

Credit Card Performance and Market Opportunities in Nepal

Submitted By:

BISHNU PRASAD ADHIKARI

Shanker Dev Campus

Campus Roll No. 167/063

T.U. Registration No: 7-7-278-81-98

A Thesis Report

Submitted To:

Office of the Dean

Faculty of Management

Tribhuvan University

In Partial fulfillment of the requirements for the Degree of

Masters of Business Studies (M.B.S)

Kathmandu

December, 2010

RECOMMENDATION

This is to certify that the Thesis

Submitted by

BISHNU PRASAD ADHIKARI

Entitled

Credit Card Performance and Market Opportunities in Nepal

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

.....
Mr. Joginder Goet
Supervisor

.....
Prof. Bishweshor Man Shrestha
Head of Research Department

.....
Prof. Dr. Kamal Deep Dhakal
Campus Chief

Date :

VIVA-VOCE SHEET

We have conducted the viva – voce of the study presented

by

BISHNU PRASAD ADHIKARI

Entitled

CREDIT CARD PERFORMANCE

AND

MARKET OPPORTUNITIES IN NEPAL

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

Viva-Voce Committee

Head, Research Department

Member (Thesis Supervisor)

Member (External Expert)

TRIBHUVAN UNIVERSITY

Faculty of Management

Shanker Dev Campus

DECLARATION

I hereby declare that the work reported in this thesis entitled **CREDIT CARD PERFORMANCE AND MARKET OPPORTUNITIES IN NEPAL** submitted to Office of the Dean, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirement for the Degree of Master of Business Studies (M.B.S.) under the supervision of **Mr. Joginder Goet**, Shanker Dev Campus.

.....

Bishnu Prasad Adhikari

Researcher

T.U. Regd. No. : 7-2-278-81-98

Campus Roll No. : 167/063

ACKNOWLEDGEMENT

This study entitled **Credit Card Performance and Market Opportunities in Nepal** is prepared in partial fulfillment for the Degree of Master of Business Studies (MBS), Tribhuwan University, Kathmandu.

I would like to express my deep gratitude towards reverent supervisor **Mr. Joginder Goet**, Lecturer of Shanker Dev Campus for their incisive and constant guidance. He has immensely contributed his time and labour to guide me for the preparation of this Study. Without his guidance and valuable suggestions, it would have been extremely difficult to bring it to fruition.

I also express my sincere thanks to all the Teachers and Staffs of Shanker Dev Campus whose kind co-operation has made it possible to complete the work. I convey my thanks to the staffs of library of Shanker Dev Campus and central library of T. U. for their cooperation in providing different types of material required.

Lastly, I would like to express my deep gratitude to my parents, sister Amrita Adhikari and all of those who helped me in some way or other in presenting this study as a final Report.

Bishnu Prasad Adhikari
Researcher

ABBREVIATIONS

ATM	Automatic teller Machine
POS	Point of Sale
PIN	Personal Identification Number
HBL	Himalayan Bank Limited
NIBL	Nepal Arab Bank Limited
NABIL	Nepal Investment Bank limited
SCBNL	Standard Chartered Bank Nepal Limited
NRB	Nepal Rastra Bank
SWOT	Strengths, Weakness, Opportunities and Threats
NCMF	Nepal Card Member Forum
VISA	Visa International Service Association
IPS	International Payment System
VSS	Visa Net Settlement Service
JCB	Japan Credit Bureau
UBS	Union Bank of Singapore
ATS	Alpine Travel Service
BIN	Bank Identification Number
CIB	Credit Information Bureau
CAN	Computer Association of Nepal
ISPs	Internet Service Providers
VSAT	Very Small Aperture Terminal
ICA	Interbank Card Association
NCMF	Nepal Card Member Forum

TABLE OF CONTENTS

Recommendation	
Viva-Voce Sheet	
Declaration	
Acknowledgement	
Table of Contents	
List of Tables	
List of Figures	
Abbreviations	

Page No.

CHAPTER – I INTRODUCTION

1.1 Background of the study	1
1.2 Focus of the Study	7
1.3 Statement of the Problem	8
1.4 Objectives of the Study	9
1.5 Limitation of the Study	9
1.6 Organization of the Study	10

CHAPTER – II REVIEW OF LITERATURE

2.1 Concept of Credit Card	12
2.1.1 Introduction of Credit Card	12
2.1.2 History of Credit Card	14
2.1.3 Terminologies used in the Credit Card	15
2.1.4 Types of Credit Card	18
2.2 Concept of Credit Card market in Nepal	25
2.2.1 History of Credit Card market in Nepal	25
2.2.2 Credit Card in Nepal	26
2.2.3 Information related to Credit Card issuer banks of Nepal	27
2.2.4 Present scenario of Credit Card business in Nepal	33
2.3 Review of Related Studies	40

2.3.1 Review of Books	40
2.3.2 Review of Journals	41
2.3.3 Review of Previous Research Works	44
2.4 Research Gap	46

CHAPTER – III RESEARCH METHODOLOGY

3.1 Research Design	47
3.2 Population and Sample	47
3.3 Sources of Data	48
3.4 Data Collection and Processing techniques	48
3.5 Data analysis Tools	49
3.5.1 SWOT Analysis	49
3.5.2 Situation Analysis	51
3.5.3 Competitive Analysis	52

CHAPTER – IV DATA PRESENTATION AND ANALYSIS

4.1 SWOT Analysis	55
4.2 Situational Analysis in Credit Card Business	58
4.3 Competitive Analysis in Credit Cards Business	58
4.4 Analysis of the data collected from the study	59
4.4.1 Analysis of the data collected of Credit Card Holders	61
4.4.2 Analysis of the data collected form non-cardholders	65
4.4.3 Analysis of the data collected through merchants	67
4.5 Transition Problem of Credit Card	70
4.6 Major Findings of the Study	71

CHAPTER – V SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary	75
5.2 Conclusions	76
5.3 Recommendations	76

Bibliography

Appendices

LIST OF TABLES

Table No.		Title Page No.
2.1	Credit Card Issuing and Acquiring Banks in Nepal	27
2.2	Pricing levels for merchants	34
4.3	Credit Card issued by different banks of Nepal	59

LIST OF FIGURES

Figure No.	Title	Page No.
2.1	Market share in the total Cards of the Nepalese Banks	33
4.2	Type of Credit Card Acquired	61
4.3	Preferred Payment Mode	62
4.4	Sources of Information about Credit Card	62
4.5	Usage of Credit Card	66
4.6	Monthly Income of the Cardholders	68
4.7	Problem related to Credit Card	69
4.8	Percentage of planners to acquire credit card	70
4.9	Preferred Credit Card Limit of Non-cardholders	71
4.10	Personal Monthly Income of Non-cardholders	72
4.11	Future Places of Usage of Credit Cards	73
4.12	Culture of Credit Card in Nepal	74
4.13	Volume of Different Credit Cards	75
4.14	Payment Mode	76
4.15	Acquirer of Credit Card	77