PAYMENT SYSTEMS OVERSIGHT REPORT

FY 2024/25

Nepal Rastra Bank
Payment Systems Department
Baluwatar, Kathmandu

Foreword

Dear Valued Readers,

The diffusion of new and emerging technologies continues to reshape the digital financial ecosystem worldwide. The payment industry, as a core component of the financial system, has witnessed significant growth in transaction volumes, values, and service innovation. These developments present both opportunities and challenges for central banks in ensuring that payment systems remain safe, resilient, efficient, and inclusive.

In Nepal, payment technologies (PayTech) have evolved rapidly, supported by strengthening digital infrastructure, expanding access to financial services, and ongoing efforts to promote digital financial literacy. Quick Response (QR) code-based payments have emerged as the most widely used retail payment instrument, facilitated by innovations such as card virtualization, expanded merchant acceptance, cross-border QR-based transactions, and offline QR payment solutions. Beyond PayTech, Nepal also demonstrates growing potential for the broader fintech ecosystem.

To foster responsible fintech developments, Nepal Rastra Bank (NRB) has pursued a range of institutional, infrastructural, regulatory, and supervisory initiatives. These include the establishment of the Digital Finance Innovation Hub, initiation of the Fintech Strategy for Digital Financial Services, preparatory work toward the operationalization of the Regulatory Sandbox, and efforts to promote shared payment infrastructure to enhance affordability, interoperability, and efficiency.

In line with its mandate under the NRB Act, 2002, NRB remains committed to fostering a secure, resilient, inclusive payment ecosystem. The Bank continues to strengthen payment system infrastructure, enhance prudential and oversight frameworks, and promote digital financial literacy, while performing its role as overseer, operator, policy maker, and catalyst in a balanced manner.

This sixth edition of the **Payment System Oversight Report, 2024/25** presents an overview of Nepal's evolving payment landscape, highlights key policy and infrastructure initiatives, and outlines oversight activities aimed at safeguarding the stability of payment systems.

I would like to acknowledge the hard work and collaboration of the Payment Systems Department (PSD) team, including Director Subash Acharya, Director Samjhana Dhakal, Acting Director Sudha Shrestha, Deputy Director Suresh Shiwakoti and Assistant Directors Rajesh Paneru and Sabin Shrestha. I believe, this report will serve as a valuable reference for stakeholders and contribute to continued cooperation in building a safe, efficient, and inclusive payment ecosystem in Nepal.

Thank you,

Nishchal Adhikari

Executive Director
Payment Systems Department
August 2026

Table of Contents

List of Tables

List of Figures

Acronyms and Abbreviations

ACH	Automated Clearing House
A.D.	Anno Domini
AEs	Advanced Economies
AI	Artificial Intelligence
API	Application Programming Interface
ATM	Automated Teller Machine
BFIs	Banks and Financial Institutions
BNPL	Buy-Now-Pay-Later
B.S.	Bikram Sambat
CAGR	Compound Annual Growth Rate
CBDC	Central Bank Digital Currency
CDD	Customer Due Diligence
CEO	Chief Executive Officer
CPMI	Committee on Payments and Market Infrastructures
CPSS	Committee on Payment and Settlement Systems
CRG	Cyber Resilience Guidelines
DLT	Distributed Ledger Technology
DRP	Disaster Recovery Plan
ECC	Electronic Cheque Clearing
EMDEs	Emerging and Developing Economies
EUR	European Euro
FY	Fiscal Year
GB	GigaByte
GBP	UK Pound Sterling
GDP	Gross Domestic Product
GL	General Ledger
GoN	Government of Nepal
IBFT	Interbank Fund Transfer
ID	Identity
ILF	Intraday Liquidity Facility
IOSCO	International Organization of Securities Commission

IOT	Internet-of-Things
IPS	Interbank Payment System
JPY	Japanese Yen
KYC	Know-Your-Customer
LIs	Licensed Institutions
LOI	Letter of Intent
Ltd.	Limited
ML	Machine Learning
NCHL	Nepal Clearing House Limited
NEPS	Nepal Electronic Payment System
NFC	Near-field Communication
No.	Number
NPI	National Payment Interface
NPR	Nepal's Rupee
NPS	National Payment Switch
NPSDS	Nepal Payment System Development Strategy
NRB	Nepal Rastra Bank
OLF	Overnight Liquidity Facility
P2M	Person to Merchant
PEP	Politically Exposed Person
PFMI	Principles of Financial Market Infrastructure
POS	Point of Sale
POT	Point of Transaction
PSD	Payment Systems Department
PSOs	Payment System Operators
PSPs	Payment Service Providers
P2P	Peer-to-Peer
Pvt.	Private
QR	Quick Response
RPS	Retail Payment Systems
RTGS	Real Time Gross Settlement
SCT	Smart Choice Technologies
SIPS	Systemically Important Payment System

SIS	Supervisory Information System
SME	Small and Medium Enterprises
USD	U.S. Dollar
VAPT	Vulnerability and Penetration Test
4G/LTE	Long Term Evolution

1. Background

Financial services empower people to uplift themselves out of poverty or prevent the poverty wave[1]. With the progress of societies worldwide, we have seen a shift in financial behaviors of people. Digital connectivity, mobile phone ownership, internet use, mobile money outreach and the use of other digital financial services have transformed financial sectors in most economies, more rapidly after the Covid 19 pandemic. In 2011, 51 percent of the world's adults had financial accounts, which rose to 79 percent by 2024 with half of those accounts being digitally enabled. This suggests more than 50 percent of financial account holders could avail their account-based services through phone, payment card or any other digital medium[1].

Digital payment systems and the platforms, systems, channels or applications offering these services are not just the means for clearing and settlement of monetary and financial transactions, but also a medium to digitally access financial accounts. In fact, the payment industry is one of the most important parts of financial services, generating $2.5 trillion in revenue from $2.0 quadrillion value flows, supported by 3.6 trillion transactions worldwide[2].

Thus, payment and settlement systems contribute significantly to financial stability and economic growth by mitigating systemic and settlement risks, ensuring effective liquidity management, and facilitating the efficient transmission of monetary policy[3].

In 2024, more than 80 percent of account owners made or received digital payments in all other regions except South Asia where just 57 percent of account owners made or received digital payments. The share ranged from 47 percent in Nepal and 54 percent in India to 78 percent in Bangladesh and a high 90 percent in Pakistan. In low-and middle-income economies, the share of adults using digital payment grew between 2014 and 2024 Across low- and middle-income economies, 62 percent of all adults (or 82 percent of account owners) either made or received at least one digital payment. However, digital divide existed with women and poorer adults less likely than men and wealthier adults to have an account and to have used digital payments. Such a gap was found to be higher in South Asia where women were 15 percentage point less likely than men to use digital payments[4]. Similarly, the income gap in digital payments is also prominent in the South Asian region, with 45 percent of poorer adults with accounts using digital payments compared with 64 percent of wealthier adults in the region[1].

1 World Bank Group (2025)
2 Competing systems, consented outcomes, McKinsey & Company (2025) (McKinsey & Company, 2025)
3 See. The World Bank Group (2020)
4 This suggests just half of women account owners used digital payments, compared with nearly two-thirds of men account owners.

Thus, as we cheer the widespread adoption of digital payments, opportunities exist in bridging the existing gaps to further ensure inclusion of those excluded from digital ecosystem. Digital transformation in the financial sector has immense potential to advance financial inclusion, particularly in emerging markets and developing economies (EMDEs), by overcoming geographical barriers and addressing information asymmetries in payment, credit, and other financial products[5]. Customer adoption of digital payment modes has surged, leading to a substantial growth in both physical and e-commerce transactions. According to PwC (2022), the global digital payments market is growing at an 11% compound annual growth rate (CAGR) and is projected to reach USD 9,073 billion by the end of 2025. Furthermore, global cashless payment volumes are expected to increase by over 80 percent from 2020 to 2025, rising from approximately 1 trillion transactions to nearly 1.9 trillion, and nearly tripling by 2030[6]. The Asia-Pacific region is leading this transformation, with cashless transaction volumes expected to grow by 109 percent from 2020 to 2025, followed by a projected 76 percent growth from 2025 to 2030. Other regions, including Africa, Europe, and Latin America, are also witnessing substantial growth, while the US and Canada are projected to have moderate growth.

Globally, three structural forces are expected to drastically change global payments: a more fragmented and regionally focused payment system, the widespread adoption of digital assets for payment purposes and the transformative potential of artificial intelligence (AI). The growing geopolitical unrests between countries has led to regionalization and diversification efforts, which some five years ago were directed towards fully globalized payment systems. Besides, service providers are increasingly focused on improving user experiences, transforming value propositions, resolving governance problems, and implementing supportive legislation for regional payment systems. Efforts have also been directed towards overcoming the challenges encountered from legal systems that are vulnerable to cyber threats and system upgrades[7].

As the adoption of stablecoins and tokenized money accelerates, economies are faced with both opportunities and challenges. While countries like the United States, the European Union, the United Kingdom, Hong Kong, and Japan have issued clear rules for issuing and operating

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[5] See. Feyen, Natarajan, & Saal (2023)

6 See. https://www.businesswire.com/news/home/20220218005233/en/Global-Digital-Payment-Market-is-Expected-to-Grow-at-a-CAGR-of-over-20.5-During-2022-2030---Re-searchAndMarkets. com

7 (McKinsey & Company, 2025)

stablecoins, their recognition is yet to be fully reflected in legal and policy regimes of South Aisa (McKinsey & Company, 2025).

Contrary to stablecoins, most regulators, even in the South Asia, are exploring regulatory clarity on the ethical use of AI[8]. Payment players are increasingly exploring and deploying AI technologies, particularly to boost customer engagement, reduce transactions costs, optimize transactions, streamline fraud detection and risk management.

Thus, as AI agents transform customer journey, convenience and personalization of payments are expected to improve with major implications on trust and relationship building. The service providers are more likely to influence consumer decisions, either directly or through embedded channels, using largely available customer data. Similarly, in the payments industry, interoperability is becoming essential infrastructure that will enable smooth payments across existing payment rails.

While innovations foster through innovators and industry players, central banks play a crucial role in balancing innovation and risk in payment systems and digital financial services. They ensure safety, efficiency, and strengthen the system's financial and technical aspects. Through oversight, they enhance the system's resilience, efficiency, and integrity by setting rules, monitoring, and enforcing standards. This also supports policies and initiatives for payment system modernization.[9].

The **"Payment System Oversight Report, 2024/25"** provides information on the development of Nepal's payment systems and to elucidate oversight activities conducted by the Payment Systems Department (PSD) to ensure an efficient, safe, and healthy payment system in Nepal.

2. Nepal's Payment System

Payment technologies (PayTech) have continued to reshape the banking and financial services landscape in Nepal. Digital modes of payments have increasingly become a necessity, impacting users across diverse socio-economic segments. Over the years, and in the fiscal year 2024/25, the expansion of digital payments has been supported by the strengthening of digital

8 Among others, the Reserve Bank of India (RBI) has published the Framework for Responsible and Ethical Enablement of AI (FREE-AI), the NRB has issued a consultative draft of the Artificial Intelligence Guidelines, the State Bank of Pakistan (SBP) has issued AI Guidelines for Financial Services, and Bangladesh Bank has launched AI Oversight Framework for Banks. Thus, most central banks in South Asia region have prioritized supporting the growing use of AI through enabling regulations, aimed at promoting AI's ethical use.

9 See. CPMI (2021)

foundations[10], improved access to financial services, and ongoing efforts to promote digital financial literacy.

Among digital payment instruments, Quick Response (QR) code-based payments remained the most widely used retail payment medium during FY 2024/25. The adoption of QR payments was further supported by complementary initiatives, such as domestic virtual cards, QR code-based cross-border acquiring arrangements, and offline QR solutions. These developments have paved path for enhanced convenience, interoperability and broader acceptance of digital payments across merchants and consumers (both domestic and international).

In FY 2024/25, payment service providers (PSPs) continued to expand partnerships with banks and financial institutions (BFIs). Such collaborations have now enabled customers to open and access bank accounts through e-wallet platforms, contributing to increased financial inclusion and deeper usage of digital financial services. These partnerships have also supported the diversification of services offered through PSP platforms. As bank-fintech partnerships foster, the NRB has strengthened its regulatory and monitoring lenses to ensure that innovations are progressing in a manner consistent with consumer protection, operational resilience, and financial stability.

Beyond PayTech, Nepal has shown opportunities in the broader fintech ecosystem. In this context, the NRB has advanced preparatory work towards the operationalization of the **Regulatory Sandbox**, aimed at facilitating controlled testing of innovative financial products, services and solutions under regulatory oversight. In parallel, the NRB has also initiated the implementation of the **Fintech Strategy for Digital Financial Services,** which provides a structured framework for fostering innovation in payments and other digital financial services while managing associated risks.

In terms of institutional support for innovation, the NRB further institutionalized the **Digital Finance Innovation Hub** during FY 2024/25. The Hub serves as a mechanism for providing non-binding regulatory guidance to potential innovators operating in digital finance services landscape, thereby enhancing clarity on regulatory expectations at early stages of product development.

10 Nepal has made a significant progress in one of the major components of digital foundations- internet connectivity. By 2025, 4G service has been extended to 749 of 753 local levels. The cost of internet connectivity has also fallen significantly from $2.25/ GB in 2019 to $0.43/GB in 2024. Similarly, around 76 percent of Nepalese own a smartphone, which is also a major enabler of digital payment ecosystem.

From an oversight and financial stability standpoint, one of the major milestones is the implementation of the **"Framework for Identifying Systemically Important Payment Systems (SIPS).** This framework establishes a basis for identifying payment systems that could pose systemic risk to the financial system due to their size, complexity, or interconnectedness. Payment systems identified as systemically important will be subject to enhanced oversight, in line with international standards and NRB's oversight mandate.

To enhance oversight effectiveness, NRB introduced additional reporting requirements for payment system participants in FY 2024/25. These enhanced indicators aim to strengthen monitoring of both access to and usage of payment systems. The expanded data set is expected to support more granular analysis based on service type, geographic coverage, transaction volume, and transaction value of merchant-based transactions, thereby enabling targeted policy and supervisory interventions to deepen digital financial access across the country.

On the infrastructure front, NRB has continued its efforts to strengthen and promote the use of shared infrastructure, particularly the **National Payment Switch (NPS).** The NPS is envisaged as a core component of Nepal's integrated payment ecosystem, aimed at fostering interoperability, reducing duplication of infrastructure investments, and lowering the overall cost of payment services. In this light, NRB has issued a master reference document outlining the architecture, objectives, and role of the NPS. NRB further sought public consultation from relevant stakeholders on the master document. Suggestions received during the consultation process are being used to inform appropriate governance, operational, regulatory, and supervisory arrangements for the implementation of the NPS.

Globally, innovations in digital finance are increasingly supported by emerging technologies such as Artificial Intelligence (AI)/ Machine Learning (ML). Recognizing the growing relevance of these technologies in Nepal's digital financial ecosystem, the NRB has issued the **"Artificial Intelligence Guidelines"**. The guidelines, which are applicable to NRB-licensed entities, including payment-related institutions, provide an initial framework for the responsible, transparent, and risk-based adoption of AI-enabled solution in digital financial services, including payment services.

While payment innovations offer significant opportunities, they also introduce new and evolving risks. The ubiquitous, highspeed, and interconnected nature of digital payments has heightened exposure to cyber risks as well as money laundering, terrorism financing, and proliferation financing (ML/TF/PF) risks. During FY 2024/25, concerns were further underscored by incidence of gold smuggling and similar money laundering (ML) activities accomplished by misutilizing digital payment platforms. In this context, the NRB emphasizes the need for payment-related institutions to strengthen their system architecture, non-face-to-face onboarding processes, and transaction monitoring mechanisms. NRB, through its Money Laundering Prevention Division (MLPD), has continued to intensify supervisory monitoring of payment related activities for ML/TF/PF risks. Where material deficiencies are identified, NRB remains committed to imposing proportionate and dissuasive supervisory and enforcement actions, consistent with the applicable legal and regulatory frameworks.

Thus, as digital payments continue to expand their reach, NRB underscores the collective responsibility of all ecosystem participants to enhance user experience and convenience without circumventing regulatory and legal requirements. Strengthening cybersecurity safeguards, ensuring responsible use and protection of consumer data, and enhancing consumer protection mechanisms, and preserving the overall financial system stability remain central priorities under NRB's payment system oversight function.

3. NRB as a Regulator and Supervisor of the Payment Systems

As the Central Bank of Nepal, NRB has been entrusted with the responsibility to regulate and supervise/oversee payment-related institutions, activities, and mechanisms by the NRB Act, 2002. To carry its responsibility of maintaining a secure, healthy, and efficient payment system, NRB periodically issues policies, directives, guidelines, circulars, and notices to licensed institutions considering the domestic situation and international best practices.

PSD is the dedicated department for regulating and supervising/overseeing the payment-related institutions based on the existing legal framework, directives, oversight framework, major international guiding principles such as PFMIs, and other prevalent guiding documents.

4. Legal and Regulatory Provisions

NRB has formulated and implemented several legal and regulatory provisions consisting bylaws, policies, guidelines, and manuals to monitor and regulate the licensed institutions. NRB has suggested the licensed PSOs and PSPs to adhere to the PFMI also issued by the Committee on Payment and Settlement System (CPSS) and the International Organization of Securities Commissions (IOSCO).

The legal framework for payment activities bears relevant implications for the oversight objectives by affecting the payment system's efficiency, reliability, safety, and stability. As the legal provisions impact the payment market participants, NRB usually undertakes policy dialogues and collects stakeholders' opinions and feedbacks while issuing new provisions. The major documents framing current legal and regulatory provisions related to the payment system is listed below:

- Nepal Rastra Bank Act, 2002.
- Payment and Settlement Act, 2019
- Payment and Settlement Bylaw (First Amendment, 2023), 2020
- Payment System Inspection and Supervision Bylaw, 2021
- Licensing Policy for Payment Related Institutions (First Amendment, 2024), 2023
- Payment Systems-Related Unified Directives, 2024
- Nepal QR Standardization Framework and Guidelines, 2021
- Payment Systems Oversight Manual, 2021
- Bank and Financial Digital Payment Related Onsite Inspection Manual, 2024.

5. Key Developments in FY 2024/25.

NRB has issued directives, circulars, and notices to the licensed institutions as part of its regulatory and supervisory functions. New licenses have been issued to additional BFIs for payment service provision in FY 2024/25. The key developments and activities undertaken by NRB in FY 2024/25 are as below:

5.1 Amendment of Unified Directives

NRB continuously updates the directives to further ensure the safety and efficiency of the payment systems to address the pertinent payment related issues and to implement the policy changes. The amended unified directive related to payment systems/services was published on March 7, 2025.

5.2 Notices and Circulars

NRB periodically issues public notices related to payment systems to the stakeholders and the general public. Table 1 lists down the major notices issued in FY 2024/25.

Table 1:Public Notices Issued by NRB, 2024/25

Issued Date (A.D.)	Public Notice Regarding
18 Oct, 2024	A Study Report on the USSD-Based Payment System and its Regulations: Suggestion for Nepal
21 Feb, 2025	License Non-Renewal of the Nepal Paytime Pvt. Ltd.
5 March, 2025	Amendment, Updates and Additions on the Payment System Related Unified Directives 2023/24
7 March, 2025	Issuance of the Payment Systems Unified Directives 2024/25.
27 March, 2025	Establishment of the Digital Finance Innovation Hub
16 April, 2025	Consultative Document on "Framework for Identifying Systemically Important Payment Systems (SIPS)"
19 June 2025	Merger of the PSP's IME Digital Solution Limited and Khalti Pvt. Ltd.
19 June 2025	License Dismissal of the PSP's Paywell Nepal Pvt. Ltd. and Sajilo Pay Payment Services Pvt. Ltd.

NRB has also issued circulars to amend the existing provisions of payment systems-related unified directives. The overview of the circulars issued in FY 2024/25 is presented in Table 2.

Table 2:Circulars Issued by PSD in 2024/25

Issued Date (A.D.)	Circulars
7 Oct, 2024	Temporary Increase in the Number of Times for Wallet Load in a Particular Day.
3 Dec, 2024	Amendments, Updates and Additions in Direction NO 5/080 and 8/080 of Payments Systems Related Unified Directive 2024/25.
5 March, 2025	Amendment, Updates and Additions on the Payment System Related Unified Directives 2023/24

5.3 Licensing

During FY 2024/25, NRB has issued licenses to the institutions listed in Table 3 to operate as PSP.

Table 3:PSP Licenses Issued by PSD in FY 2024/25

Licensed Date (A.D.)	Institution's Name	Address	Institution Type
2025/03/23	Dhaulagiri Bikas Laghubitta Bittiya Sansthan Ltd	Shrinagar Tole, Baglung	PSP

5.4 Large Value Payment Systems

Based on the mandate given by the Payment and Settlement Act, 2019 and the Payment and Settlement Bylaw (First Amendment, 2023), 2020, NRB has been operating Real Time Gross Settlement (RTGS) system for large value and critical payments since September 12, 2019.

NRB has issued the RTGS System Rules, 2019 that incorporates the membership criteria, responsibilities of members, settlement rules, operating procedures of the RTGS system, provisions related to Intraday Liquidity Facility (ILF) and Overnight Liquidity Facility (OLF) among others. Similarly, NRB has also issued a separate directive (Directive No. 7 of Payment System Related Unified Directives, 2081) for the operations of the RTGS system. Further details about the RTGS system are presented in Table 4.

Table 4: RTGS System in Nepal

<table>
<tr><th>Particulars</th><th>Details</th></tr>
<tr><td>RTGS Direct Participants</td><td>
<table>
<tr><th>Participants</th><th>Count</th></tr>
<tr><td>Commercial Banks</td><td>20</td></tr>
<tr><td>Development Banks</td><td>11</td></tr>
<tr><td>Finance Companies</td><td>12</td></tr>
<tr><td>Nepal Infrastructure Bank (NIFRA)</td><td>1</td></tr>
<tr><td>Total</td><td>44</td></tr>
</table>
(As of Mid-July 2025)
</td></tr>
<tr><td>Allowed Currencies for Transaction Settlement</td><td>
• Nepalese Rupees (NPR)
• US Dollar (USD)
• Euro (EUR)
• Pound Sterling (GBP)
• Japanese Yen (JPY)
</td></tr>
</table>

<table>
<tr><td>Transaction Limits (for allowed currencies)</td><td>

Currency	Mandatory Threshold	Minimum Limit
NPR	NPR 2 Million or above	NPR 200,000
USD	USD 20,000 or above	USD 2,000
EUR	EUR 20,000 or above	EUR 2,000
GBP	GBP 20,000 or above	GBP 2,000
JPY	JPY 2 Million or above	JPY 200,000

</td></tr>
</table>

RTGS system has replaced the manual process to clear large value and critical payments in NRB's General Ledger System with an automated and real-time payment process[11]. Further, the RTGS system can enhance trust and confidence in the payment system as it significantly reduces the settlement risk in payment mechanism.

Since the RTGS system is a domestic interbank settlement system where most of the transactions are based on Nepalese Rupees. Out of the allowed 4 foreign currencies, transactions in US Dollars are dominant in terms of frequency and value of transactions than in other currencies.

On the basis of the types of the transactions RTGS process 4 types of transactions i.e. Customer Transfers, transactions from BFI's, NCHL Payments and NRB Payments. The transactions for the FY 2024/25 are presented in Table 5:

Table 5:Volume and value of Transaction (On the Basis of Types) Processed Through RTGS in FY 2024/25.

Types of Transactions	No. of Transaction	Amount (in Million)
Customer Transfer	348,595	5,932,315
Transactions from BFIs	58,016	4,990,734
NCHL Payments	352,660	8,927,940
NRB Payments	82,851	55,050,768
Total	**842,122**	**74,901,757**

Source: RTGS Unit, PSD, NRB

[11] Cheques of value NPR. 300 million and above are still cleared manually through the Nepal Rastra Bank.

Since 16 December, 2022, the RTGS system participants are allowed to avail liquidity facility through the provision of Intraday Liquidity Facility (ILF) and Overnight Liquidity Facility (OLF). BFIs are charged interest on OLF at policy rate as per the Intraday Liquidity Procedure (Third Amendment, 2023), 2019. In 2024/25, the direct participants of the RTGS system have availed ILF of NPR. 24,300 million, of which the total liquidity provided in the form of OLF has stood at NPR. 2,900 million. The usage of mid- July, 2023 to mid-September, 2023 was moderate to fulfill the shortage of the liquidity in Nepal's financial market.

Table 6: Total ILF and OLF Availed by RTGS Participants in 2024/2025

Month	Amount (in NPR. Million)	
	ILF	OLF
16 Jul-16 Aug 2024	100	-
17 Oct-15 Nov 2024	200	200
16 Dec 2024-14 Jan 2025	3,000	800
15 Jan- 12 Feb 2025	19,000	19,000
15 Mar- 13 Apr 2025	2,000	-
Total	**24,300**	**2,900**

Source: RTGS Unit, PSD, NRB

5.5 Retail Payment Systems

The Nepal's retail payment systems consist of cheque-clearing, electronic fund transfer, card payment systems, QR code-based payment, mobile and internet banking, e-money & wallets, and remittances. These systems are characterized as low-value payment targeted at retail customers, small businesses and merchants. The systems operated by the licensed payment system operators are- image-based cheque-clearing solution and electronic fund transfer facility, QR payment, Interbank Fund Transfer, Cross Border QR acquiring and online payments to customers.

The internationally recognized three institutions like Visa Worldwide Pvt. Ltd., Union Pay International Company Ltd., and Master Card Asia/Pacific Pvt. Ltd. are also operating as PSOs in the Nepal's payment industry.

The digital wallet and remittance service providers further complement the retail payment infrastructure in Nepal. The usage of retail payments has increased rapidly in recent years, especially after the COVID-19 pandemic. IPS, *connect*IPS, Mobile Banking, Internet Banking, e-Wallets, QR Code are the major developments in the field of retail payments in Nepal. The use of faster payment systems like IBFT and QR code has significantly increased after the COVID-19 pandemic. Such a surge in the use of digital financial services has paved the path to modern banking, wherein physical banking is gradually transforming into digital banking.

Recent innovations in retail payments in Nepal have focused on the cross-border integration of payment systems. In this context, acquiring of Wechat Pay, Alipay, Unified Payments Interface (UPI) and Union Pay transactions through QR code issued to Nepalese merchants has started in Nepal.

For cross-border issuing, one PSO has received approval to enable customers of BFIs within its network to make merchant payments in India by scanning UPI QR codes[12].

To further enhance cross-border remittances and fund transfer, the system operator has also been authorized to implement cross-border Person-to-Person (P2P) payments through the National Payment Interface (NPI), integrating with India's UPI network. These initiatives underscore Nepal's commitment to fostering a seamless and efficient cross-border payment ecosystem for international trade, remittances and financial transactions. To modernize the retail payment system in Nepal, NRB formulated the Retail Payment Strategy, 2019, the accomplishments of which are presented in Annex 9.

5.6 National Payment Switch (NPS)

The mandate for a National Payment Switch has been obtained through the Payment and Settlement Act, 2019 and the Payment and Settlement Bylaw (First Amendment, 2023), 2020. The monetary policy of FY 2019/20 also announced the need for a NPS to ensure interoperability and settlement of all domestic transactions within the country. Based on these legal mandates, the NPS is currently being developed through NCHL. The NPS has three components- National Card Switch and Domestic Card Scheme, Retail Payment Switch (RPS) and NPIx for Cross Border Payment Integrations.

The RPS for interoperability of the retail payment is operational since November 2021. The Cross-Border switch NPIx is operational with cross-border person-to-merchant (P2M) acquiring services currently functional and Person to Person (P2P) payments functionality under closed user group testing phase. The National Card Switch (NPS-

[12] BFIs within the Fonepay's network can empower their issuing app (Mobile Banking app) to allow their customers to scan UPI QR codes in India to make merchant payments.

NCS) along with NEPALPAY domestic card scheme is operational since 31st March 2025.The strategic direction of NRB is to ensure the settlement of all electronic transactions of the country through NPS.

RPS is the core retail switch for processing non-card-based retail transactions initiated from any of the channels and any acquiring instruments integrated through National Payments Interface (NPI). All the services and instruments of RPS are available to the members and/or related stakeholders through NPI. The transactions through RPS are processed on real-time such that the finality of the payment is on instant basis with debtor and creditor accounts reflected on real-time. However, the Nostro banks are settled on deferred basis, corresponding to which the settlement risk should be backed by Settlement Guarantee Fund (SGF). Final settlement of RPS is executed on a deferred basis in the RTGS system.

Cross border payment shall be achieved through collaboration with international payment partners (IPPs) like international networks, regional clearing house or networks and others foreign providers. NPI for cross-border payments (NPIx) shall be extended as core engine for cross border business validations, transaction routing and processing, and format conversions. Transactions initiated by a member to international entities, or vice versa, shall first be routed through NPIx for cross-border related conversions, validations, and business workflows before being processed through NPI or delivered to an international network. NPIx is an independent platform within NPS that supports cross-border use cases, irrespective of corridors.

NPS-National Card Switch (NPS-NCS) has been planned for local routing and settlement of cards operated in Nepal, including NEPALPAY card. It will integrate with payment switches of BFIs/ PSOs for card transactions. It also has a centralized system for back-office and fraud and risk management. The final settlement of NCS is planned to be executed on deferred basis at RTGS.

6. Access on Payment Instruments

The COVID-19 pandemic accelerated the digitalization of payments making non-cash payments the new normal, especially in city areas. There has been a rapid surge in the use of digital payment instruments like Mobile Banking, Cards, QR code, *connect*IPS, e-Wallets, Internet Banking, POS machines. Audio QR Codes, Cardless withdrawal through ATMs, loyalty and redemptions are increasingly becoming popular in Nepal. Furthermore, the licensed institutions are constantly working to modernize and innovate payment instruments.

Table 7:Access on Payment Systems

Particulars	Number				
	Mid-July, 2021	Mid-July, 2022	Mid-July 2023	Mid-July 2024	Mid-July 2025
PSPs Agent	9,279	12,685	14,123	17,563	427,787*
Wallet Users	8,885,914	13,675,993	18,941,793	23,461,107	26,765,660
*connect*IPS Users	534,615	896,341	1,108,436	1,276,886	1,441,471
ECC Members	60	59	53	54	54
IPS Members	103	111	115	132	139

* As per the cicular, dated 2081/08/18, PSPs were directed to convert sub-agents into agents within 3 months. The "PSP agents" for Mid-July 2025, statistics consists of the number of agents (agents plus sub-agents converted into agents).

There has been a rapid increase in the user base of e-Wallets in recent years. The number of wallet users increased 201.35% from 8.88 million in Mid-July, 2021 to 26.76 million in Mid-July, 2025. Similarly, the number of *connect*IPS users increased from 0.89 million in Mid-July, 2021 to 1.44 million in Mid-July, 2025. The number of IPS members has also seen growth reaching 139 members in Mid-July, 2025. The number of ECC members has reduced from 60 at Mid-July, 2021 to 54 at Mid-July, 2025.

Over the years, the adoption of digital payment instruments has taken momentum. The evolution of faster payment systems has further familiarized users to digital banking rather than branch-based banking. The access on different payment instruments in FY 2023/24 has been summarized below:

6.1 Cards

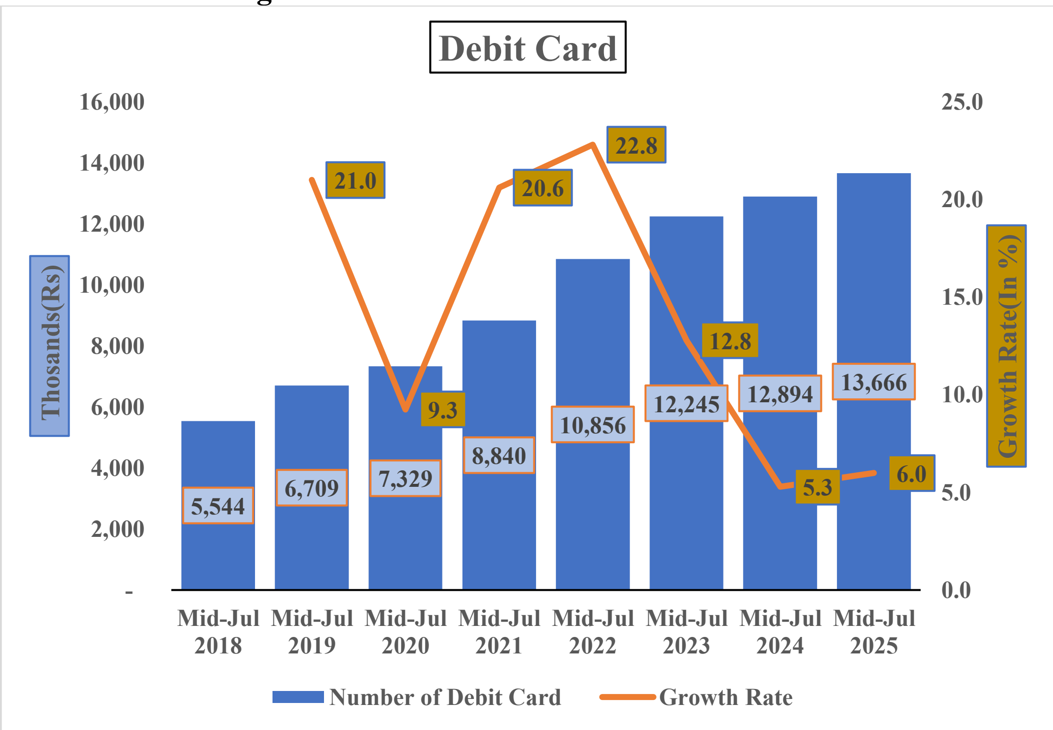
The number of debit and credit cards issued to customers has been increasing since Mid-July, 2018. However, the growth rate of debit card was comparatively lower during the period of the COVID-19 pandemic (Mid-July, 2019 to Mid-July, 2020).

Table 8: Number of Payment Card Issued

Year (As of Mid July)	Debit Card		Credit Card		Prepaid Card	
	Number (in '000)	Growth (%)	Number (in '000)	Growth (%)	Number (in '000)	Growth (%)
2018	5,544	-	105	-	97	-
2019	6,709	21.0	123	17.1	67	-30.9
2020	7,329	9.2	160	30.1	64	-4.5
2021	8,840	20.6	192	20.0	68*	6.3
2022	10,856	22.8	239	24.5	109*	60.3
2023	12,245	12.8	284	18.8	140*	28.4
2024	12,893	5.3	289	1.9	181*	30.0
2025	13,666	6.0	318	10.1	251*	38.0

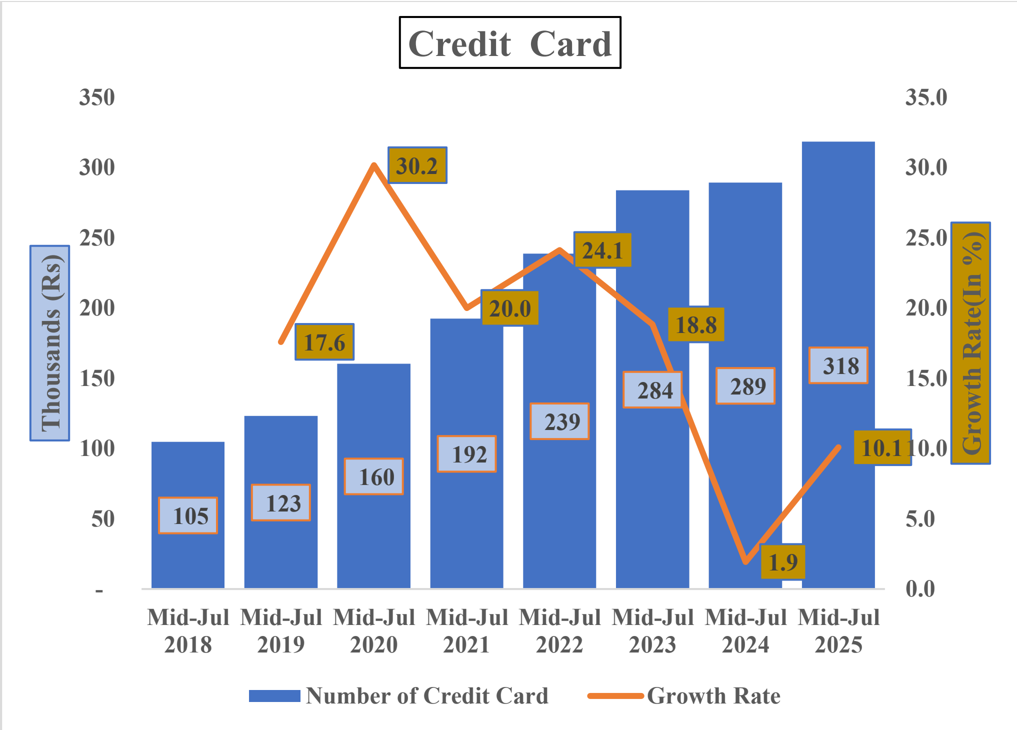
* Also includes card issued by PSPs

Figure 1:Number of Debit Card Issued



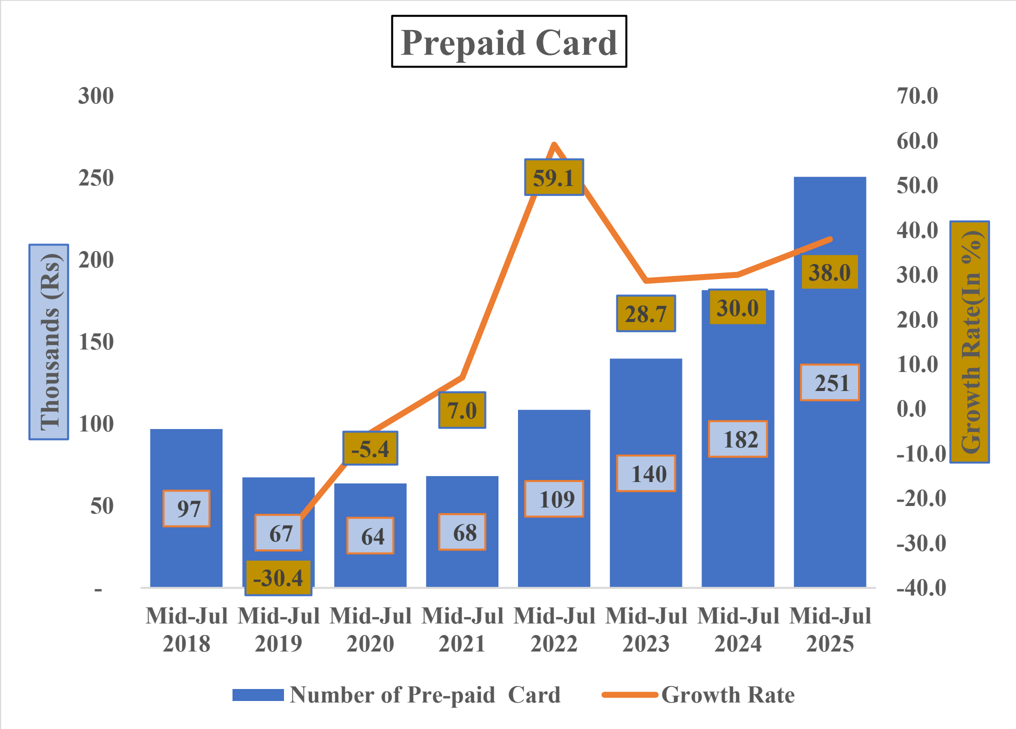
As seen in Figure 1, the number of debit card has increased each year since Mid-July, 2018. The growth rate, however, decreased in 2020, due to COVID-19 pandemic and its effect on business and households. As restrictions imposed during COVID-19 pandemic were gradually lifted up, the issuance of debit cards took pace again. Also, there has been a slightly increase in the growth rate of debit cards at Mid-July, 2025 compared to Mid-July, 2024. Similarly, other payment instruments like QR payments, interbank fund transfer, cardless withdrawals have also become popular. These payment innovations have somewhat reduced the need to have a physical card for making payments. Nevertheless, debit card is still one of the most preferred modes of payments; hence, issuance of the same is still increasing (although at a decreasing rate) in some past years.

Figure 2: Number of Credit Card Issued



The number of issued credit cards is also on the rise, especially after the COVID 19 pandemic. Nepal has experienced the increased use of e-commerce sites, where credit cards are used as the major payment instrument as the e-commerce sites provides schemes and discounts for the credit card payments. The growth rate of credit card at Mid-July, 2025 has increased that of Mid-July 2024.

Figure 3: Number of Prepaid Card Issued



As shown in Figure 3, the number of prepaid cards has also decreased primarily due to domestic as well as international travel restrictions imposed by the government during the COVID-19 pandemic. As the restrictions were lifted and the pandemic subsided, growth rate of prepaid card issuance has peaked in mid-July, 2022. However, in the recent year (mid-July, 2023), a sudden decrease in the growth rate of prepaid card is seen due to rapid growth in other modes of faster payments such as wallets and IBFT. In 2025, the number of prepaid cards soared as BFI's promote the prepaid cards as the international travel cards.

The recent trend in the issuance of debit and credit cards show an increase but at a decreasing rate. This may be because of other payment innovations, especially QR codes, faster payment systems (like *connect*IPS and IBFT), digital loan etc.

6.2 Cheque Clearing

Electronic Cheque Clearing (ECC) system allows the BFIs to accept and present interbank cheques for clearing and settlement. NCHL has been sole operating the ECC system, which offers high-value, express, and regular cheque clearing options to customers. BFIs use the ECC portal to scan the cheques and present them for clearing and settlement. The product-wise transaction number of the ECC system is presented in Table 9.

Table 9: Product-wise Transaction Number through ECC System

FY	High Value	Express (in '000)	Regular (in '000)	Overall (in '000)	Growth (%)
2016/17	751	437	9,513	9,951	-
2017/18	245	938	8,748	9,686	-2.7
2018/19	310	1,573	10,182	11,755	21.4
2019/20	288	1,466	10,432	11,898	1.2
2020/21	608	1,005	13,406	14,411	21.1
2021/22	263	2,031	14,694	16,726	16.1
2022/23	255	2,187	13,034	15,221	-9.0
2023/24	320	2,196	12,335	14,532	-4.5
2024/25	323	2,291	12,599	14,891	2.5

Source: NCHL

During the period of the COVID-19 pandemic, the growth rate of presented cheques (1.2 percent) was low due to lockdown and shutdowns imposed by the government. As the effect of the pandemic subsided, the use of cheques increased in subsequent years. However, in the recent (FY 2024/25), there has been a 2.5 percent increase in the use of cheques. This statistic also suggests that innovative faster payment instruments and channels like QR codes, Mobile Banking, Internet Banking, and e-Wallets are increasingly simultaneously.

Table 10: Number of Cheques Presented and Cleared (NCHL-ECC)

Particulars	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Cheque Presented Count (in'000)	9,951	9,686	11,755	11,898	14,411	16,726	15,221	14,532	14,891
Cheque Value (in billions)	5175	6342	7657	7346	9234	10538	7830	7,359	7,684
Cheque Cleared Count (in'000)	9,153	8,582	10,125	10,150	12,295	13,920	12,349	11,976	12,590

Source: NCHL

In FY 2024/25, the total number of presented cheques stood at 14.81 million of amount NPR. 7,684 billion. Out of the total presented cheques, 12.59 million cheques were successfully cleared.

6.3 Automated Clearing House

The most widely used Automated Clearing House (ACH) payment in Nepal is the Inter-Bank Payment System (IPS) offered by NCHL. IPS is a form of electronic fund transfer that is sent from one bank account to another and it can either be a direct debit or a direct credit facility to the customer.

Table 11:Number of Transactions through IPS

FY	Total Presented Transactions (in '000)	Total Rejected Transactions (in '000)	Presented Transaction Growth (%)	Rejected Transaction Growth (%)
2018/19	4,932	504	-	-
2019/20	5,876	485	19.1	-3.8
2020/21	11,376	535	93.6	10.3
2021/22	14,037	613	23.4	14.6
2022/23	16,124	743	14.9	21.2
2023/24	28,132	673	74.5	-9.4
2024/25	30,651	571	9.0	-15.2

Source: NCHL

Table 12:Transaction Value (in NPR) through IPS

FY	Total Presented Transactions Value (NPR in Billion)	Total Rejected Transactions Value (NPR in Billion)	Presented Transactions Value Growth (%)	Rejected Transactions Value Growth (%)
2018/19	1,559	49	-	-
2019/20	2,138	71	37.1	44.9
2020/21	2,443	76	14.3	7.0
2021/22	2,117	59	-13.3	-22.4
2022/23	2,169	37	2.5	-37.3
2023/24	2,459	28	13.4	-24.3
2024/25	2,937	29	19.4	3.6

Source: NCHL

Like other digital payment instruments, the transaction count through IPS has also plunged after the COVID-19 pandemic. There has been a rapid growth in the number of presented transactions from 19.1 percent in FY 2019/20 to 93.6 percent in FY 2020/21. In FY 2024/25, the number of presented IPS transactions has increased by 9.00 percent, reaching 30.65 million (as shown in Table 11). The presented IPS transactions has increased however, the rejection rate of transactions has decreased.

6.4 Faster Payment

There are two forms of faster payment systems in operation namely, high value payments and retail payments. Currently, three major networks facilitate retail faster payments. NCHL operates *connect*IPS and *corporate*PAY faster payment systems. Fonepay Payment Service Ltd. offers faster payment through fonepay direct and IBFT systems. Nepal Payment Solution Ltd. offers faster payment through InstaFund systems. These three networks link one bank customer with another through their faster payment system. Fonepay's faster payment systems are embedded in the mobile banking application of BFIs, whereas NCHL offers *connect*IPS through 3 mediums: the mobile banking application of BFIs, NCHL's *connect*IPS web portal, and *connect*IPS mobile application. Customers can also use QR codes to transfer funds from their bank accounts. By linking mobile wallets with a bank account, customers can deposit or withdraw funds and pay for services instantly using mobile wallets. For real-time settlement of high value and critical payments, NRB owns and operates the RTGS system.

6.4.1 ConnectIPS and IBFT

*connect*IPS is one of the major faster payment systems offered and operated by NCHL. *connect*IPS allows bank customers to make instant payments using the mobile application or the web portal. Table 13 and Table 14 have highlighted the trend of RPS/*connect*IPS transactions over the last 6 fiscal years.

Table 13:Number of Transactions through NCHL RPS/connectIPS

FY	Total Presented Transactions (in '000)	Total Rejected Transactions (in '000)	Presented Transactions Growth (%)	Rejected Transactions Growth (%)
2018/19	186	6	-	-
2019/20	2,850	65	1432.3	983.3
2020/21	18,981	147	566.0	126.2
2021/22	39,602	185	108.6	25.9
2022/23	50,579	277	27.7	49.7
2023/24	75,597	260	49.5	-6.0

2024/25	112,359	243	48.6	-6.7

Source: NCHL

Table 14:: Transaction Value (in NPR) through NCHL RPS/connectIPS

FY	Total Presented Transactions Value (NPR in Billion)	Total Rejected Transactions Value (NPR in Billion)	Presented Transactions Value Growth (%)	Rejected Transactions Value Growth (%)
2018/19	4	0.133	-	-
2019/20	205	2	4969.2	1659.4
2020/21	1,366	9	566.3	275.2
2021/22	3,094	12	126.5	36.7
2022/23	4,126	18	33.4	50.0
2023/24	5,697	22	38.1	22.2
2024/25	7,553	18	32.6	-18.2

Source: NCHL

The use of RPS/*connect*IPS has surged especially after the COVID-19 pandemic (with the growth rates of number of transactions through connect IPS remaining as high as 1432.3 percent and 566 percent in FY 2019/20 and FY 2020/21 respectively). In FY 2024/23, the total number of RPS/*connect*IPS transactions has increased (48.6 percent) and reached 112.35 million. Similarly, the rate of rejected transactions has decreased with -6.7 percent of the total presented transactions being rejected in FY 2024/25.

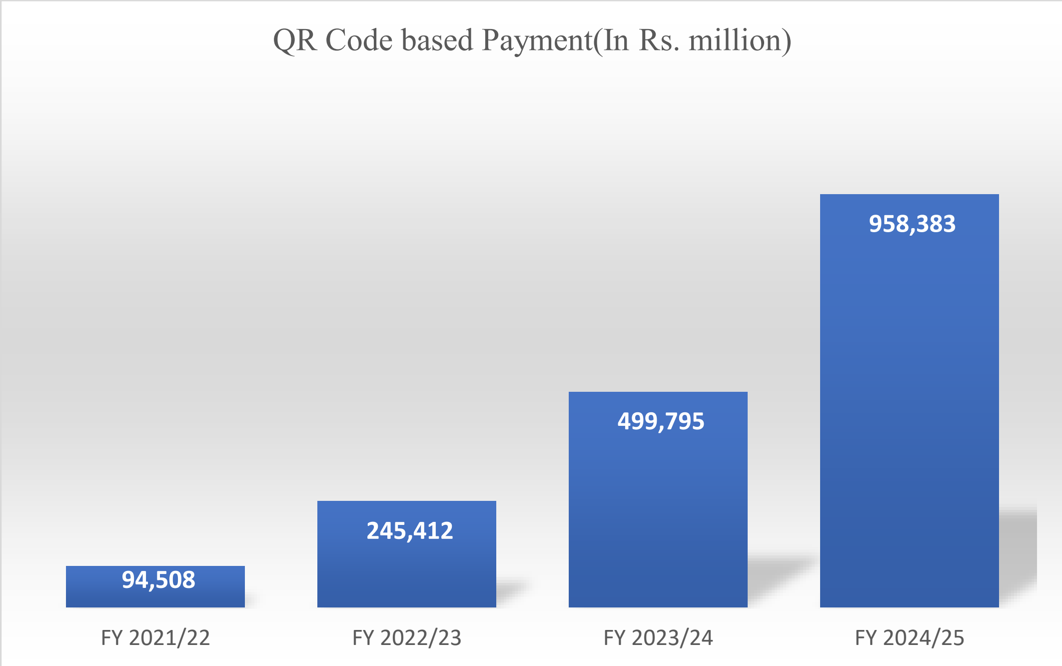
Currently, Fonepay IBFT, Nepal Payment Solutions Instafund and SCT Smart IBFT are also the faster payments (IBFT) services available in the Nepal. In the FY 2024/25, the transactions value of the Fonepay-IBFT, NPS-Instafund and SCT Smart IBFT are NPR.2836.47 Billion, NPR. 13.56 Billion and NPR. 14.89 Billion respectively.

6.4.2 *QR* Code-based Payment

The licensed PSOs have been providing reliable platform for QR Code-based payment in Nepal in 2019.. Due to its convenience and wider acceptance the total merchants having QR in Nepal have reached around 2.9 million making it as one of the easiest mode of payment to the customers.

BFIs have also used the same platform to offer QR Code based payment services to their customers. Further, most PSPs have started QR code-based payment service through their respective mobile application.

Figure 4: QR Code-based Payments in Nepal



QR Code is one of the cheapest and easiest payment platforms for faster payment. Customers can pay a merchant after scanning the QR code through their mobile banking application. The number and value of QR Code-based transactions have increased by 92.5 percent and 91.8 percent respectively in FY 2024/25 as compared with FY 2023/24 (Annex 6). At present, QR Code is the most widely preferred payment instrument by customers.

The cross-border QR acceptance with India where Indian tourist and visitors can seamlessly pay using QR in 1.7 million Merchants through one of the PSOs starting from March 2024. One of the PSP's has enabled Alipay+ and Union Pay QR acceptance in their merchants. Wechat users can also make QR payments at the merchants of some commercial banks which has expanded payment options for international tourists in Nepal. Additionally, Nepal Rastra Bank has approved one of the PSO to acquire Union Pay P2M QR transactions and the same PSO is in the process for cross border QR issuance with India. Also, another PSO has been approved to launch cross-border QR issuance with Srilanka through

LankaPay QR.. The Cross Border QR Acquiring Transactions in 2024/25 is highlighted below:

Table 15: Cross Border QR Acquiring Transactions 2024/25.

Cross-Border QR Acquiring in FY 2024/25	No of Transaction	Amount of Transaction (In Millions)
UPI India	981,654	2,693.38
Alipay/Alipay+	6,102	89.88
Union Pay	125	1.01
Wechat	5,701	84.53
Total	**993,582**	**2,868.79**

6.4.3 Mobile Banking and Internet Banking

BFIs have offered Mobile Banking and Internet Banking services to their customers, allowing the users to perform financial transactions, such as fund transfer, QR payments, utility payments on self-service and digital mode.

Table 16:Number of Customers using Mobile and Internet Banking

Period	Mobile Banking		Internet Banking	
	Number (in '000)	Growth (%)	Number (in '000)	Growth (%)
Mid-Jul, 2016	1,755	-	515	-
Mid-Jul, 2017	2,670	52.1	784	52.2
Mid-Jul, 2018	5,086	90.5	834	6.4
Mid-Jul, 2019	8,347	64.1	917	10.0
Mid-Jul, 2020	11,307	35.5	1,031	12.4
Mid-Jul, 2021	14,195	25.5	1,160	12.5
Mid-Jul, 2022	18,307	29.0	1,684	45.2
Mid-Jul, 2023	21,364	16.7	1,856	10.2
Mid-Jul, 2024	24,649	15.4	1,919	3.4
Mid-Jul, 2025	27,741	12.5	2,219	15.6

Figure 5: Mobile Banking Customers in Nepal

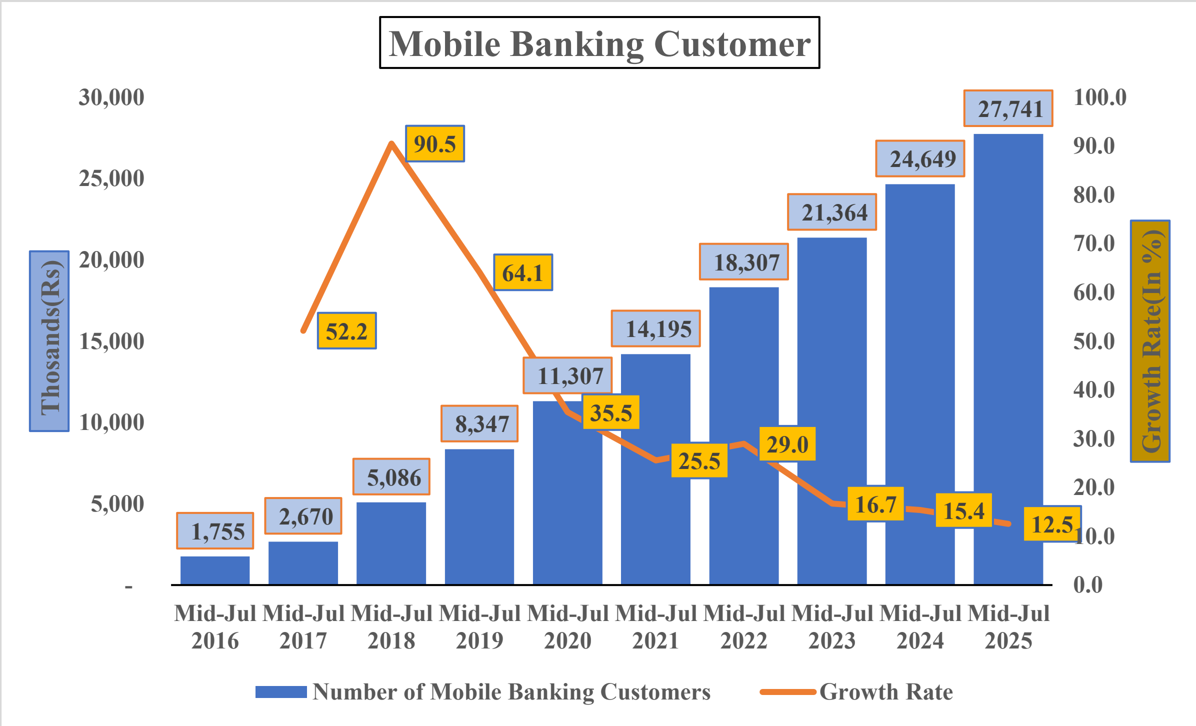
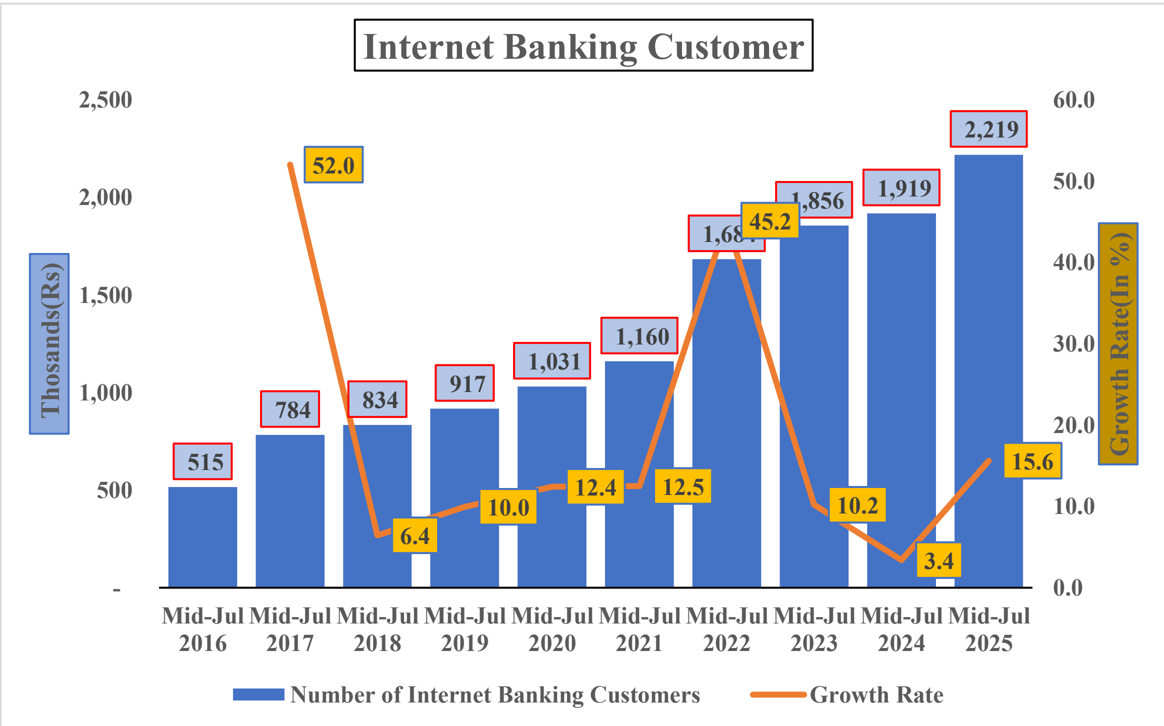


Figure 6: Internet Banking Users in Nepal



The user base of mobile banking and internet banking has increased post the COVID-19 pandemic, although at a decreasing rate. In FY 2024/25, the number of mobile banking users has increased by 12.5 percent and reached 27.74 million. Similarly, the number of internet banking users has increased by 15.6 percent in FY 2024/25 and reached 2.21 million.

6.4.4 *Mobile* Wallet

The use of mobile wallets (e-money) provided by PSPs has been increasing significantly in Nepal. The number of mobile wallet users has stood at 26.76 million as of Mid-July, 2025 (Table 7) with a total transaction amount of NPR. 506.31 billion (Annex 6).

7. Usage of Payment Systems

As access to payment systems continues to expand in Nepal, the use of various digital payment instruments has increased significantly. Payment instruments and channels such as e-wallets, mobile banking, internet banking, QR codes, and cards are now widely used, as they allow customers to conduct transactions in a self-service mode. In addition, e-commerce and Point-of-Sale (POS) transactions have also increased. Following the COVID-19 pandemic, the adoption of faster payment systems, particularly QR payments, e-wallets, and mobile banking, has grown exponentially.

From FY 2023/24 to FY 2024/25, the number and value of Faster Payment System transactions increased by 34.6 percent and 33.7 percent, respectively. Among digital payment instruments, QR code–based payments have emerged as the most widely used in the country. During the same period, the volume and value of QR-based transactions surged by 92.5 percent and 91.8 percent, respectively (Annex 6).

While card-based payments (debit and credit cards) continue to grow, the growth rate has moderated in recent years. In contrast, the use of prepaid cards, which had declined during the COVID-19 pandemic, has shown a strong rebound. The number and value of prepaid card transactions increased by 40.7 percent and 66.5 percent, respectively, in FY 2024/25 compared to FY 2023/24. This growth is largely attributable to the revival of the tourism sector following the lifting of international travel restrictions.

Similarly, the number and value of online card-based payments increased by 39.9 percent and 53.5 percent, respectively, in FY 2024/25 compared to the previous fiscal year. Moreover, online merchants have increasingly integrated e-wallets and faster payment systems, offering customers cardless digital payment options.

The Real-Time Gross Settlement (RTGS) system remains the core infrastructure for processing large-value payments. In FY 2024/25, the number of RTGS transactions increased by 4.0 percent, while the total transaction value rose significantly by 94.4 percent. Similarly, the number and value of Electronic Cheque Clearing (ECC) transactions increased by 5.1 percent and 6.6 percent, respectively, compared to the previous fiscal year. However, as digital financial services continue to proliferate, the use of cheques and the usage of the ECC system is increasing at a gradually declining rate.

8. Payment Systems Oversight

Oversight function differs from supervision in the sense that oversight uses a guideline and resolution-based approach from a payment system viewpoint (considering the broader system), whereas supervision uses a regulation and institutional-based approach from prudential solvency and liquidity viewpoint (considering the individual institutions)[13].

8.1 Payment System Oversight Framework in Nepal

NRB has implemented the Payment System Oversight Framework, 2018 highlighting the objectives, principles, instruments, targets, scope, types of action, and the role of overseer as the major components of the oversight framework. NRB undertakes the supervisory and oversight function by following the Payment System Inspection and Supervision Bylaw, 2021 and the Payment System Oversight Manual, 2021; which have been prepared considering the Payment System Oversight Framework, 2018. The provisions of the framework are summarized in Table 15.

Table 17:Payment System Oversight Framework in Nepal

Role of the Overseer (PSD)	❖ Develop a secure, healthy and efficient system of payment in Nepal.

[13] See. Payment System Oversight Framework, (2018)

	❖ Assess systems, participants, and instruments to ensure that systems are sufficiently protected against risks. ❖ Promote the smooth, efficient, and safe flow of funds between individuals, businesses, and financial markets. ❖ Promote payment system development.
Oversight Objectives	**<u>General Objective:</u>** ❖ Ensure a secure, healthy, and efficient system of payment. **<u>Specific Objective:</u>** ❖ Ensure a sound legal foundation ❖ Enhance risk management and control ❖ Boost competitive market conditions ❖ Ensure integration and interoperability of different payment system ❖ Assess reach and range of payment services ❖ Prevent the market from abuse and frauds ❖ Safeguard customers and ensure their protection ❖ Review competitiveness in the market
Oversight Principles	❖ Fairness (Fair competition) ❖ Transparency ❖ Continuity ❖ Cooperation ❖ International Standard

Oversight Instruments	Targets	Scope of Action	Types of Action
❖ Regulations ❖ Incentives and Sanctions ❖ <u>Monitoring:</u> • Off-site supervision • On-site Inspections • Special Inspection ❖ Assessment/ Analysis	❖ Fair Access ❖ Risk Control ❖ Transparency ❖ System Development ❖ Integration and Interoperability of Systems	❖ <u>Institutions:</u> • PSPs • PSOs ❖ <u>Instruments:</u> • Cards • Mobile Banking • Internet Banking • e-Money • Others (QR Codes, POS)	❖ As per Section 35 and Section 36 of the Payments & Settlement Act, 2019 ❖ As per Unified Directive No. 14/080 for

❖ Policy Dialogue ❖ Enforcement and Remedies ❖ Agreements with other Regulatory Institutions and Stakeholders	❖ Consumer Protection ❖ Financial and Economic Stability	❖ Systems: • Large Value Payment System (SIPS) • Retail Payment System • Securities Settlement System • Other payment and settlement systems ❖ Any New Payment Services	money laundering and financing of terrorism activities related offense.

8.2 Reporting Arrangement

NRB has laid down regulatory reporting requirements in Directive No. 10 of the Payment Systems Related Unified Directives. The types of reports, along with the frequency and deadline of reporting, are presented in Annex 10. NRB uses these reports for the oversight of the licensed institutions as well as in the publication of indicators, licensed institutions must adhere to the submission deadlines.

9. Oversight Activities in 2024/25

Payment Systems Department (PSD) conducts on-site inspections of Payment Service Providers (PSPs) and Payment System Operators (PSOs) at least once every two years, in accordance with the annual action plan approved for each fiscal year. In addition, PSD carries out off-site supervision, which requires licensed institutions (LIs) to submit periodic reports in the prescribed format. The oversight activities undertaken by Nepal Rastra Bank (NRB), along with the key findings and supervisory actions in FY 2024/25, are summarized below.

9.1 Inspection/Supervision

9.1.1 On-site Inspection

The on-site inspection activities may broadly be classified into following 3 categories:

1. **Periodic Inspections**

   These are scheduled inspections as a part of annual action plan.

2. **Special Inspections**

As the name indicate, these are unscheduled inspections carried out as needed based on the analysis of data and information of payment related institutions.

3. **Follow-up Inspections**

The follow-up inspections are carried out to assess the implementation status of the directions given in the earlier inspection report. The on-site inspection process is basically composed of following 3 steps:

i. **Inspection Planning**

In this step, the inspection team determines the scope of the inspection. The team collects and reviews all available information (off-site supervision report, previous on-site inspection report, E-money and Settlement A/c Balances, Updated Transactions Status, Users Status and so on.) before conducting the onsite inspection.

ii. **Inspection Procedure**

Introductory entry meeting with CEO along with top management of the institution is conducted. Additionally, relevant and necessary data and information are collected for detail review as a first step of the procedure.

iii. **Evaluation of Regulatory Compliance**

The assessment of the compliance functions is conducted thoroughly on the basis of following grounds:

- Payment and Settlement Act, 2019
- Payment and Settlement Bylaw (First Amendment, 2023), 2020
- Payment Systems Inspection and Supervision Bylaw, 2021
- Licensing Policy for Payment Related Institutions, 2023
- Payment System-related Unified Directive 2080
- Notices and Circulars
- Prevalent Accounting Standards

In FY 2024/25, NRB carried on-site inspection of the 16 licensed institutions and special inspection of the 1 licensed institution. The list of those institutions is listed in Annex 11.

In FY 2024/25, NRB carried RTGS System Related Inspection of the 6 BFIs. The list of those BFIs is listed in Annex 12.

During on-site inspections, information related to systemic, operational, settlement, and liquidity risks of licensed institutions was collected and analyzed in the context of prevailing market conditions. Based on this assessment, several material issues were identified.

The major issues observed from on-site inspections in FY 2024/25 indicate notable deficiencies in governance, risk management frameworks, operational procedures, and regulatory compliance among the inspected licensed institutions.

1. Licensed institutions failed to commence system operations within specified time period.
2. Internal Control Policy and Risk Management Policy not reviewed by Board of Directors.
3. Inadequate physical and operational infrastructure to support business operations.
4. Non-inclusion of AML/CFT programs and activities in the annual budget.
5. System not in place to visualize active or inactive status of wallet.
6. Antivirus software not renewed exposing systems to cybersecurity risks.
7. Failure to appoint a Chief Executive Officer within the stipulated period.
8. Bi-annual system audits not performed.
9. Non-implementation of a Disaster Recovery Plan (DRP).
10. Failure to conduct Vulnerability Assessment and Penetration Testing (VAPT) for wallet systems.
11. Absence of Disaster Recovery (DR) drills in the production environment.
12. Wallet sessions did not expire after a defined period, increasing security risks.
13. Settlement Account is used for other purposes rather than settlement and wallet transactions.
14. Issuance of e-money balances exceeding the corresponding balances maintained in settlement accounts.
15. Weak internal control systems and governance frameworks.
16. Significant number of KYC-unverified customers recorded in the system.
17. The Compliance Officer was granted Super Admin privileges and transferred funds from the settlement account to wallets, indicating serious governance and control lapses.
18. PSP was found to be offering e-commerce platform services through its wallet.
19. Daily and monthly reports not submitted in the Supervisory Information System.

These issues expose the institutions to heightened financial, operational, and compliance risks. Addressing these weaknesses will require a coordinated effort to strengthen internal control mechanisms, enhance governance structures, and improve risk management and compliance practices.

9.1.2 Off-site Supervision

The Payment and Settlement Act, 2019 requires licensed institutions (LIs) to complete their statutory audits within four months of the end of the fiscal year. In addition, LIs must obtain prior approval from Nepal Rastra Bank (NRB) for their financial statements before publication. Based on the documents submitted by the institutions, the Payment Systems Department (PSD) prepares off-site supervision reports for the respective institutions.

In FY 2024/25, NRB conducted off-site supervision of 24 licensed institutions, as listed in Annex 13. However, four institutions were not granted approval to publish their financial statements. The list of these Payment Service Providers (PSPs) is provided in Annex 14.

The issues identified through off-site supervision in FY 2024/25 primarily relate to governance, regulatory compliance, operational efficiency, and transparency, and indicate areas requiring improvement. The major issues that are outlined in some of the licensed institutions are mentioned below:

1. Failure to complete external audits within four months of the end of the fiscal year.
2. Board of Directors and shareholders using loans and advances from institutions.
3. Failure to appoint an AML/CFT Compliance Officer.
4. Failure to clear outstanding payables, resulting in a continuous year-on-year increase in financial liabilities.
5. Significant accumulation of negative reserves raising the concern of business continuity.
6. Related-party transactions with affiliated entities.
7. Failure to appoint designated Information Security, Risk Management Officer.
8. Failure to conduct semi-annual internal audits.
9. Semi-Annual Financial Statements not published on websites.
10. Change of head office location without obtaining prior approval.
11. Institutional objectives not aligned with the Licensing Policy, 2079

9.2 Actions Taken for the Non-compliance

In FY 2024/25, the following actions were taken against several Payment Service Providers (PSPs) for non-compliance with the Payment System Act, Payment Systems By-laws, and the Payment-Related Unified Directives.

Table 18:Actions Taken for the Non-compliance

Name of PSP	Actions Taken	Date
Prabhu Technology Pvt. Ltd.	Warned	2081/06/07
Khalti Pvt. Ltd.		2081/09/21
Icash Pvt Ltd.		2081/12/05
Fintech Pvt. Ltd.		2081/11/27
Nepal Paytime Pvt. Ltd.	License non-renewal	2081/11/09
Paywell Nepal Pvt.	License Dismissal	2082/03/05
Sajilo Pay Payment Services Pvt. Ltd	License Dismissal	2082/03/05

9.3 Policy Facilitation

In FY 2024/25, NRB carried out following activities to ease the payment system:

i. A Study report on "USSD-Based Payment System and its Regulations: Suggestions for Nepal."was published which highlighted USSD payment can be an alternative medium for the payment of the services.

ii. Temporary relaxation in the maximum number of wallet transactions during Dashain and Tihar Festival.

iii. Approval for linking foreign card to wallet, allowing the Nepalese Merchants to accept the card linked payments through wallet.

iv. Approval for PSO to operate Interoperable Card Switch (NPS-NCS) and Domestic Card Scheme.

v. Approval to wallet for the Recurring Deposit Scheme/Smart Deposit in association with the NRB licensed BFI's.

vi. Approval to wallet for "Remit as Merchant Payment" where the Nepalese in the abroad can make merchant payments through the foreign mobile applications.

9.4 Challenges and Risks

The rapid expansion of digital payment systems in Nepal presents significant opportunities for enhancing financial inclusion, efficiency, and economic growth. However, this growth also introduces a range of challenges and risks for both Payment System Operators (PSOs) and Payment Service Providers (PSPs). If not adequately addressed, these challenges may undermine system stability, consumer trust, and the overall integrity of the digital payment ecosystem. The key challenges and risks are outlined below:

Challenges and Risks of PSO:

i. *Cybersecurity Threats:* PSOs operate critical payment infrastructure and are therefore prime targets for cyberattacks, including data breaches, malware attacks, denial-of-service (DoS) incidents, and large-scale fraud. Maintaining robust cybersecurity frameworks, continuous monitoring, and incident response mechanisms is essential to safeguard system integrity and protect sensitive data.

ii. *System Outages:* Technical failures, system downtime, or disruptions caused by infrastructure weaknesses can severely impact transaction processing. Prolonged outages can erode public confidence, damage institutional reputation, and result in financial losses for participants and end users. Ensuring business continuity, disaster recovery, and system redundancy remains a major challenge.

iii. *Inability to adapt to Evolving Regulatory Requirements:* The regulatory landscape for digital payments is continuously evolving in response to technological innovation and emerging risks. Failure to comply with updated regulatory guidelines, reporting requirements, or supervisory directives may lead to enforcement actions, penalties, and operational disruptions for PSOs.

iv. *Lack of Public Awareness and Financial Literacy:* Despite rapid adoption, a significant segment of the population remains unfamiliar with digital payment systems. Raising awareness about the benefits, proper usage, and associated risks of digital transactions requires sustained outreach and education efforts, which can be resource-intensive for PSOs.

v. *Unclear or Evolving Legal Provisions:* Clear and comprehensive legal frameworks are essential for dispute resolution, fraud management, consumer protection, and liability determination. Gaps or ambiguities in existing laws and regulations can increase operational and legal risks for PSOs and weaken user confidence in digital payment systems.

Challenges and Risks of PSP:

i. *Intense Market Competition:* The PSPs competing for the same user base has intensified market competition. This necessitates continuous innovation in product offerings, pricing strategies, customer experience, and value-added services to attract and retain customers while maintaining profitability.

ii. *Fraudulent Activities and Financial Crimes:* With the proliferation of digital payment channels, fraud schemes have become more sophisticated. PSPs face growing challenges in detecting and preventing unauthorized transactions, identity theft, account takeovers, and social engineering fraud, particularly as transaction volumes and user diversity increase.

iii. *Data Privacy and Information Security Risks:* PSPs must balance the delivery of personalized and convenient services with the obligation to protect customer data. Inadequate data protection measures can result in data breaches, legal liabilities, regulatory penalties, and significant loss of consumer trust.

iv. *Operational Disruptions and Service Downtime:* System outages, software failures, or connectivity issues can interrupt payment services, leading to failed transactions, revenue losses, and customer dissatisfaction. Ensuring system reliability and timely issue resolution is a continuous operational challenge.

v. *Non-reporting or Incomplete Reporting of Transactions:* Failure to accurately and timely report transaction data can conceal underlying risks, including money laundering, terrorist financing, fraud, and other regulatory non-compliances. Incomplete reporting undermines effective oversight and poses systemic risks to the payment ecosystem.

Addressing these challenges requires a coordinated and collaborative approach among all stakeholders:

i. *Payment System Department, NRB:* Continuously update and strengthen regulatory frameworks, promote interoperability among payment systems, enhance transaction monitoring and oversight mechanisms, and support nationwide financial literacy initiatives.

ii. *PSOs:* Invest in advanced security technologies, strengthen infrastructure resilience, ensure regulatory compliance, and actively collaborate with PSPs and other stakeholders to maintain system stability and efficiency.

iii. *PSPs:* Implement robust fraud detection and prevention tools, prioritize data protection and privacy, ensure accurate regulatory reporting, and offer innovative, customer-centric services to remain competitive.

iv. *Consumers:* Develop a basic understanding of digital financial services, adopt safe digital practices, remain vigilant against fraud and scam attempts, and choose licensed and trusted PSPs for digital transactions.

v. *Law Enforcing Agencies and Government Authorities:* Maintain continuous inter-agency coordination, strengthen consumer protection mechanisms, support effective enforcement of financial laws, and create a conducive policy environment for secure and sustainable digital payment growth.

By proactively addressing these challenges and mitigating associated risks, Nepal's digital payment ecosystem can realize its full potential enhancing financial inclusion, strengthening economic activity, and supporting the transition toward a secure, resilient, and cashless digital economy.

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Annexure

Annex 1: Licensed Institutions (PSOs and PSPs) (As of Mid-July 2025)

S.N.	Name	Address	Licensed Date (B.S.)
Payment System Operators (PSOs)			
1	Nepal Clearing House Ltd.	Kamaladi, Kathmandu	2074/04/15
2	SmartChoice Technology Ltd.	Baluwatar, Kathmandu	2074/09/17
3	Union Pay International Company Ltd.	Shanghai, China	2076/03/30
4	Visa Worldwide Private Ltd.	Singapore	2076/04/29
5	Nepal Payment Solution Ltd.	Kamalpokhari, Kathmandu	2076/07/19
6	Master Card Asia/Pacific Pte Ltd.	Singapore	2076/08/24
7	Fonepay Payment Services Ltd.	Pulchowk, Lalitpur	2076/10/26
8	First Pay Technology Pvt. Ltd.	Hattisar, Kathmandu	2076/11/13
9	Gateway Payment Service Pvt. Ltd.	Banasthali, Kathmandu	2077/11/03
Payment Service Providers (PSPs)			
1	IME Khalti Ltd.*	Panipokhari, Kathmandu	2074/03/05
2	Esewa Ltd.	Pulchowk, Lalitpur	2074/03/05
3	Cellcom Pvt. Ltd.	Airport, Kathmandu	2075/09/08
4	CG Pay Nepal Pvt. Ltd.	Sanepa, Lalitpur	2075/09/13
5	Pay Nep Pvt. Ltd.	Naxal, Kathmandu	2076/04/15
6	Que Pay Pvt. Ltd.	Bhadrakali, Kathmandu	2076/05/19
7	Smart Card Nepal Pvt. Ltd.	Thimi, Bhaktapur	2076/06/29
8	Prabhu Technology Pvt. Ltd.	Gairidhara, Kathmandu	2076/11/11
9	FocusOne Payment Solutions Pvt. Ltd.	Kamaladi, Kathmandu	2076/11/29
10	Kuraakani Pay Pvt. Ltd.	Sanepa, Lalitpur	2077/02/29
11	Goldmine Business Group Pvt. Ltd.	Baneshwor, Kathmandu	2077/08/29
12	We Pay Pvt. Ltd.	Gairidhara, Kathmandu	2077/09/15
13	Fintech International Pvt. Ltd.	Kupondole, Lalitpur	2077/10/20
14	Lenden Sewa Pvt. Ltd.	Jaya Bageshwori, Kathmandu	2077/10/20
15	Digi Pay Pvt. Ltd.	Anamnagar, Kathmandu	2077/11/18
16	Nepal E. Biz. Management Pvt. Ltd.	Sundhara, Kathmndu	2077/11/18
17	I Pay Pvt. Ltd.	Khichapokhari, Kathmandu	2077/11/21

S.N.	Name	Address	Licensed Date (B.S.)
18	Icash Pvt. Ltd.	Jamal, Kathmandu	2077/12/03
19	Nepal Digital Payments Company Ltd.	Tripureshwor, Kathmandu	2077/12/03
20	Sulav Pay Pvt. Ltd.	Kuleshwor, Kathmandu	2077/12/05
21	Chhito Paisa Pvt. Ltd.	Mid-Baneshwor, Kathmandu	2077/12/05
22	City Wallet Pvt. Ltd.	Kamaladi, Kathmandu	2080/07/15

* Excluding BFIs licensed as PSPs.

Annex 2: Commercial Banks Licensed as Payment Service Providers (PSPs) (As of Mid-July 2025)

S.N.	Name	Address	Licensed Date (B.S.)
1	Nepal Bank Ltd.	Dharmapath, Kathmandu	2073/12/17
2	Agricultural Development Bank Ltd.	Ramshahpath, Kathmandu	2073/12/17
3	Global IME Bank Ltd.	Kamaladi, Kathmandu	2073/12/17
4	NIC Asia Bank Ltd.	Thapathali, Kathmandu	2073/12/17
5	Prime Commercial Bank Ltd.	Kamalpokhari, Kathmandu	2073/12/17
6	NMB Bank Ltd.	Babarmahal, Kathmandu	2073/12/20
7	Laxmi Sunrise Bank Ltd.	Hattisar, Kathmandu	2073/12/20
8	Nabil Bank Ltd.	Beena Marg, Kathmandu	2073/12/24
9	Prabhu Bank Ltd.	Babarmahal, Kathmandu	2073/12/24
10	Kumari Bank Ltd.	Tangal, Kathmandu	2073/12/24
11	Nepal Investment Megha Bank Ltd.	Durbarmarg, Kathmandu	2073/12/24
12	Siddhartha Bank Ltd.	Hattisar, Kathmandu	2073/12/24
13	Himalayan Bank Ltd.	Kamaladi, Kathmandu	2073/12/24
14	Machhapuchhre Bank Ltd.	Lazimpat, Kathmandu	2073/12/24
15	Sanima Bank Ltd.	Naxal, Kathmandu	2073/12/29
16	Citizens Bank International Ltd.	Narayanhitipath, Kathmandu	2073/12/29
17	Rastriya Banijya Bank Ltd.	Singh Durbar Plaza, Kathmandu	2073/12/29
18	Standard Chartered Bank Nepal Ltd.	Naya Baneshwor, Kathmandu	2073/12/30
19	Everest Bank Ltd.	Lazimpat, Kathmandu	2073/12/30
20	Nepal SBI Bank Ltd.	Keshermahal, Kathmandu	2073/12/30

Annex 3: Development Banks Licensed as Payment Service Providers (PSPs) (As of Mid-July 2025)

S.N.	Name	Address	Licensed Date (B.S.)
1	Shangrila Development Bank Ltd.	Baluwatar, Kathmandu	2075/01/21
2	Garima Bikash Bank Ltd.	Lazimpat, Kathmandu	2075/02/22
3	Excel Development Bank Ltd.	Birtamod, Jhapa	2075/04/17
4	Saptakoshi Development Bank Ltd.	Dhankutabazar, Dhankuta	2075/06/15
5	Shine Resunga Development Bank Ltd.	Butwal, Rupandehi	2075/09/20
6	Miteri Development Bank Ltd.	Dharan, Sunsari	2075/11/30
7	Sindhu Bikash Bank Ltd.	Barhabise, Sindhupalchowk	2076/03/03
8	Kamana Sewa Bikash Bank Ltd.	Gyaneshwor, Kathmandu	2076/03/30
9	Muktinath Bikash Bank Ltd.	Kamaladi, Kathmandu	2076/05/16
10	Green Development Bank Ltd.	Pokhara, Kaski	2076/05/25
11	Lumbini Bikas Bank Ltd.	Dillibazar, Kathmandu	2076/09/23
12	Jyoti Bikas Bank Ltd.	Kamaladi, Kathmandu	2077/10/25
13	Mahalaxmi Bikas Bank Ltd.	Durbarmarga, Kathmandu	2078/11/23
14	Corporate Development Bank Ltd.	Birgunj, Parsa	2079/10/05
15	Karnali Development Bank Ltd.	Nepalgunj, Banke	2080/01/11
16	Narayani Development Bank Ltd.	Rattnagar, Chitawan	2080/03/05
17	Salapa Bikas Bank Ltd.	Diktel,Khotang	2081/03/28

Annex 4: Finance Companies Licensed as Payment Service Providers (PSPs) (As of Mid-July 2025)

S.N.	Name	Address	Licensed Date (B.S.)
1	Pokhara Finance Ltd.	Pokhara, Kaski	2074/09/13
2	ICFC Finance Ltd.	Tangal, Kathmandu	2075/01/16
3	Gurkhas Finance Ltd.	Dillibazar, Kathmandu	2075/02/24
4	Goodwill Finance Ltd.	Hattisar, Kathmandu	2075/08/17
5	Manjushree Finance Ltd.	Naya Baneshwor, Kathmandu	2076/08/25
6	Progressive Finance Ltd.	Tinkune, Kathmandu	2076/09/23
7	Reliance Finance Company Ltd.	Pradashanimarg, Kathmandu	2077/10/25
8	Samridhi Finance Company Ltd.	Hetauda, Makawanpur	2078/01/14
9	Best Finance Company Ltd.	Chabhil, Kathmandu	2078/01/19
10	Guheshwori Merchant Banking and Finance Company Ltd.	Pulchowk, Lalitpur	2078/01/31
11	Central Finance Ltd.	Kupandol, Lalitpur	2078/05/27
12	Nepal Finance Ltd.	Kamaladi, Kathmandu	2078/05/27
13	Janaki Finance Company Ltd.	Janakpurdham, Dhanusa	2079/02/16
14	Multipurpose Finance Ltd.	Rajbiraj, Saptari	2079/02/16
15	Shree Investment and Finance Company Ltd.	Dillibazar, Kathmandu	2079/05/09

Annex 5: Microfinance Financial Institutions as Payment Service Providers (PSPs) (As of Mid-July 2025)

S.N.	Name	Address	Licensed Date (B.S.)
1	Laxmi Laghubitta Bittiya Sanstha Ltd.	Maharajgunj, Kathmandu	2079/03/19
2	Chhimek Laghubitta Bittiya Sansthan Ltd.	Old Baneswor, Kathmandu	2079/05/09
3	Nirdhan Utthan Laghubitta Bittiya Sasthan Ltd.	Naksal, Kathmandu	2079/05/21
4	Mirmire Laghubitta Bittiya Sasthan Ltd.	Banepa, Kavrepalanchowk	2079/08/14
5	Sworojkar Laghubitta Bittiya Sasthan Ltd.	Banepa, Kavrepalanchowk	2079/08/21
6	Unnati Sahakarya Laghubitta Bittiya Sasthan Ltd.	Siddharthanagar, Rupandehi	2079/08/21
7	Swablamban Laghubitta Bittiya Sansthan Ltd.	Kamalpokhari, Kathmandu	2079/09/24
8	Jeevan Bikas Laghubitta Bittiya Sansthan Ltd.	Katahari , Morang	2080/05/10
9	Suryodaya Womi Laghubitta Bittiya Sansthan Ltd.	Banepa, Kavrepalanchok	2080/07/27
10	NIC ASIA Laghubitta Bittiya Sansthan Ltd.	Banepa, Kavrepalanchok	2081/2/28
11	Mahila Laghubitta Bittiya Sansthan Ltd.	Banepa, Sanga, Kavrepalanchok	2081/2/25
12	Dhaulagiri Laghubitta Bittiya Sansthan Ltd.	Baglung-2, Baglung	2081/12/10

Annex 6: Usage of Payment Systems

Particulars	FY 2023/24		FY 2024/25		Change (%)	
	No. of Transactions	Total Amount (NPR Million)	No. of Transactions	Total Amount (NPR Million)	No. of Transactions	Total Amount
RTGS	809,769	38,520,229	842,122	74,901,757	4.0%	94.4%
ATM-Cash Withdrawal	130,542,215	1,057,847	129,922,430	1,088,710	(0.47%)	2.9%
ECC	11,976,235	5,899,069	12,589,669	6,289,358	5.1%	6.6%
IPS	27,458,863	2,435,888	30,080,372	2,911,234	9.5%	19.5%
Faster Payment Systems	128,243,599	3,920,911	172,673,457	5,241,704	34.6%	33.7%
Debit Cards	139,817,383	1,100,398	139,726,744	1,137,673	(0.06%)	3.4%
Credit Cards	3,243,907	21,733	3,315,575	24,014	2.2%	10.5%
Prepaid Cards	1,145,510	7,542	1,612,036	12,555	40.7%	66.5%
Internet Banking	3,512,720	169,738	4,961,383	233,800	41.2%	37.7%
Mobile Banking	424,047,710	3,478,668	614,133,910	5,018,334	44.8%	44.3%
Branchless Banking	873,608	18,579	890,878	19,436	2.0%	4.6%
Wallet	294,543,696	302,694	400,929,083	506,314	36.1%	67.3%
QR-Based Payments	169,346,467	499,795	325,974,377	958,383	92.5%	91.8%
Point of Sales (POS)	12,171,542	64,158	12,539,512	70,814	3.0%	10.4%
E-Commerce*	1,474,296	8,816	2,063,255	13,534	39.9%	53.5%
Cross Border QR Acquiring			993,582	2,865		
Other Retail Payments	55,407,216	3,789,909	88,897,946	5,176,566	60.4%	36.6%

* Online payments using cards

Notes:

Faster Payment Systems Includes all the transactions from Connect IPS(Mobile/Web/Gateway), Fonepay-IBFT, InstaFund, SCT-IBFT)
The transaction of Cross Border QR Acquiring data has been incorporated in PS Indicators from 2081 Asoj.
For FY 2081/82, the total usage is from 2081 Saun to 2082 Baisakh

Annex 7: Number of Payment Instruments Issued by BFIs

Cards	Issuer	Mid-July 2016	Mid-July 2017	Mid-July 2018	Mid-July 2019	Mid-July 2020	Mid-July 2021	Mid-July 2022	Mid-July 2023	Mid-July 2024	Mid-July 2025
Debit Card	Commercial Banks	4,142,390	4,694,066	5,307,970	6,454,285	7,062,472	8,459,435	10,274,413	11,358,426	11,757,746	12,373,598
	Development Banks	479,318	260,225	206,589	216,991	231,287	348,411	538,672	826,506	1,076,072	1,216,322
	Finance Companies	35,417	26,667	29,694	37,245	35,443	32,009	43,272	60,553	59,710	75,877
	Total	**4,657,125**	**4,980,958**	**5,544,253**	**6,708,521**	**7,329,202**	**8,839,855**	**10,856,357**	**12,245,485**	**12,893,528**	**13,665,792**
Credit Card	Commercial Banks	52,014	68,966	104,721	123,146	160,297	192,370	238,794	283,126	287,365	315,138
	Development Banks	-	-	-	-	-	-	-	646	1,874	3,290
	Total	**52,014**	**68,966**	**104,721**	**123,146**	**160,297**	**192,370**	**238,794**	**283,772**	**289,239**	**318,428**
Prepaid Card	Commercial Banks	82,797	101,458	96,816	67,386	63,775	65,786	105,121	135,626	178,216	245,992
	Development Banks	-	-	-	-	-	-	-	1,494	1,875	4,092
	Total	**82,797**	**101,458**	**96,816**	**67,386**	**63,775**	**65,786**	**105,121**	**137,120**	**180,091**	**250,084**

Annex 8: Number of ATM Terminals and Customers of Mobile and Internet Banking

Channel	Institutions	Mid-July 2016	Mid-July 2017	Mid-July 2018	Mid-July 2019	Mid-July 2020	Mid-July 2021	Mid-July 2022	Mid-July 2023	Mid-July 2024	Mid-July 2025
ATM Terminals	Commercial Banks	1,661	1,874	2,552	2,951	3,759	3,983	4,235	4,465	4,801	4,878
	Development Banks	230	177	209	318	296	301	323	346	348	344
	Finance Companies	17	30	30	47	51	41	44	44	44	41
	Total	**1,908**	**2,081**	**2,791**	**3,316**	**4,106**	**4,325**	**4,602**	**4,855**	**5,193**	**5,263**
Mobile Banking	Commercial Banks	1,604,578	2,438,222	4,711,097	7,406,802	10,115,313	12,638,366	16,091,464	18,438,455	21,141,088	23,787,529
	Development Banks	133,561	217,432	351,796	909,512	1,100,743	1,500,050	2,114,559	2,772,852	3,275,906	3,659,016
	Finance Companies	16,427	14,078	23,176	30,873	90,741	56,423	101,232	152,682	231,852	294,739
	Total	**1,754,566**	**2,669,732**	**5,086,069**	**8,347,187**	**11,306,797**	**14,194,839**	**18,307,255**	**21,363,989**	**24,648,846**	**27,741,284**
Internet Banking	Commercial Banks	489,835	766,958	816,074	888,268	1,001,866	1,115,532	1,279,475	1,347,970	1,325,072	1,601,513
	Development Banks	23,036	14,634	14,634	24,124	23,332	37,063	394,563	494,753	578,387	599,316
	Finance Companies	2,594	2,159	3,594	4,952	6,029	7,726	10,272	13,472	15,863	18,512
	Total	**515,465**	**783,751**	**834,302**	**917,344**	**1,031,227**	**1,160,321**	**1,684,310**	**1,856,195**	**1,919,322**	**2,219,341**

Annex 9: Accomplishment of RPS, 2019

Topic	Accomplishments
Strengthening the legal and regulatory framework	• Implemented: ❖ Licensing Policy for Payment-related institutions/mechanisms, 2016 ❖ RTGS System Rules ❖ ILF Procedure, 2019 ❖ Payment and Settlement Bylaw, 2020 ❖ Nepal QR Standardization Framework and Guidelines, 2021 ❖ Digital Lending Guidelines, 2022 Furthermore, National Payment Board and National Payment System Recommendation Committee have been institutionalized as per Payment and Settlement Act, 2019 and Payment System Inspection and Supervision Bylaws, 2021.
Deepening Digital Retail Payment System	• Fair and transparent pricing, defined via Directive No. 5, in close coordination with the stakeholders. • Video KYC for remote onboarding of customers in use. • Maximum transaction fees specified by the NRB through Directive No 5 of Payment-system related Unified Directives. • PSPs are allowed to use agent network to provide payment-related services. The agent network is useful for financial inclusion and enhancing the access. • USSD-based payment system in operation through one of the licensed PSPs. A study report has been published highlighting the appropriate implementation modality for USSD-based payment system in Nepal. • A guideline on interoperability of payment systems issued to foster wider acceptance of payment systems in Nepal. • Guidelines issued to implement app in Nepali language to promote the use of digital payments
Directing government and remittance	• Revenue Information Management System (RMIS) integrated with NCHL's connectIPS and IPS system for real and non-real time government payments.

Topic	Accomplishments
payments to transaction accounts	• Person-to-government (P2G) payments such as traffic fine payments, tax payments, etc. can be made through e-wallets. • Remittance can be channeled through wallets • VAT refund process in the process of implementation
Settlement in Central Bank Money	• All direct and indirect participants have access to settlement in central bank money via RTGS system. The direct participants have access to portals to directly use reserve accounts for large value payments, while indirect participants (especially the members of ECC system) have access to settlement in the central bank money through the Retail Payment Switch, operated by NCHL.
Financial Awareness	• NRB carrying out financial literacy programs such as ❖ Celebrating fiscal year 2021/22 and 2022/23 as the Electronic Payments Promotion Year ❖ Every Tuesday, releasing localized literacy messages through NRB's social media sites ❖ Celebrating Global Money Week every year ❖ Issuing frequently asked questions (FAQs), knowledge kits, etc. ❖ BFIs direct to invest in Financial Literacy programmes. ❖ PSOs/PSPs directed to include digital financial literacy campaigns in their annual work plan • The following initiatives have been undertaken to foster customer confidence and grievance handling: ❖ PSOs/PSPs directed to implemented a dedicated help desk (at least 16 hours) to support customers. ❖ PSOs directed to maintain toll free numbers of at least two telecom service providers. ❖ Gunaso portal (gunaso.nrb.org.np) implemented by NRB, allowing customers to raise and track their complaints related to financial services provided by licensed institutions.
Promote Oversight	The following policy arrangements have been made to promote oversight of payment related institutions in Nepal: • Payment System Oversight Framework, 2018 • Payment System Oversight Manual, 2021

Topic	Accomplishments
	• Payment System Inspection and Supervision Bylaws, 2021 • Cyber Resilience Guidelines, 2023 • Procedure for Onsite Inspection of Payment-related Activities of Banks and Financial Institutions, 2024
Cooperation Between Authorities	NRB has collaborated with Nepal Telecommunication Authority (NTA) through National Payment Board to facilitate digital financial services through telecom companies. Similarly, an MOU has been signed between Public Debt Management Office (PDMO) and NRB to integrate the Debt Operation Management Software (DOMS) with the RTGS system. NRB is coordinating with National ID and Civil Registration Department of the Government of Nepal to implement the eKYC system in Nepal Furthermore, the collaboration with different authorities and international agencies such as the World Bank, Alliance for Financial Inclusion (AFI), International Monetary Fund (IMF), International Financial Corporation (IFC), South East Asian Central Banks (SEACEN), and others is done on a need basis.

The Retail Payment Strategy, 2019 consisted several strategies, divided in short term, medium term, and long term period and planned over a period of 3 years.

Annex 10: Reporting Templates as per the Payment System Directives

Annex No.	Particulars	Institution	Frequency	Submission Deadline
10.1.1	Details of Branchless Banking Centre	BFIs	As per the need	Within the 7th day of operation
10.1.2	Details of ATM Location Centre	BFIs		
10.1.3	Account Detail- BLB wise	BFIs	Monthly	Within the 7th day of the next month
10.1.4	Electronic Transaction of BFIs	BFIs		
10.1.5	Transactions Report for PSPs	PSPs		
10.1.6	Statement of Success and Failed Transactions	PSPs		
10.1.7	Reconciliation Statement of e-Money and Settlement Bank	PSPs		
10.1.8	Customer Details of PSPs	PSPs		
10.1.9	Transactions Report of PSPs' Agent	PSPs		
10.1.10	Transactions Report of PSOs	PSOs		
10.1.11	Transactions Report of PSOs	PSOs		
10.1.12	Transactions Report of Clearing House	NCHL		
10.1.13	Number Transaction Reported to Financial Intelligence Unit(FIU)	PSOs/PSPs		

Annex 11: Onsite Inspection 2024/25

S.N.	Name of Institution	Nature of Institution
1.	Gateway Payment Services Pvt. Ltd.	PSO
2.	Fonepay payment Service Ltd.	PSO
3.	Smartchoice Technologies Limited	PSO
4.	Smart Card Pvt Ltd	PSP
5.	Khalti Pvt. Ltd.	PSP
6.	We Pay Pvt Ltd.	PSP
7.	Nepal Digital Payment Company Limited	PSP
8.	Icash Pvt Ltd	PSP
9.	Focusone Payment Solutions Pvt. Ltd.	PSP
10.	Lenden Sewa Pvt Ltd.	PSP
11.	Fintech International Pvt. Ltd	PSP
12.	Digi Pay Pvt. Ltd.	PSP
13.	Nepal Paytime Pvt Ltd	PSP
14.	City Wallet Pvt Ltd.	PSP
15.	Chitto Paisa Pvt. Ltd.	PSP
16.	E-sewa Ltd.	PSP
17.	IME Digital Solution (Special Inspection)	PSP

Annex 12: RTGS System Related Inspection in FY 2024/25

S.N.	Name of Institution	Nature of Institution
1.	Himalayan Bank Limited	BFI
2.	Shangrila Development Bank Limited	BFI
3.	NIC Asia Bank Limited	BFI
4.	Nepal SBI Bank Limited	BFI
5.	Gurkhas Finance Limited	BFI
6.	Shine Resunga Development Bank Limited	BFI

Annex 13: Off-site Supervision and Financial Statements Approval for Publications of FY 2024/25.

S.N.	Name of Institution	Nature of Institution
1.	Nepal Clearing House Ltd. (NCHL)	PSO
2.	Smart Choice Technologies Ltd. (SCT)	PSO
3.	Nepal Payment Solution Ltd.	PSO
4.	Fonepay Payment Service Ltd.	PSO
5.	Gateway Payment Service Pvt. Ltd.	PSO
6.	IME Digital Solution Limited	PSP
7.	E-sewa Ltd.	PSP
8.	Cellcom Pvt. Ltd.	PSP
9.	CG Pay Nepal Pvt. Ltd.	PSP
10.	Khalti Pvt. Ltd.	PSP
11.	Pay Nep Pvt. Ltd.	PSP
12.	Smart Card Nepal Pvt. Ltd.	PSP
13.	Prabhu Technology Pvt. Ltd.	PSP
14.	Focusone Payment Solutions Pvt. Ltd.	PSP
15.	Kurakani Pay Pvt. Ltd.	PSP
16.	City Wallet Pvt. Ltd.	PSP
17.	I-Pay Pvt. Ltd.	PSP
18.	Goldmine Business Group Pvt. Ltd.	PSP

S.N.	Name of Institution	Nature of Institution
19.	We Pay Pvt. Ltd.	PSP
20.	Lenden Sewa Pvt. Ltd.	PSP
21.	DG Pay Pvt. Ltd.	PSP
22.	Nepal Digital Payment Company Ltd. (NDPC)	PSP
23.	Sulav Pay Pvt. Ltd.	PSP
24.	Chhito Paisa Pvt. Ltd.	PSP

Annex 14 : Not Granted Approval for the publication of Financial Statements in FY 2024/25.

S.N.	Name of Institution	Remarks
1.	Nepal E-Biz Management Pvt. Ltd.	In Process of Voluntary Liquidation.
2.	Fintech International Pvt. Ltd..	Published the Financial Statements without the Approval of the NRB.
3.	I-Cash Pvt. Ltd.	Published the Financial Statements without the Approval of the NRB.
4.	Q-Pay Pvt. Ltd.	Management Response Letter wasn't submitted to the department.