



Request for Proposal (RFP)

Research on

“State of Banking Industry in Nepal”

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National Banking Institute Ltd (NBI), a national level apex banking and finance academy, is seeking a qualified research companies/firms/Universities/Individuals/Research Institutions etc.(bidder) to conduct a comprehensive analysis of the banking industry in Nepal. The purpose of this research is to understand the evolution, current status, and key aspects of the banking sector in Nepal.

1) Project Overview:

The objective of this research project is to provide a detailed analysis of the banking industry in Nepal, covering various dimensions such as historical development of regulatory framework, market structure, financial performance, technological advancements, human resources and emerging trends such as Artificial Intelligence (AI), Blockchain, and other modern computing technologies. The research should encompass (but not limited to) the following key areas:

a) Evolution of the Banking Industry:

- Historical background and milestones in the development of the banking sector in Nepal.
- Overview of major events or reforms that have influenced the sector's growth.

b) Regulatory Framework:

- Examination of the regulatory and supervisory framework governing banks in Nepal.
- Analysis of the role and responsibilities of regulatory bodies, such as the Nepal Rastra Bank (NRB).
- Analysis of key policies and regulations that have shaped the industry over time.
- Assessment of recent regulatory changes or initiatives impacting the industry.

c) Market Structure:

- Evaluation of the overall market structure, including the number of banks, their size, and industry attractiveness as suggested by Michael Porter.
- Analysis of different types of Banks and Financial Institutions, such as Commercial Banks, Development Banks, Finance Companies, Microfinance Institutions, Payment Service Providers, Payment Service Operators, Remittance Companies, Hire Purchase Lenders etc.
- Identification of key domestic and international players in the Nepalese banking industry.

d) Financial Performance:

- Assessment of the financial performance of banks in Nepal, including key financial ratios, and operational efficiency.
- Analysis of time series data with *structural breaks* of deposit, lending and investment portfolios, liquidity positions, capital adequacy, profitability, and asset quality.
- Comparison of financial performance indicators across different banks and segments of the industry.

e) Technological Advancements:

- Evolution of technology in banking industry.
- Analysis of digital banking services, mobile banking, and payment systems in Nepal.

- Examination of the adoption and impact of technological advancements such as AI, Blockchain and modern computing in the banking industry.
- Assessment of the challenges and opportunities associated with digital transformation in the sector.

f) Emerging Trends:

- Identification and analysis of emerging trends, such as value banking, financial inclusion, sustainable banking practices, and fintech collaborations.
- Evaluation of the impact of COVID-19 on the banking industry in Nepal and the response of banks to the crisis.
- Identification of future growth drivers and potential challenges for the industry.

g) Opportunities and Challenges

- Based on the analysis above the research work needs to recommend how banking sector can utilize their strengths in capitalizing the opportunities and mitigating threats created by regulations, modern technologies, human resources, market structure, assets quality and evolving consumer demand to build resilient, transparent, and vibrant banking sector. Policy recommendations based on the analysis at the firm level, province level, and national level is needed.

2) Deliverables:

The bidder will be responsible for delivering the following outputs:

a) Comprehensive Research Report:

- A detailed research report providing insights into the history and current status of the banking industry in Nepal.
- The report should include an executive summary, methodology, findings, analysis, and recommendations.
- Clear and visually appealing graphs, charts, and tables should be used to present the data.

b) Presentation:

- A presentation summarizing the key findings and recommendations to be delivered to the stakeholders of NBI.

c) Working paper with policy implications

- A final working paper geared towards a publication with policy implications is required.

3) Timeline:

The project is expected to be completed within a period of 3 months from the date of the award of the contract. The bidder should provide a detailed timeline with milestones and deliverable dates.

4) Proposal Documentation:

Interested bidders are required to submit following documents:

a) Bidder's Profile:

The bidders need to submit following documents along with company profile:

- Introduction of the bidder, including relevant research experience certificates and expertise in the banking and financial sector.
- CVs of the individuals/team members to be involved in the proposed research work.
- Company/Firm/Institution registration Certificate.
- Copy of Income Tax/VAT registration Certificate where applicable.
- Copy of Memorandum of Association/Article of Association, Constitution as appropriate

b) Literature review with Rationale of the Study:

A snapshot of literature review is required to establish the rationale of the study with seminal studies complemented by latest studies on the topic.

c) Methodology:

Description of the proposed research methodology, including data collection methods, sources of information, ethical guidelines and analysis techniques.

d) Work Plan and Timeline:

A detailed work plan outlining the activities, milestones, and estimated time required for each phase of the research is required.

e) Technical and Financial Proposals:

Based on two envelope system, the bidders must submit the following in a sealed envelope:

- **Technical Proposal** – Based on the evaluation criteria mentioned below.
- **Financial Proposal** - A comprehensive pricing proposal, including a breakdown of costs associated with research activities, data collection, analysis, and reporting.

5) Evaluation Criteria:

The proposals will be evaluated with 70% weightage given to technical requirements compliance and 30% weightage on the cost competitiveness with following criteria:

- a) Relevant experience and expertise in conducting research on the banking industry or related sectors.
- b) Rationale of the study with a snapshot of literature review substantiated with methodological rigor and clarity of the proposed research methodology.



- c) Qualifications and experience of the research team members.
- d) Feasibility and comprehensiveness of the work plan and timeline.
- e) Reasonableness and competitiveness of the proposed budget.

6) Proposal Submission:

Please submit your proposal in two separate sealed envelopes (Technical plus financial proposals) to Administration Department of NBI no later than **2 pm on 15.05.2024**. Any additional supporting documents or references may be attached to the proposal.

We look forward to receiving your proposal and anticipate a successful collaboration to shed light on the current status of the banking industry in Nepal.

If you have any questions or require further information, please contact: info@nbi.com.np

Thank you for your interest in this research project.