



Corporate Governance and Market Base Performance of Commercial Banks of Nepal

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Abstract

Corporate governance contains the rules, regulations, system, code of conduct and procedures for proper management and operation of the firm. This study is focus on examining the ascendancy of CG on market base performance of Nepalese banks measured by Tobin's Q. The population of the study is the total number of 'A' grade banks licensed by Nepal Rastra Bank is 27 till January, 2021. The samples of the study were twelve commercial banks. Corporate governance is measured by LR, B Size, B Meeting and OWC. The mediating variables of the study are CAR, F SIZE, and NIM. This study basically utilized multiple regression analysis and found that LR, OWC, NIM and CAR have significant positive influence on performance measured by Tobin's Q. However, B Meeting and B Size had significant negative influence on performance. Evidence suggests that corporate governance significantly influences the market base financial performance of Nepalese commercial banks measured by Tobin's Q. Finally, Nepalese commercial banks can ensure their superior market base financial performance by enhancing effective corporate governance practices.

Keywords Assets, capital, commercial banks, corporate governance, debt, ownership, performance, Tobin's Q.

1. Introduction

Corporate governance is the system, rules, regulations and procedures of firm managed and governed. Corporate governance is defined as actual behaviour of the corporations that incorporates the reward, capability, and coherence, expansion, financial composition and shape and the care of the shareholders and other associates as well as regulatory environment referred to the rules and system under which firms are operating including the sources of rules such as judicature and judicial system, financial markets and labour market (Claessens, 2006). Proper CG is the fundamentals to the proper executing of the banking sectors and whole economy through playing the role of fund transfer from supplier of fund to demander of the fund that support enterprise and leads to economy growth and if any critiques occur in the banks governance that affect the financial system of the country and entire economy (BASEL, 2015). The significance of corporate governance is heightened due to financial crises wave in 1998 in the various economies like Russian Federation, Asia, and Brazil that affects global financial system as well as the scandals of the corporate sectors in developed economies like United States and Europe that leads to some of the immense ruination and bankruptcy in the history

(Claessens, 2006). Good corporate governance ensures the lower cost of capital, higher return, effective efficiency, and much more acceptable treatment to all the concerned stakeholders so firms, markets and countries are benefited (Claessens, 2006).

The significance of CG in banking and financial industry is most than other industry through banking sector plays the crucial role of financial intermediary as any economy through channelling of the funds, especially in developing economies (Alexander, 2006; Adnan et al., 2011). Weak implementation of CG in the banks leads to the market to mislay the confidence about capability to manage adequately of assets, liabilities, including deposits, which may ultimately force a liquidity crisis leads to economic crisis (Alexander, 2006).

Amba (2014) found that CG has statistically significant consequence on firm performance that's why regulators, policy makers and corporate governance thinkers should decide the optimum level of effective corporate governance framework of the firms which is valuable for all stakeholders. The performance of the firm is significantly and positively allied to CG in Malayasia and the corporate governance of the firms are effectively improvement from 2007 to 2012 (Bhatt & Bhatt, 2017). Similarly, corporate governance has significant influence on firm performance in the Nepalese institutions (Sapkota, 2020; Poudel & Hovey, 2013; Subedi, 2018; Pradhan, 2015; Gnawali, 2018). However, corporate governance has no any remarkable sway on market value of the firm measured by Tobin's Q (Acharya, 2013).

Nepal Rastra Bank poses the various directives, regulations and provisions to nourish the position of CG in the Nepalese banking and financial industries. However, there is a gap between policy formulation and implementation in the Nepalese banking industry which can be seen by the default of banks and financial institutions in Nepal as well as there is a real estate crisis in the period of 2007 to 2009 that further highlighted the role and importance of corporate governance in Nepalese banking sector (Bhattraai et al., 2017). The board size should not more than seven directors in Nepalese banking sectors as well as there should be at least twelve times of board meeting annually (BAFIA, 2017). Similarly, Nepalese commercial banks must publish the percentage of shareholdings of 0.50 percentage or more shareholdings in their annual reports and they must publish the capital fund or adequacy ratio in their reports. These provisions are made by Nepal Rastra Bank for betterment of the banking industry of the Nepal.

There are minimal studies that shows the influence of corporate governance and market base financial performance measured by Tobin's Q of Nepalese commercial banks like (Acharya, 2013) but few studies are available in Nepalese context about corporate governance and financial performance (Sapkota, 2020; Poudel & Hovey, 2013; Subedi, 2018; Pradhan, 2015; Gnawali, 2018). However, there is no sufficient literature to address the issue related to influence of corporate governance on market base financial performance of Nepalese commercial banks. Hence, this study is associated with: does corporate governance influence the market base financial performance of Nepalese commercial banks? Does size of the board and frequency of board meeting affect the market base performance of Nepalese banking industry? Does block-holders influence

the banks performance? Does capital adequacy ratio affect the performance of Nepalese banking sector?

The core objective of the study is to examine the influences of corporate governance (CG) on the market base performance of commercial banks of Nepal measured by Tobin's Q. The variables incorporated in this study are leverage ratio (LR), number of board members (B Size), frequency of board meeting (B Meeting), ownership concentration (OWC), net interest margin (NIM), log of total assets (F Size) and capital adequacy ratio (CAR).

This study is divided into six segments which are as follows. section one is the introduction, part two represents the literature review, compartment three is the conceptual framework, research methodology is discussed in part four, section five is focused on results and discussion and finally, section six is devoted to conclusion and implication.

2. Literature review

The value of firm is affected by utilization of debt capital due to debt is a lower cost source as well as interest charge on borrowing capital is tax deductible source (Modigliani & Miller, 1963). The board can be expected to exercise their supervisory role in the board meetings (Ntim, 2009). Similarly, Lipton and Lorsch (1992) argued that the capability, efficiency, coherence and effectiveness of the board's roles, responsibilities, functions and activities can be determined by the frequency of board meeting through their interaction, discussion and cross change the idea. Bigger board size has more expertise and information but decision-making costs increases with board size (De Haan & Vlahu, 2015). However, Lipton and Lorsch (1992) argued that the size of the board should be limit for better results. Ownership concentration can be elucidated as the percentage of number of shares held by the immense shareholders (Claessens et al., 2002). Management can be controlled by shareholders is concentrated ownership due to every individual investor might lack of monitoring expertise, poor shareholder protection and lack of block holdings (De Haan & Vlahu, 2015). Bank size play the major role in banking performance due to larger banks can be benefited from economies of scale, economies of scope, able to reduce the cost, can generate larger amount of production, ability of product and service differentiation and generate operational efficiency (Bourke, 1989; Molyneux & Thornton, 1992; Bikker & Hu, 2002; Menicucci & Paolucci, 2016). Net Interest Margin measures the capability of bank about managing its assets to generate total interest earning after interest expenses. So, higher the net interest margin, higher the bank's profitability which influence the market value of stock positively (Tirtodjojo et al., 2021). Similarly, Capital adequacy ratio measures the association between risk weighted assets and total capital of the banks which indicates the capability of the bank survival at unanticipated events or losses or bankruptcy (Abobakr, 2017).

Bhatt and Bhatt (2017) found that leverage had significant positive result on firm financial performance represented by ROA, ROE and RCI. Mohamad et al. (2020)

found that debt had significant positive influence on firm performance measured by Tobin's Q. Ibhagui and Olokoyo (2018) documented that the leverage had positive impact on Tobin's Q performance for the listed firms in Nigeria. Similarly, Yasser and Mamun (2015) found that financial leverage ratio has significantly positive influence the Tobin's Q performance of Pakistani firms. Azeez (2015) found that size of the board has negatively related with firm performance due to small board can be closely monitored that might leads to higher performance. Mohamad et al. (2020) found that size of the board had significant negative influence on firm performance. Similarly, Bezawada (2020) found that board size had significantly negatively influenced on Tobin's Q performance of banks. Puni and Anlesinya (2020) found that frequency of board meeting had positive impact on firm performance in Ghana. Bezawada (2020) also found that board meetings frequency had significantly negatively influenced on Tobin's Q performance. similarly, Buchdadi et al. (2019) found that the frequency of board of director meeting had a positive influenced on market value-based Tobin's Q performance as well as the board of directors' attendance or participation in the meeting has a positive impact on ROA used as accounting-based performance. Puni and Anlesinya (2020) conducted a study and found that shareholders concentration had positive impact on firm performance. Ozili and Uadiale (2017) conducted a study to examine the influence of ownership concentration on bank's performance and found that banks return is influenced by degree of ownership concentration. Similarly, Wang et al. (2012) found that block-holding had significant positive influenced on firm performance in China through solving free-rider problem. Abobakr (2017) found that the size of the bank had significant positive impact on firm performance of Egyptian bank. Similarly, Irawati, et al. (2019) documented that the size of the bank had significant positive impact on bank performance in Egypt. Naushad and Malik (2015) also found that bank size represented by natural log of total assets had significant positive influenced on Tobin's Q performance in GCC region. The proxy of the firm size is the natural log of the total assets is utilized to incorporate the cost advantage through economies of scale, cost control and ability to diversity of large size of banks (Chowdhury & Rasid, 2016). Abobakr (2017) found that capital adequacy ratio had significant positive influenced on ROA and ROE financial performance.

Similarly, Irawati et al. (2019) found that CAR had significantly positive influenced on financial performance of banks in Egypt. Ogboi and Unuafe (2013) also documented that level of capital adequacy influenced positively on financial performance of banks. Silaban (2017) found that net interest margin (NIM) had significant positive influenced on commercial banks performance in Indonesia. Likewise, Sukmadewi (2020) and Puspitasari et al. (2021) documented that NIM had significantly positive influenced on ROA representing financial performance.

3. Conceptual framework

This study scrutinizes the influence of corporate governance on market-based financial performance of commercial banks of Nepal measured by Tobin's Q. Literatures

justified that the performance of banks is affected by corporate governance as well as other variables and these variables are incorporated as control variables. The following conceptual framework has been evolved and dispensed in Figure 1 as well as the description and measurement of the variables are described in Table 1.

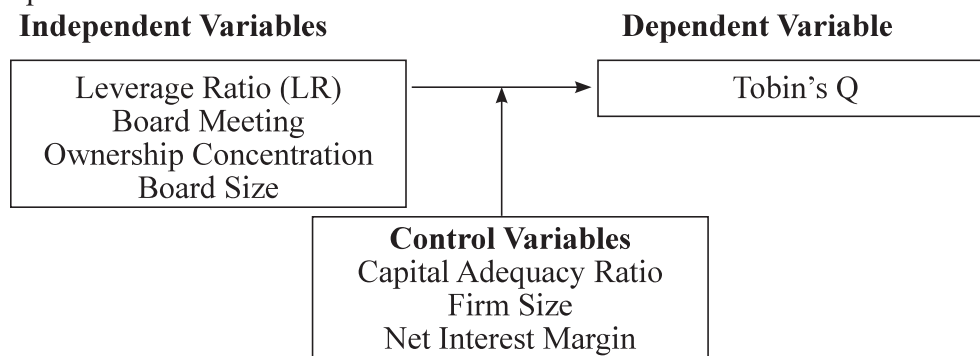


Fig. 1: *Conceptual Framework*

Table 1: Description and Measurement of the Variables

Notation	Variables	Description/M Measurement
T Q	Tobin's Q	Total Market value of equity plus book value of liabilities which is divided by book value of total assets (Jones, Miller, & Yeager, 2011).
LR	Leverage Ratio	Total debt of balance sheet divided by total assets of balance sheet at year end.
B Size	Board Size	Total member of board of directors.
B Meet	Board Meeting	Total number of board meeting during a year.
OWC	Ownership Concentration	Total Percentage of shares holding by 5 percent and above holding shareholders.
F Size	Size of the firm/bank size	Total assets of the balance sheet and use as natural log of total assets.
CAR	Capital Adequacy Ratio	Total percentage of core and supplementary capital based on risk weighted assets.
NIM	Net Interest Margin	Net interest income divided by the year-end total assets of the balance sheet.

The leverage ratio has been taken from the study of (Mohamad et al., 2020; Ibhagui & Olokoyo, 2018; Yasser & Mamum, 2015); board size is taken form the study of (Azeez, 2015; Bezawada, 2020); frequency of board meeting is taken form the study of (Puni & Anlesinya, 2020; Bezawada, 2020); ownership concentration has been adopted from the study of (Puni & Anlesinya, 2020; Ozili & Uadiale, 2017; Wang, Guthrie & Xiao, 2012). Similarly, the variable bank size is utilized form the study of (Abobakr, 2017;

Irawati, et al., 2019; Naushad & Malik, 2015; Chowdhury & Rasid, 2016); capital adequacy ratio is adopted from the study of (Abobakr, 2017; Irawati, et al., 2019; Ogboi & Unuafe, 2013); and finally, net interest margin (NIM) is taken from the study of (Silaban, 2017; Sukmadewi, 2020; and Puspitasari et al., 2021).

4. Methodology

This study is based on quantitative approach of research with descriptive cum analytical design. The population of the study was the total number of commercial banks licenced by Nepal Rastra Bank and listed in NEPSE in Nepal till January, 2021 is twenty-seven commercial banks (www.nrb.org.np). Twelve number of commercial banks (Annex I) were determined as a sample for the study based on operating more than ten years till fiscal year 2019/2020, no negative net worth, not inclusion of government banks and they were not merged during study period. The list of commercial banks, their operation date and condition of merge was collected from website of the NRB. This study utilized secondary sources of data which was collected through websites by downloading the annual reports of concerned banks. This study utilized descriptive statistics considering the mean, standard deviation, minimum and maximum along with inferential statistics and multivariate analysis including the correlation coefficient is utilized to identify relationship between the variables, the multiple regression analysis is adopted to examine the influence of corporate governance on market base financial performance of the commercial banks of Nepal and hypothesis testing. Tables, charts and ratios were utilized for presentation and analysis of the results. SPSS version 25 and Microsoft Excel were utilized for necessary computation and analysis of the data. Finally, the fundamental model of study is;

Tobin's Q = f (Corporate governance and control variables)

Symbolically,

$$\text{Tobin's } Q = \beta_0 + \beta_1 LR + \beta_2 B \text{ Size} + \beta_3 B \text{ Meet} + \beta_4 OWC + e_i \quad (i)$$

$$\text{Tobin's } Q = \beta_0 + \beta_1 LR + \beta_2 B \text{ Size} + \beta_3 B \text{ Meet} + \beta_4 OWC + \beta_5 F \text{ Size} + \beta_6 CAR + \beta_7 NIM + e_i \quad (ii)$$

The equipped model was valued using ANOVA test (F-test) for model fit, coefficient of determination and adjusted R Square for the explanation of the variation on the performance by independent and control variables, VIF for multicollinearity, and p value for significance. Similarly, K-S test of normality of residuals were utilized.

This study did not consider the audit committee size, number of committees. Use of proxy variables might lose the actual value of the variables. This study was based on commercial banks only so the finding of the study may not applicable for other business industries or world as well as this study is failed to incorporate the index perspectives of the corporate governance.

5. Results and discussion

Descriptive Statistics

In this section, descriptive statistics are considered to describe the phenomenon which includes minimum, mean, maximum and standard deviation. The summary of the descriptive statistics is demonstrated into Table 2.

The minimum leverage ratio is 83.40 percent, maximum is 94.50 percent and average leverage ratio of 90.40 percent with standard deviation of 0.024. the 90.40 percent leverage ratio indicates that Nepalese commercial banks utilized more than 90 of debt capital on their total assets financing. The minimum directors are 5 and maximum is 9 directors. The average board size is the 7 directors for running the banks. Now, the BAFIA (2017) mentioned that the maximum limit of directors is 7. The average board meeting per year is approximately 19 times indicating that Nepalese commercial banks directors sit the meeting in an average less than a month. The minimum board meeting in a year is 12 set by BAFIA (2017).

Table 2: Summary of Descriptive Statistics of the Selected Variables

Variables	N	Minimum	Mean	Maximum	Std. Deviation
Leverage Ratio	120	0.834	0.904	0.945	0.024
Board Size	120	5.000	7.160	9.000	1.016
Board Meeting	120	12.000	18.760	47.000	7.785
Ownership Concentration	120	0.000	0.533	0.796	0.256
Net Interest Margin	120	0.005	0.032	0.048	0.007
Log of Firm Size (TA)	120	23.290	24.716	25.870	0.585
Tobin's Q	120	1.060	1.372	2.438	0.260
Capital Adequacy Ratio	120	0.091	0.175	0.357	0.031

Source: Annual Reports of Banks

More than 50 percent of the shares held by block-holders indicates that majority of the decisions of the banks will be influenced by block holders. Nepalese commercial banks generate average 3.20 net interest margin on total assets. The minimum log of total assets is 23.92, maximum is 25.87 and the average is 24.716. The average Tobin's Q ratio is 1.372 times indicates that Nepalese commercial banks performance is striving towards success. The average capital adequacy ratio of Nepalese commercial banks is 17.50 percent which is the higher than required level of minimum adequacy ratio of 11 percent.

The Correlation Coefficient Matrix

The correlation coefficient is adopted to measure the relationship among the all variables of the study. It measures the degree, direction and magnitude of the variables between Tobin's Q performance, CG variables and other variables of the study. The ingredient of coefficient of correlation among study variables is documented in Table 3.

Table 3: Correlation Coefficient among the Variables

Variables	Tobin's Q	LR	B SIZE	B MEET	OWC	NIM	F SIZE
LR	0.381** (0.031)	1					
B SIZE	-0.456** (0.001)	0.498** (0.000)	1				
B MEET	-0.396** (0.000)	-0.175 (0.099)	0.023 (0.827)	1			
OWC	0.397** (0.000)	0.240* (0.023)	-0.131 (0.220)	-0.623** (0.000)	1		
NIM	0.118 (0.269)	-0.043 (0.688)	-0.069 (0.518)	-0.125 (0.240)	0.227* (0.031)	1	
F SIZE	0.180** (0.010)	-0.374** (0.000)	-0.322** (0.002)	-0.078 (0.466)	0.389** (0.000)	0.173 (0.103)	1
CAR	0.491** (0.001)	-0.511** (0.000)	-0.061 (0.137)	-0.129 (0.212)	0.412** (0.049)	0.019 (0.517)	-0.311** (0.030)

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Figures in parentheses are the P values

Source: Annual Reports of Banks

The Table 3 displays that the correspondence between Tobin's Q with leverage ratio, board size and board meeting have negative. But, the correlation between Tobin's Q with ownership concentration, net interest margin, firm size and capital adequacy ratio is positive. However, the Tobin's Q is statistically significantly related to board size, board meeting, block-holding and capital ratio at 5 percent level of significance.

Tobin's Q and OLS Results

Based on ordinary least square (OLS) framework, the equipped models were statistically significant at the 5 percent level. The VIF of all coefficients were lower than 10 indicates that there is no serious problem of multicollinearity. There is also no serious problem of autocorrelation due to accepted level of Durbin-Waston test value. The final fitted model was appraised using K-S test and found that residuals are normally distributed. The results of Tobin's Q based on OLS is presented in to Table 4.

Table 4: Tobin's Q and OLS Results

Model	R	R ²	Adj. R ²	S. Error	F	Sig.	
1	0.663	0.439	0.418	0.226733	11.437	0.000	
Items	Unstandardized Coefficients			t	Sig.	Collinearity Statistics	
	B	Std. Error				Tolerance	VIF
(Constant)	1.735	0.975	1.779	0.079			
LR	0.534	1.874	0.285	0.026	0.718	1.392	
B SIZE	-0.087	0.027	-3.197	0.002	0.046	1.340	
B MEET	-0.008	0.003	-2.958	0.043	0.039	1.643	
OWC	0.198	0.054	3.591	0.015	0.556	1.800	

Model	R	R ²	Adj. R ²	S. Error	F	Sig.	
2	0.769	0.588	0.551	0.224174	15.419	0.000	
Items	Unstandardized Coefficients			t	Sig.	Collinearity Statistics	
	B	Std. Error				Tolerance	VIF
(Constant)	2.043	2.096	0.974	0.333			
LR	0.442	2.344	0.180	0.018	0.561	1.783	
B SIZE	-0.087	0.027	-3.169	0.002	0.745	1.343	
B MEET	-0.008	0.004	-2.430	0.047	0.572	1.747	
OWC	0.207	0.615	3.372	0.017	0.386	2.591	
NIM	0.845	0.288	3.242	0.019	0.936	1.069	
F SIZE	-0.010	0.054	-0.193	0.848	0.577	1.734	
CAR	0.317	0.151	2.114	0.038	0.614	1.629	

Source: Researcher's Own Computation

The model 1 shows that the inclusion of all corporate governance variables for market based financial performance and found that 43.90 percent variation in Tobin's Q performance is elucidated by variation in CG variables. The fitted model is statistically significant at 1 percent level ($p < 0.01$). Leverage ratio has positive influence on Tobin's Q performance may due to increase in debt increases the market value of equity through tax advantage of interest charge with this result is significant at 0.05 level. Board size and board meeting both have negative influence on Tobin's Q performance is statistically significant at 0.05 level which indicates that large board and higher board meeting might be unable to create the diversity in the decision and might be impossible to create the additional values to the shareholders. Similarly, ownership concentration has statistically significance contribution to the Tobin's Q performance that might due to block-holders are devoted to increase their value through making right decision on time that leads to increase the market price of the stock.

In model 2, the CG variables and control variables are employed and found that all study variables explained the variation in Tobin's Q performance by 58.50 percent. The leverage ratio and firm size have negative influence on Tobin's Q performance but the results are statistically insignificant at 0.05 level. The size of board member and the frequency of board meeting have significant negative influence on performance. Ownership concentration has significant positive influence on Tobin's Q performance. Similarly, CAR has significant positive influence on Tobin's Q performance that might due to increasing the competitive strength of the higher capital banks compared to lower capital banks. Meanwhile, fitted models are appraised by utilizing K-S test of normality and found that the residuals of both models are normally distributed (P value is 0.317 and 0.529 respectively).

The leverage has significant positive influence on Nepalese commercial banks market base performance counted by Tobin's Q. This result is consistent finding to (Abor, 2005; Ibhagui & Olokoyo, 2018; Yasser & Mamun, 2015) and that might due to debt is a fixed low-cost source of capital as well as interest charge has tax advantage facility. The size of board member has statistically significant negative influence on Tobin's Q performance and this finding is consistent with findings of (Azeez, 2015; Mohamad

et al., 2020; Bezawada, 2020). Larger board might unable to produce the additional value to shareholders and fail to generate newness to the banks. So, NRB limit the minimum and maximum limit of board size that might due to better performance of the banks. The board meeting frequency has significant negative collision on Tobin's Q performance of banks and this result is consistent with the finding of Bezawada (2020) and contradict with the finding of (Anlesinya, 2020; Buchdadi et al., 2019) that might due to inefficaciousness and ineffectiveness of rich number of board meeting frequency with internal conflict, contradict and the concerned cost. The ownership concentration has significant influence on Tobin's Q performance of banks and the finding is consistent with finding of Puni & Anlesinya (2020), Wang, Guthrie & Xiao (2012) that might due to ownership concentration assign the banks owner to monitor and stabilize the banks activities and block-holders are focus on increasing their value through returns. The banks size has significant positive influence of Tobin's Q performance of Nepalese commercial banks due to banks size determines the scale of economic, competitive advantages and possibility of taking investment opportunities leads to higher value and the finding is similar to the results of Irawati, et al. (2019), Abobakr (2017) and Naushad & Malik (2015). The capital adequacy ratio has significance contribution to the banks' performance measured by Tobin's Q due to banks with higher equity capital considered that they have more capacity in facing financial risks which might leads to produce more profitability. This finding is consistent with the outcomes of Abobakr (2017), Irawati, et al. (2019) and Ogboi & Unuafe (2013). Finally, NIM has significant contribution to banks performance that might be NIM is concern with accounting performance which is directly concerned to the overall profitability of the firm that also affects market base performance. This finding is consistent with the findings of Sukmadewi (2020), Silaban (2017) and Puspitasari et al. (2021).

6. Conclusion and implications

This study focuses on examining the influence of corporate governance on market base performance of Nepalese commercial banks measured by Tobin's Q. Twelve commercial banks are considered as sample based on operation form more than 10 years among 27 commercial banks till January, 2021. This study utilized descriptive and analytical research design and utilized the secondary source of data of Nepalese commercial banks from 2010/11 to 2019/20 by downloading form their websites. Evidence supports that corporate governance has significant influence on market base Tobin's Q performance of Nepalese commercial banks. Finally, this study concluded that Nepalese commercial banks can ensures their superior market base financial performance and higher value to shareholders by enhancing effective corporate governance practices.

Finally, these findings of this study have important implications for managers, regulators, policy makers and the investors also. This study justified that the contribution of corporate governance on banks performance is significant. So, the role of NRB should be strengthen about corporate governance for the betterment of the economy. It shows that the future of corporate governance is shining in the sense that good corporate governance practices lead to superior performance of Nepalese commercial banks. Hence, it is quite important for investors, regulators and banks themselves also.

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ANNEX 1

List of Commercial Banks in Nepal				
S. N.	Name of the Banks	Operation Date	Head Office	Sample
1	Nepal Bank Ltd.	15/11/1937	Dharmapath, KTM	No
2	Agriculture Development Bank Ltd.	21/01/1968	Ramshahpath, KTM	No
3	Nabil Bank Ltd.	12/07/1984	Beena Marg, KTM	Yes
4	Nepal Investment Bank Ltd.	09/03/1986	Durbarmarg, KTM	Yes
5	Standard Chartered Bank Nepal Ltd.	28/02/1987	Nayabaneshwor, KTM	Yes
6	Himalayan Bank Ltd.	18/01/1993	Kamaladi, Kathmandu	Yes
7	Nepal SBI Bank Ltd.	07/07/1993	Kesharmahal, KTM	Yes
8	Nepal Bangladesh Bank Ltd.	06/06/1994	Kamaladi, Kathmandu	Yes
9	Everest Bank Ltd.	18/10/1994	Lazimpat, Kathmandu	Yes
10	Kumari Bank Ltd.	03/04/2001	Durbarmarg, KTM	Yes
11	Laxmi Bank Ltd.	03/04/2002	Hattisar, Kathmandu	Yes
12	Citizens Bank International Ltd.	20/04/2007	Narayanhitipath, KTM	Yes
13	Prime Commercial Bank Ltd.	24/09/2007	Kamalpokhari, KTM	Yes
14	Sunrise Bank Ltd.	12/10/2007	Gairidhara, Kathmandu	Yes
15	Century Commercial Bank Ltd.	10/03/2011	Putalisadak, KTM	No
16	Sanima Bank Ltd.	15/02/2012	Nagpokhari, KTM	No
17	Machhapuchhre Bank Ltd. *	09/07/2012	Lazimpat, Kathmandu	No
18	NIC Asia Bank Ltd. * (Bank of Asia)	30/06/2013	Thapathali, Kathmandu	No
19	Global IME Bank Ltd. * (JBNL)	04/09/2019	Kamaladi, Kathmandu	No
20	NMB Bank Ltd. *	28/09/2019	Babarmahal, KTM	No
21	Prabhu Bank Ltd. *	12/02/2016	Babarmahal, KTM	No
22	Siddhartha Bank Ltd. *	21/07/2016	Hattisar, Kathmandu	No
23	Bank of Kathmandu Ltd.* (Lumbini Bank)	14/07/2016	Kamalpokhari, KTM	No
24	Civil Bank Ltd. *	17/10/2016	Kamaladi, Kathmandu	No
25	Nepal Credit and Commerce Bank Ltd.*	01/01/2017	Bagbazar, Kathmandu	No
26	Rastriya Banijya Bank Ltd. *	02/05/2018	Singhadurbarplaza, KTM	No
27	Mega Bank Nepal Ltd. *	13/05/2018	Kamaladi, Kathmandu	No
No. of observation (12 commercial banks for 10-year period)				120
Note: (*) Joint venture date after merge				

Source: Nepal Rastra Bank (NRB)