	4
2.	<i>Standard Chartered Bank Nepal Limited, Pokhara</i>	1		16
3.	<i>Nepal Investment Bank Limited, Pokhara</i>	1		2
4.	<i>Nabil Bank Limited, Pokhara</i>	1		4
5.	<i>Laxmi Bank, Pokhara</i>	1		4
6	<i>Bank of Kathmandu, Pokhara</i>	1		6
Total		6	10	36

Appendix – V

Form - 1

Interview Questionnaire Index

(For Bank's Representative)

Your Name: ----- -Age:-----Sex: -----

Position:-----Education: -----

Name of the Bank: ----- Bank Add: -----

A. Please tick (√) the correct answer of the following questions:

1. Credit card is.....

() a payment card () a business catalyst () an smart technology

() service in private sector () other.....

2. What kind of Credit Card do you issue or provide?

() VISA () Master Card () Dinner Card (

) JCB () Other, Please specify.....

3. What type of customer mostly use credit card from your bank?

() Merchant () Employee () Student

() Other, Please specify

4. How do you perceive the growth of credit card business in Pokhara?

() Rapid () Normal () Low

5. Where do the customers frequently use your credit card?

() Cafe () Hotel () Departmental store

() Travel Agency () Other, Please specify

6. Being service provider how convenient do you find using Credit Card?
 () Very Convenient () Convenient () Difficult
7. Do you agree that credit card increase the total business?
 () Strongly agree () Agree () Disagree
8. Do you agree that use of credit card leads a growth in consumption?
 () Strongly agree () Agree () Disagree
9. Do you agree that carrying a credit card is at risk?
 () Strongly agree () agree () Disagree

B. Please answer the following questions:

1. When did you start credit card business in Pokhara?

2. Why do you introduce credit card service? What is the purpose behind it?

3. What is the present situation of credit card business at Pokhara?

4. Being card issuer and acquirer, how do the card users' & accepters' perception on it?

5. The major merchant involve in credit card business in Pokhara? Woluld you please specify their name?

6. What sort of problems reported during the operation of Credit Card?

.....
.....

7. What sort of problems most frequently occur in credit card operation and business?

.....
.....

8. What are the strengths and weaknesses of credit card business?

.....
.....

9. How do you take credit card business as? Is it necessary for present context or not? Why?
Please explain in brief.

.....
.....
.....

If you have any suggestions for the researcher, please specify here

.....
.....

Note: The information provided from you will be kept confidential.

Thank you for your kind cooperation.

Appendix – VI

Form - 2

Interview Questionnaire Index

(For Card Holder)

Card Holder's Name: Age..... Sex:

Occupation: Education:

Card Name: Bank:

A. Please tick (✓) the correct answer of the following questions:

1. Your Profession:

- student personal business service in public sector
 service in private sector others.....

2. How do you come to know about credit card?

- Print media Electronic Media Broad Casting Media

3. How long have you been using your Credit Card?

- From about a month Less than six month
 For about a year more than a year

4. What influenced you to take credit card?

- media, income bank others.....

5. From which Bank have you issued your Card?

- Standard Chartered Bank Nabil Bank
 Himalyan Bank Laxmi Bank NIBL

6. What kind of credit card do you acquire?

- VISA Master Card Dinner Card
 JCB Other, Please specify.....

7. Why did you decide to acquire credit card?

- Market trend Need for Customer
 Convenience and Safety ther,.....

8. Your monthly earnings:

- more then Rs.10000/-, Rs.10000-20000/-,
 Rs.20000/- above

9. What are the factors influence you to take credit card from that Bank?

- Business relation Reputation of the bank
 More credit limit Low interest charge

10. How often do use credit card to purchase?

- Once a week Twice a week
 Everyday Once a month Occasionally

11. Where do you frequently use your credit card?

- Cafe Hotel Departmental store
 Travel Agency Other,

12. Which of the following departmental store do you usually transit at?

- Binayak Salewase Other (Please Specify)

13. How convenient do you find using Credit Card?

- Very Convenient Convenient Difficult

14. Do you agree that use of Credit card leads a growth in consumption?

- Strongly agree Agree Disagree

15. Do you agree that carrying a Credit Card is at risk?

- Strongly agree agree Disagree

16. Have you ever encountered problems during the usage of your Credit Card?

- Yes No

B. Please answer the following questions:

1. How do you take credit card as? Is it necessary for present business or not? Please explain.

.....

2. What sort of problems most frequently occur while using card?

.....

3. What are the strengths and weaknesses of credit card?

.....

Note: The information provided from you will be kept confidential.

Thank you for your kind cooperation.

VII

Form - 3

Interview Questionnaire Index

(For Merchant)

Your Name: ----- **Age:**----- **Sex:** -----

Your Position:----- **Education:**-----

Name of the Enterprise: -----

Business Type: ----- **Add:** -----

Please tick (√) the best answer of the following questions:

Q.N.1. Nature of business

() Departmental Store () Restaurant () Other

Q.N.2. Which Brand of Credit Card do you accept?

() Master Card () VISA () Dinners () JCB

Q.N.3. Which brand of Credit Card do your customers generally possess?

() VISA () Master () Dinner () JCB

Q.N.4. In average how many customers visit your organization every day?

() Less than 200 () 200-400 () 400-600

() 600 & above

Q.N.5. What is the percentage of customer produce Card as made of payment?

() 5% and below () 6%-20% () 20% & above

Q.N.6. How long have you been using credit card facilities?

() from about a month () less than a year () more than a year

Q.N.7. How is the use of Credit Card? It is....

() Increasing () constant () Decrease

Q.N.8. How satisfied are you with the customer service of card division?

() Satisfied () Natural () Dissatisfied

Please answer the following questions:

Q.N.9 How do you take credit card as? Is it necessary for present business or not? Please explain.

Ans:

Q.N.10 What are the problems frequently encountered by you regarding operations of Credit Card?

Ans:

Q.N.11 What are the strong and weak aspects of credit card you find on its operation?

Ans:

Q.N.12 Would you like to give any suggestion to the credit card issuing and acquiring banks?

Ans:

Note: The information provided from you will be kept confidential.

Thank you for your kind cooperation.

Appendix – VIII

Form - 4

SURVEY FORM

(For Bank)

Name of Bank:

Bank Type:..... Bank Class:.....

Address: Survey Date:.....

1. Major services available on this bank are:

.....

2. Number of Credit Card User in Pokhara from your bank

Card Type	Master Card User								Visa card Card User							
	Merchant		Employee		Other		Total		Merchant		Employee		Other		Total	
Sex	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F
2063																
2064																
2065																
Total																

Major merchants are:.....

.....

2. Bank's Net Income from Credit Card Business in Pokhara

Year	No of Credit Card Business			Net Income from		
	Master Card	Visa Card	Total	Master Card	Visa Card	Total
2063						
2064						
2065						
Total						

Percentage in total income from credit card business:%

Credit limit: Rs.....

Interest charged to extra credit amount:%

3. Card Features:

a. Master Card:.....

.....

b. Visa Card:.....

.....

Comments:.....

.....

4. Criteria for Being a Cardholder:

.....

.....
.....

Comments:.....

5. Required documents for applying a personal card:

.....

Comments:.....

6. Required documents for applying a corporate card:

.....

Comments:.....

7. Facilities for Cardholder from Bank:

.....

Comments:-.....

8. Components of Credit Card:

.....

Comments:-.....

9. How does credit card work?

.....

.....

.....

Comment:-

10. Benefits of using credit card (For Users)

.....

.....

.....

Comments:-.....

11. Strengths and weaknesses of credit card Business

Card Type	Strengths	Weaknesses
Master card		
Visa card		

12. Rules of operating credit card

Card Type	Rules	
	Yes	No
Master card		
Visa card		

13. If any remarkable information of credit card forgot, please mention here.

.....
.....
.....

Source of information:

- a. Primary:.....
- b. Secondary:.....

Note: The information provided from you will be kept confidential.

Thank You!

Curriculum Vitae

Bindu Bhandari

Address : Pokhara-1, Nadipur, Kaski

Contact Number : 9804495026, 9846058174

E-mail : bbindu24@yahoo.com

Education:

2000, SLC, SLC Board

2003, +2, HSEB

2006, BBS, TU

2009, MBS running, TU

Trainings:

2001 – 2002

MS Office and Account Package

2001 -2002

Diploma in Computer

Positions Held:

Dates, Titles: 2002-2004, Computer Instructor

Institution: Aakanchhya Computer Institute, Rupandehi

2004-2005, Accountant and librarian

Glorious College, Butwal

May 2005 – June 2007, Accountant

Janakalyan Saving and Credits Co-operative Society Ltd., Butwal

Fields of Interest

Account and Finance

Languages

Nepali and English

Computer Skills

MS Office and Account Package: Fluency in computer typing both, English and Nepali, Tally and Acman, etc

Reference

Bhojraj Bhandari

Post: Manager, Small Farmer Development Bank,

Ph No: 061539413, Prithvi Chowk, Pokhara, Kaski