



Payment Systems Oversight Report
2075/76 (2018/2019)



Nepal Rastra Bank
Payment Systems Department
Baluwatar, Kathmandu
Nepal

Message from Executive Director

Dear Valued Readers,

Nepal Rastra Bank (NRB) has been entrusted with the responsibility of establishing and promoting the system of payment, clearing and settlement and to regulate these activities in order to develop *secure, healthy and efficient system of payment* in the country. Payment Systems has been considered to be an important element of the financial stability and is evolving as a core central banking function around the world. It is believed that a well-developed payment system ultimately contributes in strengthening the domestic financial system.

Payment System modernization effort in Nepal was started with the formulation of Nepal Payment System Development Strategy in 2014. Since then NRB has initiated number of reforms in the payment systems. Currently, Payment Systems Department of NRB is performing catalytic, operator, and overseer role in the payment systems.

Payment System Act, 2075 provides a strong legal basis for the development of national payment system. Increasing number of card users, IPS users, digital banking users, e-Commerce users shows that Nepalese payment system is developing rapidly. As an overseer of the National Payment System, NRB is committed to ensure safety and efficiency of the payment system. Payment Systems Department of NRB oversees all licensed Payment Service Providers and Payment System Operators as per the approved annual work plan based on the Principles of Financial Market Infrastructures (PFMIs).

As stated in the Payment and Settlement Bylaws 2015, Payment Systems Department has prepared and published Payment System Oversight Report. Payment Systems Oversight Report, 2075/76 is the fourth edition of the report and analyzes progress of payment and settlement-related activities over the period and situation of entire payment system of Nepal.

We believe that this report would be useful to all stakeholders to learn about the overseer role of NRB and present situation of the Nepalese payment system. We are committed to strengthen overseer role of NRB and expand the scope of the oversight report further in days to come.

Thank you,

Bam Bahadur Mishra

Executive Director

Payment Systems Department

Nepal Rastra Bank

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Acronyms and Abbreviations

ATM	Automated Teller Machine
BFI	Bank and Financial Institutions
CCTV	Closed Circuit Television
CPMI	Committee on Payments and Market Infrastructures
CSD	Central Securities Depository
ECC	Electronic Cheque Clearing
EFT	Electronic Fund Transfer
FY	Fiscal Year
IMF	International Monetary Fund
IOSCO	International Organization Of Securities Commissions
IPS	Interbank Payment System
KYC	Know Your Customer
LOI	Letter of Intent
MICR	Magnetic Ink Character Recognition
NCHL	Nepal Clearing House Limited
NEPS	Nepal Electronic Payment Systems Ltd.
NPSDS	Nepal Payment System Development Strategy
NRB	Nepal Rastra Bank
PFMI	Principles of Financial Market Infrastructure
POS	Point of Sale
POT	Point of Transaction
PSA	Payment and Settlement Act
PSD	Payment Systems Department
PSO	Payment System Operator
PSP	Payment Service Provider
RPS	Retail Payment System
RTGS	Real Time Gross Settlement
SCT	Smart Choice Technology Ltd.
SMS	Short Message Service
SIS	Supervisory Information System

1. Nepalese Payment Systems

Payment System comprises all payment-related activities, processes, mechanisms, infrastructure, institutions, procedures, legal standards that deal with the transfer of funds from one party to another party on their mutual consent. A well-established Payment system facilitates in expanding the economic activities so that they increase social welfare. Payment Systems has been considered to be an important element of the financial stability and is evolving as a core central banking function around the world.

To fulfill the objective of developing a secure, healthy and efficient system of payment mentioned in the NRB Act 2058, Payment System modernization effort was started with the formulation of NPSDS (Nepal Payment System Development Strategy) in 2014. The NPSDS outlined the steps that would be taken by NRB to implement the strategy across the nine pillars comprising (i) Legal Framework, (ii) Large Value Payment systems, (iii) Retail payment systems, (iv) Government Payments, (v) Securities Depository, Clearing and Settlement Mechanisms, (vi) Interbank Money Market, (vii) International Remittances, (viii) Oversight of the National Payments System, and (ix) Co-operative Framework for the Payments System.

In addition to this, the introduction of Payment and Settlement Bylaws 2072, which came into effect from June 7, 2015 (Jestha 24, 2072) and establishment of Payment Systems Department (then Payment and Settlement Department) in July 2015 was another important step in the process of payment system modernization in Nepal. Furthermore, "Licensing Policy for Payment Related Institutions/Mechanism, 2073 (2016) on June 12, 2016, and "Payment and Settlement Act, 2075" on March 18, 2019, brings another breakthrough in the era of digital payment. These legal frameworks are helping in expanding and improving the digital mode of payments.

Up to the review period, all 28 commercial banks, 15 development banks, and 5 finance companies are licensed by NRB to operate as payment institutions. Similarly, 10 non-bank institutions are licensed to operate as payment institutions. Among them, five are payment system providers and five are payment system operators.

NRB's interest in ensuring the smooth functioning of payment systems is based on encouraging greater use of digital payment mechanisms in lieu of cash and the impact that would result on the real economy.

The retail payment systems in Nepal consist of cheque clearing, electronic funds transfer, card payment systems, e-money and remittances. Retail payment systems are typically a low value payment system catering to the needs of consumers, businesses and the Government in serving their payment requirements. The retail payment systems in Nepal are mainly operated by Nepal Clearing House Limited (NCHL), which provides image-based cheque clearing

solution and electronic fund transfers comprising credit transfers and direct debits, and operators in the cards payment space viz., Smart Choice Technologies P. Ltd (SCT), and Nepal Electronic Payment System Ltd (NEPS). Also, international institutions like VISA Worldwide Pvt. Ltd, Union Pay International are operating as PSO in the payment industry. The e-money and remittance service providers complement the retail payment infrastructure. The retail payment infrastructure in Nepal, such as the automated clearing house and the payment switches are all provided by non-bank PSOs. The scenario of retail payment has changed rapidly in these years. ConnectIPS, IPS, Mobile Banking, Internet Banking, Wallets etc. are the major developments in the field retail payments and are providing fast payment services.

Large value payment system is mainly operates through Real Time Gross Settlement system operated by Nepal Rastra Bank.

2. Nepal Rastra Bank as a Regulator and Overseer of the Payment Systems

Nepal Rastra Bank, as the central bank of Nepal, has been entrusted with carrying out the duties of regulating and overseeing payment institutions. There has been adequate legislative provision in place that authorize NRB to perform such duties. The Nepal Rastra Bank Act, 2002, has made NRB an autonomous institution empowered to regulate and supervise Nepal's banking industry. Similarly, Payment Systems Act, 2019 provides the legal framework governing the payment and settlement systems in Nepal, including retail payment systems, payment service providers and payment system operators. To discharge its responsibility of maintaining secure, healthy and efficient system of payment, NRB has been continuously issuing various directives, guidelines, and policies to the licensed institutions, considering domestic situation and international best practices. A dedicated department Payment Systems Department has been set up in NRB's organizational structure to regulate and oversight payment institutions.

NRB oversees the payment systems based on the existing legal framework, directives issued through Payment Systems Department, Payment System Oversight Framework, and major international guiding polices such as Principles of Financial Market Infrastructures (PFMIs) and other guiding documents published by CPMI/IOSCO.

3. Key developments and Activities in the payment systems in 2075/76

3.1 Legal and Regulatory provisions

Payment and Settlement Act 2019 (PSA) is one of the most important legal frameworks that came into existence during the review period. The Act provides for the following:

- *Licensing responsibility*: NRB has been tasked with the responsibility of issuance, withdrawal or refusal of license to an entity to work as a payment service provider or provide any service under the Act.
- *Oversight*: NRB is empowered to monitor and conduct inspection of the licensed institutions and the services they provide on a regular basis.
- *Dispute Settlement Committee*: In the event of any dispute arising between the institutions with regard to any work to be performed under this Act, the same to be handled by the Dispute Resolution Committee of which Executive Director, NRB is also a member.
- *Powers to give direction*: NRB has the powers to give directions to its licensed entities
- *Powers to frame regulations*: NRB under the Act has powers to frame bye laws for administration of the Act.
- *Secretariat to the Board*: A Department of the NRB as prescribed would provide Secretariat support to the Board.
- *National Payment Board*: Act has made the provision of National Payment Board is to establish a safe, sound and efficient payment mechanism, to minimize the risk inherent with payment systems, to play the role of facilitator, mediator and dispute handler.
- *Institution responsibility*: Act has clearly mentioned the responsibilities of PSPs and PSO.
- *RTGS*: NRB has given authority to launch RTGS system for large value payment.
- *Punishment, Fines and Penalties*: Act has mentioned regarding punishment, fines, and penalties.

This act has the objective to regulate supervise, inspect and oversee to develop a secure, healthy, and efficient payment system of the country. Similarly, it encourages a safe and sound payment system and ensures public confidence and trust over the payment system.

Other legal and regulatory provisions which are already in place include Nepal Rastra Bank Act, Banks and Financial Institutions Act, Payment and Settlement Bylaws, and Licensing Policy for payment related institutions.

- **Nepal Rastra Bank Act** has an objective to develop a secure, healthy and efficient system of payment and this act also gives powers to regulate, inspect, and supervise payment, clearing, and settlement arrangements.
- **Bank and Financial Institution Act** empowers the central bank to grant and revoke the licenses to Bank and Financial Institutions, establish various mechanisms to regulate and inspect the activities of Bank and Financial Institutions.
- **Payment and Settlement Bylaw** provides the NRB with the authority to regulate, supervise, inspect and oversee services and instruments issued by those payment services provider institutions.
- **Licensing Policy for Payment Related Institutions** aims to regulate institutions and mechanisms that operate payment related activities. The scope of this policy includes all BFIs and non-BFIs and includes licensing policy for payment institutions which are classified as PSPs and PSOs. This policy outlines the major requirements to obtain the license and rules and standards of operations.

3.2 Issuance of Directive

NRB, PSD issues new directives and also continuously update existing directives to ensure safety and efficiency of the payment systems. Two directives related to requirement of approval for publishing financial statements and licensing to microfinance institutions have been issued in FY 2075/76. It has also recently issued additional four directives related to fees and Charges, RTGS operation, Branchless Banking and ECC. With this, there are eleven directives issued by PSD till mid-November 2019. Brief overview of directives issued by NRB, PSD is presented below.

A.	Directives issued before FY 2075/76
	<ul style="list-style-type: none"> ○ The first directive issued on January 30, 2017 (Magh 17, 2073) regulates the Electronic Payment Cards in terms of the issue and operation and regulatory compliance of electronic cards as well as the settlement of transactions. It also sets timelines for all electronic payment instruments like electronic payment cards, POS/POT Terminals, and ATMs to be chip-based within the given time frame. ○ The second directive issued on January 30, 2017 (Magh 17, 2073) is about Conducting Financial Service Operation in domestic currency through Telecommunication Networks. It establishes policy and process to be adopted while providing Internet Banking Services. It also defines different kinds of services that can be delivered through the Internet, Telephone and SMS service. ○ The third directive issued on January 30, 2017 (Magh 17, 2073) specifies on Adoption of Security Measures while providing electronic payment services. It seeks needful arrangements from the service provider to make the transactions secured. It regulates to make provisions for Risk Management, Disaster Recovery Plan and System Audit.

	<ul style="list-style-type: none"> ○ The fourth directive issued on July 29, 2017 (Shrawan 14, 2074) which mandates the provision of Settlement Bank. The directive regulates all non-bank PSPs to have a settlement account in class A Bank. Specific criteria have been defined for the selection of the settlement bank. ○ The fifth directive issued on July 15, 2018 (Ashad 31 2075) defines transaction limit for different electronic payment instruments like credit card, debit card, prepaid card, mobile banking, internet banking, e-wallets, etc.
B.	Directives issued during FY 2075/76
	<ul style="list-style-type: none"> ○ Directive 6/075 issued on August 30, 2018 (Bhadra 14, 2075) defines the timeline for submitting the Annual Financial Report. All licensed institutions are required to conduct a statutory audit within four months from the end of the fiscal year and submit the report to NRB within one month from completion of audit for approval. ○ Directive 7/075 issued on October 02, 2018 (Ashwin 16, 2075) defines the prerequisites, procedures, infrastructures required to obtain license for payment system function by Micro-Finance Institutions.
C.	Directives issued after FY 2075/76
	<ul style="list-style-type: none"> ○ Directive 8/076 was issued on September 05, 2019 (Bhadra 19, 076) prohibits all POS operators from taking extra charge to the customers, while using payment cards. This directive mandates all PSOs and PSPs for online reporting of their transactions to NRB. ○ Directive number 9/076 was issued on September 05, 2019 (Bhadra 19, 076) for the operation of RTGS system for large value payment. ○ Directive number 10/076 which was issued earlier by Bank and Financial Institution Regulation Department on November 11, 2019 (Kartik 25, 2076). This directive is related with branchless banking operation by BFIs. ○ Directive number 11/076 which was issued by Bank and Financila Institution Regulation Department was reissued on November 11, 2019 (Kartik 25, 2076). It is related to Electronic Cheque Clearing (ECC) operation.

3.3 Notices and circulars

As an overseer of the payment systems, NRB also issues different notices and circulars based on the monitoring and assessment of activities of national payment system to ensure safety and efficiency. NRB, PSD has issued various notices and circulars in the review period. Major notices and circulars issued during review period include;

- a. Requirement for EMV compliance on electronic cards.
- b. Requirement to have proper CCTV monitoring mechanism to reduce potential frauds.

- c. Requirement to fulfill KYC requirement of their requirements by PSPs to reduce the Anti Money Laundering.
- d. Requirement for all licensed PSPs/PSOs for reporting to NRB about their transactions, balance on their settlement banks, unsuccessful transactions, etc.
- e. Downward revision of the transaction limits of a debit card
- f. Requirement to strengthen physical security by BFIs by having security guard at ATM booth for 24 hour.
- g. Removing extra charge levied in POS transactions.
- h. Establishment and operation of RTGS system for settlement of Large Value Payments.

3.4 Licensing

As a catalyst of the Payment System, NRB is issuing license to operate as a payment system operator and payment service provider. With the objective of promoting innovation in digital financial services, PSD is also giving permission to add additional services to licensed PSOs and PSPs.

During the review period, NRB has issued license to eleven development banks, one finance company and five non-BFIs to work as PSO/PSP. Among five non-BFIs, two are licensed as PSOs and three as PSPs. Similarly, LOI for seventeen institutions have been issued during the review period to operate as PSOs and PSPs.

With this, all the commercial banks, fifteen development banks, and five finance companies are operating as PSO/PSP. Apart from this, there are total sixteen institutions licensed by NRB are operating as payment institutions. Among them six are PSOs and ten are PSPs.

3.5 Large Value Payment Systems

As an operator of the payment system and based on the mandate given by Payment and Settlement Bylaw, NRB has installed and implemented Real-Time Gross Settlement (RTGS) System for large value payment system. RTGS System is an electronic fund transfer system in which the transfer of funds between one bank to another takes place in "real-time" and on a "gross" - transaction by transaction - basis, without bundling or netting with any other transaction.

RTGS System formally started from 12th September 2019. PSD has issued RTGS System Rule, 2019 which regulates the membership criteria, members' responsibilities, settlement rules, operating procedures in the RTGS system. Similarly, NRB has issued a separate directives for the operation of RTGS. Transactions can be settled in five different currencies i.e. Nepalese Rupees (NPR), US Dollar (USD), Euro (EUR), Pound Sterling (GBP), Japanese Yen (JPY). Minimum limit for value of credit transfers in RTGS is NPR 200,000 and threshold for mandatory transaction has been set to NPR 2 Million or above. Currently, all Commercial Banks are operating as direct participants of the RTGS System.

RTGS implementation has eased the large value payment process which was earlier based on manual clearing in NRB's GL System. Further, it is expected that the RTGS System

will enhance the trust and confidence towards the payment system as it significantly reduces liquidity risk and eliminates credit risk in payment mechanism. NRB's liquidity management is also expected to be more efficient with this system.

3.6 Retail Payment System (RPS)

The retail payment systems in Nepal have been experiencing significant developments. Banks continue to be the major providers of retail payment services to consumers, businesses and Government. NRB has licensed 51 banks and financial institutions, as PSOs/PSPs to operate retail payment systems and provide services. Seven non-banks have been licensed as PSOs while another ten have been licensed as PSPs.

Banks provide their customers with account-based services, cheque facility, debit and credit cards, e-money, remittance services, and online banking facilities (internet/mobile). Non-bank PSPs provide e-money services to their customers. NRB has initiated the process to give permission to domestic payment institutions to acquire international wallets through settlement arrangement in Nepal. NRB has also taken initiation to establish national payment switch to allow interoperability in the retail payment systems.

As an effort for payment system modernization, NRB formulated and published a Retail Payment Strategy (RPS), 2019. RPS focuses on key pillars (i) strengthening the legal and regulatory framework, (ii) deepening digital retail payment systems, (iii) Government and remittances payment to transaction account, (iv) settlement in central bank money, (v) financial awareness, (vi) oversight- covering endpoint security, and (vii) coordination with authorities amongst others.

3.7 National Payment Switch

As mandated by Payment and Settlement Bylaw and announced on Monetary Policy Statement of FY 2076/77, NRB is in the process of establishing National Payment Switch with the objective of establishing interoperable payment infrastructure and setting all the domestic transactions within a country. NRB with the help of UKaid Sakchyam has already completed a study on National Retail Payment Switch and also has formed a task force involving related stakeholders to give concrete recommendations in this regard.

A National Payment Switch would enable the Nepalese card industry to enjoy world-class card payment functionality, access to expertise and a platform for the future, but it would involve significant development and operational cost and make substantial resource demands on the NRB and the industry.

4. Status of Payment Instruments

Though cash and cheques are the major instrument of payment in Nepal, other instruments are also growing. Payments through electronic funds transfer (EFT) is gradually increasing. Following table provides the data on the number of debit and credit cards and the number of Automated Teller Machines (ATMs).

Table: Cards outstanding and ATMs deployed

(Figures in Actual; figures in bracket indicate the percentage increase over previous year)

	2017	2018	2019
Total number of Cards	5,049,924	5,648,974 (11.86)	6,831,667 (20.94)
Of which			
Credit cards	68,966	104,721 (51.84)	123,146 (17.59)
Debit cards	4,980,958	5,544,253 (11.31)	6,708,521 (21.00)
Total number of ATMs	2081	2,791 (34.12)	3,316 (18.81)

Source: NRB Monthly Statistics

Debit card users increased by 20.94 percent in 2019 compared to increment of 11.86 percent in 2018. Similarly, Credit card users increased by 17.59 percent in 2019 compared to increment of 51.84 percent in 2018. Likewise, total number of ATMs increased by 18.81 percent in 2019 compared to increment of 34.12 percent in 2019.

Data shows that people are attracting towards using electronic cards and the volume of credit cards is also increasing every year.

4.1 Electronic Cheque Clearing (ECC)

Following table shows the product wise transaction volume of ECC operated by NCHL.

Sessions	2073/74	2074/75	2075/76	Growth in 2075/76
High Value	751	245	310	27%
Express	437,324	937,877	1,572,514	68%
Regular	9,513,194	8,748,155	10,182,248	16%
Overall	9,951,269	9,686,277	11,755,072	21%

Source: NCHL, Annual Report

Number of cheques handled by ECC increased by 21 percent in FY 075/76 and reached to 11,755,072 .

4.2 Inter-Bank Payment System (IPS)

IPS is the inter-bank payment system operated by NCHL and supports direct debit or direct credit. In Fiscal Year 2075/76, total number of IPS transactions increased by 162.38 percent and reached to 4,931,949. This increment shows that use of direct debit and direct credit is increasing rapidly.

4.3 ConnectIPS

ConnectIPS operated by NCHL act as an instant payment system and allows the bank customers to initiate their payment transactions directly from the bank accounts. This

system was started in Shrawan 2075 and in the first year of the operation, 186,041 transactions were initiated during 251 business days.

4.4 Mobile Banking and Internet Banking

Mobile banking is a service provided by a banks and financial institutions to its customers that allows its customers to conduct financial transactions remotely using a mobile device such as a Smartphone or tablet.

Internet banking is an electronic payment system that enables customers of a bank or financial institution to conduct a range of financial transactions through the financial institution's website.

Following table shows the number of customer using mobile banking and internet banking in Nepal.

Table: Number of Customer using Mobile Banking and Internet Banking

Channel	Fiscal Year				
	2071/72	2072/73	2073/74	2074/75	2075/76
Mobile Bankig	1,068,303	1,754,566	2,669,732	5,086,069	8,347,187
Internet Banking	415,462	515,465	783,751	834,902	917,344
Change % in Mobile Banking		64%	52%	91%	64%
Change % in Internet Banking		24%	52%	7%	10%

Source: Nepal Rastra Bank

In FY 2075/76, number of mobile banking users increased by 64 percent and reached to 8,347,187. Similarly, number of internet banking users increased by 10 percent and reached to 917, 344 in the review period.

The growth in number of mobile banking users is very encouraging and shows that people prefer mobile-based payment services. The growth of internet banking users is very less as compared to mobile banking users.

5. Payment Systems Oversight

Among different roles of central bank under payment systems, oversight of payment systems is one of the major central bank functions whereby the safety and efficiency of payment are ensured by monitoring existing systems, assessing them against objectives and inducing changes. Monitoring the activities of key players in the arena of payment and settlement systems, assessing them, and making inspection and supervision of payment related institutions whenever necessary are several forms of oversight functions.

NRB is carrying its oversight activities based on the 'Payment System Oversight Framework' issued in February 2018. The objectives of the oversight framework are to (i) Ensure sound legal foundation, (ii) Enhance risk management and control, (iii) Integration and interoperability of different payment system, (iv) Assess reach and range of payment

services, (v) Prevention of market from abuse and frauds, (vi) Safeguard customers and ensure their protection and (vii) Review competitiveness in the market.

Separate unit under PSD is responsible for oversight activities. This unit continuously monitors the activities related with payment systems, assesses those activities against directives, policies issued by NRB and standards, and take corrective actions whenever necessary.

Oversight activities in FY 75/76

Inspection/Supervision

NRB conducts onsite examination of licensed payment institutions based on the approved annual plan. During the review period, NRB conducted onsite examination of five institutions (Annex 11)

NRB assesses the information collected during the onsite inspection and the reported by the payment institutes. Systematic risks, operational risk, settlement risk and liquidity risks are analyzed based on the available information. Major issues observed during the period are

- Inappropriate policies
- Inadequate physical infrastructure for the operation
- Shortcomings in handling Board Meetings and maintaining board minutes
- Issues related to corporate Governance
- Non-compliance to existing circulars, directives

Based on the observations, institutions were instructed to correct the issues. Also, issuance of new directives, amendment in existing directives, and issuance of new circulars were some actions taken based on the assessment results.

Reporting arrangement

To aid the process of oversight, all Payment Institutions are required to report their transactions in the prescribed formats through electronic means to the NRB. Institutions are reporting to NRB through access in the reporting portal. However, existing reporting mechanism will be further improved after the launch of Supervisory Information System very soon.

Requirement to approve financial statements

Based on the directive issued by NRB, Payment Institutions are required to complete their statutory audit within four months of completing fiscal year and are required to approve the financial statements from NRB before publishing.

NRB has started approving financial statements of licensed institutions from the FY 2076/77 and during the process financial statements submitted by the licensed entities, audit reports, management letters are analyzed. Data collected through reporting platform and other mechanisms are also considered during the analysis process.

Activities after the end of FY

Nepalese financial system encountered an issue of cash withdrawal by hacking NEPS, one of the licensed PSO, on 31 Aug, 2019. NRB formed an investigation committee in the coordinator ship of Executive Director of PSD. The committee on its report recommended several actions to strengthen the Payment Systems. To counter with the issue, NRB immediately revised the transaction limit of cards and issued a directive to strengthen physical security of the ATMs.

Ongoing activities under oversight

NRB is drafting payment system oversight by-law to further strengthen its oversight activities and is in the process of formulating oversight manual to streamline oversight activities.

Annexures

Annex 1: List of A-class BFIs licensed by NRB as PSP/PSO

SN	Name	Type/ Class	Address	Date of Approval (B.S.)
1	Nepal Bank Ltd.	A	Dharmapath, Kathmandu	2073/12/17
2	Agricultural Development Bank Ltd.	A	Ramshahpath, Kathmandu	2073/12/17
3	Global IME Bank Ltd.	A	Panipokhari, Kathmandu	2073/12/17
4	NIC Asia Bank Ltd.	A	Thapathali, Kathmandu	2073/12/17
5	Prime Commercial Bank Ltd.	A	Nayasadak, Kathmandu	2073/12/17
6	NMB Bank Ltd.	A	Babarmahal, Kathmandu	2073/12/20
7	Laxmi Bank Ltd.	A	Hattisar, Kathmandu	2073/12/20
8	Century Commercial Bank Ltd.	A	Putalisadak, Kathmandu	2073/12/20
9	Mega Bank Ltd.	A	Kamaladi, Kathmandu	2073/12/24
10	Nabil Bank Ltd.	A	Durbarmarg, Kathmandu	2073/12/24
11	Prabhu Bank Ltd.	A	Babarmahal, Kathmandu	2073/12/24
12	Kumari Bank Ltd.	A	Durbarmarg, Kathmandu	2073/12/24
13	Nepal Investment Bank Ltd.	A	Durbarmarg, Kathmandu	2073/12/24
14	Siddhartha Bank Ltd.	A	Hattisar, Kathmandu	2073/12/24
15	Civil Bank Ltd.	A	Kamaladi, Kathmandu	2073/12/24
16	Himalayan Bank Ltd.	A	Kamaladi, Kathmandu	2073/12/24
17	Machhapuchhre Bank Ltd.	A	Lazimpat, Kathmandu	2073/12/24
18	NB Bank Ltd.	A	Kamaladi, Kathmandu	2073/12/29
19	Sanima Bank Ltd.	A	Naxal, Kathmandu	2073/12/29
20	BOK Lumbini Ltd.	A	Kamalpokhari, Kathmandu	2073/12/29
21	Citizens Bank International Ltd.	A	Kamaladi, Kathmandu	2073/12/29
22	Rastriya Banijya Bank Ltd.	A	Singh Durbar Plaza, Kathmandu	2073/12/29
23	NCC Bank Ltd.	A	Bagbazar, Kathmandu	2073/12/29
24	Sunrise Bank Ltd.	A	Gairidhara, Kathmandu	2073/12/29
25	Standard Chartered Bank Nepal Ltd.	A	NayaBaneshwor, Kathmandu	2073/12/30
26	Everest Bank Ltd.	A	Lazimpat, Kathmandu	2073/12/30
27	Nepal SBI Bank Ltd.	A	Hattisar, Kathmandu	2073/12/30
Source: NRB				

Annex 2: List of B class BFIs licensed by NRB as PSP/PSO

SN	Name	Type/ Class	Address	Date of Approval (B.S.)
1	Shangrila Development Bank	B	Baluwatar, Kathmandu	2075/01/21
2	Kankai Bikash Bank	B	Damak, Jhapa	2074/08/29
3	Garima Bikash Bank Limited	B	Lazimpath, Kathmandu	2075/02/22
4	Hamro Bikash Bank Limited	B	Battar, Nuwakot	2075/02/24
5	Excel Development Bank Limited	B	Birtamod, Jhapa	2075/04/17
6	Sahayogi Bikash Bank Limited	B	Janakpur, Dhanusha	2075/04/29
7	Saptakoshi Development Bank Limited	B	Biratnagar, Morang	2075/06/15
8	Gandaki Bikash Bank Limited	B	Pokhara, Kaski	2075/06/15
9	Bhargav Bikash Bank Limited	B	Nepalgunj, Banke	2075/06/15
10	Kanchan Development Bank Limited	B	Mahendranagar, Kanchanpur	2075/07/29
11	Kailash Bikash Bank Limited	B	Putalisadak, Kathmandu	2075/09/08
12	Shine Resunga Development Bank Limited	B	Siddhartha Road, Butwal	2075/09/20
13	Miteri Development Bank Limited	B	Dharan, Sunsari	2075/11/30
14	Sindhu Bikash Bank Limited	B	Barhabise, Sindhupalchowk	2076/02/19
15	Kamana Sewa Bikash Bank Limited	B	Gyaneshwor, Kathmandu	2076/03/25
16	Deva Bikash Bank Limited	B	Laldurbarmarg, Kathmandu	2076/05/09
17	Muktinath Bikash Bank Limited	B	Kamaladi, Kathmandu	2076/05/09
18	Green Development Bank Limited	B	Baglung	2076/05/22

Source: NRB

Annex 3: List of C class BFIs licensed by NRB as PSP/PSO

SN	Name	Type/ Class	Address	Date of Approval (B.S.)
1	Pokhara Finance limited	C	Pokhara, Kaski	2074/09/13
2	United Finance Limited	C	Durbarmarg, Kathmandu	2074/10/24
3	ICFC Finance Limited	C	Bhatbhateni, Kathmandu	2075/01/16
4	Gurkha's Finance Limited	C	Dillibazar, Kathmandu	2075/02/24
5	Goodwill Finance Limited	C	Hattisar, Kathmandu	2075/08/17
6	Manjushree Finance Limited	C	Baneshwor, Kathmandu	2076/08/19

Source: NRB

Annex 4: List of Non-BFIs licensed by NRB as PSO

SN	Name	TYPE	Address	Date of Approval (B.S.)
1	Prabhu Technology	PSO	Kamladi, Kathmandu	2074/03/04
2	Nepal Clearing House Limited	PSO	Kamaladi, Kathmandu	2074/04/15
3	Smart Choice Technology	PSO	Baluwatar, Kathmandu	2074/09/17
4	Nepal Electronic Payment Systems	PSO	Narayanchaur, Kathmandu	2076/01/29
5	Union Pay International	PSO	Shanghai, China	2076/03/25
6	Visa Worldwide Private Limited	PSO	Singapore	2076/04/28
7	Nepal Payment Solution	PSO	Sundhara, Kathmandu	2076/07/14
8	Master CardAsia/Pacific Pte. Limited	PSO	Singapore	2076/08/22

Source: NRB

Annex 5: List of Non-BFIs licensed by NRB as PSP

SN	Name	TYPE	Address	Date of Approval (B.S.)
1	IME Digital Solution Limited	PSP	Panipokhari, Kathmandu	2074/03/05
2	E Sewa Fonepay Pvt. Limited	PSP	Hattisar, Kathmandu	2074/03/05
3	Cellcom Pvt. Limited	PSP	Sundhara, Kathmandu	2075/09/08
4	CG pay Nepal Pvt. Limited	PSP	Sanepa, Lalitpur	2075/09/13
5	Sparrow pay Pvt. Limited	PSP	Pulchowk, Lalitpur	2076/01/02
6	Pay Nep Pvt. Limited	PSP	Naxal, Kathmandu	2076/04/15
7	Q Pay Pvt. Ltd	PSP	Baluwatar, Kathmandu	2076/05/18
8	Nepal Pay Time Pvt. Ltd	PSP	Putalisadak, Kathmandu	2076/05/18
9	Smart Card Pvt. Ltd	PSP	Anamnagar, Kathmandu	2076/06/27
10	Mohar Digital Pvt. Ltd	PSP	Kumaripati, Lalitpur	2076/06/37

Source: NRB

Annex 6: Number of Cheques Presented and Cleared (NCHL-ECC)

Particulars	2071/72	2072/73	2073/74	2074/75	2075/76
Cheque Presented count (000) (Yearly)	6547	7322	9951	9641	11708
Cheque Value (in billions) (Yearly)	2761	3605	5175	6341	7657
Cheque Cleared count (000) (Yearly)	5975	6779	9153	8541	10083
Average Cheque count per day	28405	31475	43326	40509	46836

Source: NCHL

Annex 7: Number of Transaction Presented and Cleared (NCHL-IPS)

Particular	2074/75	2075/76
Total Transaction Presented Count	1879663	4931949
Total Transaction Rejected Count	147641	503780

Source: NCHL

Annex 8: Number of Payment Instruments Issued

Cards	Issuer	2072 Asar (July 2015)	2073 Asar (July 2016)	2074 Asar (July 2017)	2075 Asar (July 2018)	2076 Asar (July 2019)
Debit Card	A Class	4,146,237	4,142,390	4,694,066	5,307,970	6,454,285
	B Class	355,460	479,318	260,225	206,589	216,991
	C Class	30,090	35,417	26,667	29,694	37,245
	Total	4,531,787	4,657,125	4,980,958	5,544,253	6,708,521
Credit Card	A Class	43,895	52,014	68,966	104,721	123,146
Prepaid Card	A Class	69,322	82,797	101,458	96,816	67,386
Source: Nepal Rastra Bank						

Annex 9: No. of Customers on Payment Channels

Channel	Institution	2072 Asar (July 2015)	2073 Asar (July 2016)	2074 Asar (July 2017)	2075 Asar (July 2018)	2076 Asar (July 2019)
ATM	A Class	1,483	1,661	1,874	2,552	2,951
	B Class	213	230	177	209	318
	C Class	25	17	30	30	47
	Total	1,721	1,908	2,081	2,791	3,316
Mobile Banking	A Class	997,463	1,604,578	2,438,222	4,711,097	7,406,802
	B Class	56,994	133,561	217,432	351,796	909,512
	C Class	13,846	16,427	14,078	23,176	30,873
	Total	1,068,303	1,754,566	2,669,732	5,086,069	8,347,187
Internet Banking	A Class	396,362	489,835	766,958	816,074	888,268
	B Class	17,386	23,036	14,634	14,634	24,124
	C Class	1,714	2,594	2,159	3,594	4,952
	Total	415,462	515,465	783,751	834,902	917,344
Source: Nepal Rastra Bank						

Annex 10: Overview of Institutions in Payment Systems in FY 2076/77

Number of Bank and Financial Institutions	
Commercial Banks	27
Development Banks	29
Finance Companies	23
Microfinance Institutions	80
Number of Payment Outlets	
Branches of A-class banks	3585
Branches of B class banks	1267
Branches of C class banks	205
Branchless Banking Centers	1530
Number of ATMs	3316
Number of Licensed PSPs & PSOs	
Total number of Commercial Banks working as PSP	27
Total number of Development Banks operating as PSP	15
Total number of Finance Companies working as PSP	5
Total number of Non-BFIs working as PSO	7
Total number of Non-bank institution operating as PSP	10
<i>Source: Nepal Rastra Bank</i>	

Annex 11: Name of Non-BFIs institutions that had On-site inspection in FY 2076/77

SN	Name	TYPE	Address
1	Prabhu Technology	PSO	Kamladi, Kathmandu
2	Nepal Clearing House Limited	PSO	Kamaladi, Kathmandu
3	Smart Choice Technology	PSO	Baluwatar, Kathmandu
4	IME Digital Solution Limited	PSP	Panipokhari, Kathmandu
5	E Sewa Fonepay Pvt. Limited	PSP	Hattisar, Kathmandu