


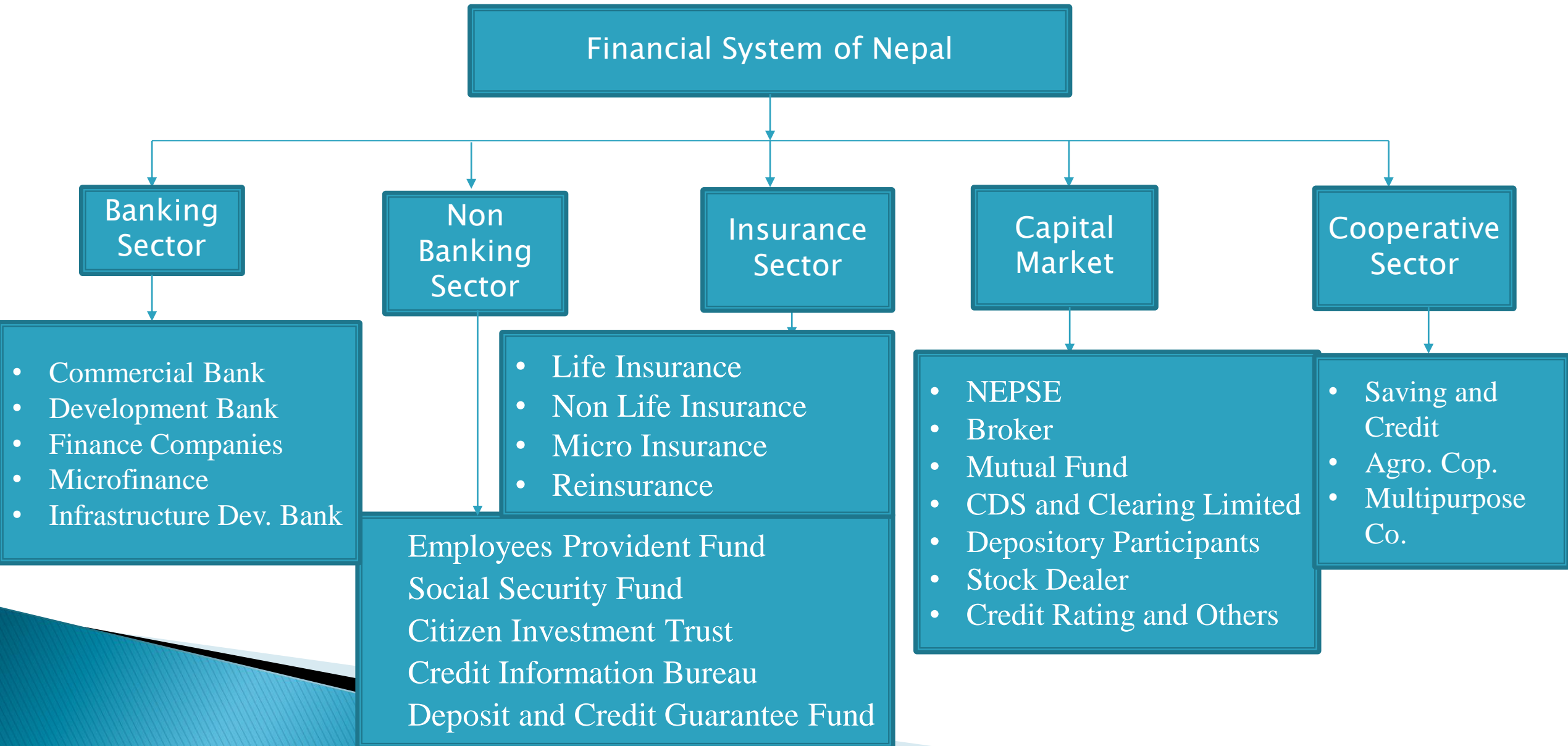
***Policies for enabling  
Digitalization of the Cooperatives  
in Nepal***

**Gunakar Bhatta, Executive Director  
Pushkar Raj Bhattarai, Deputy Director  
Nepal Rastra Bank**

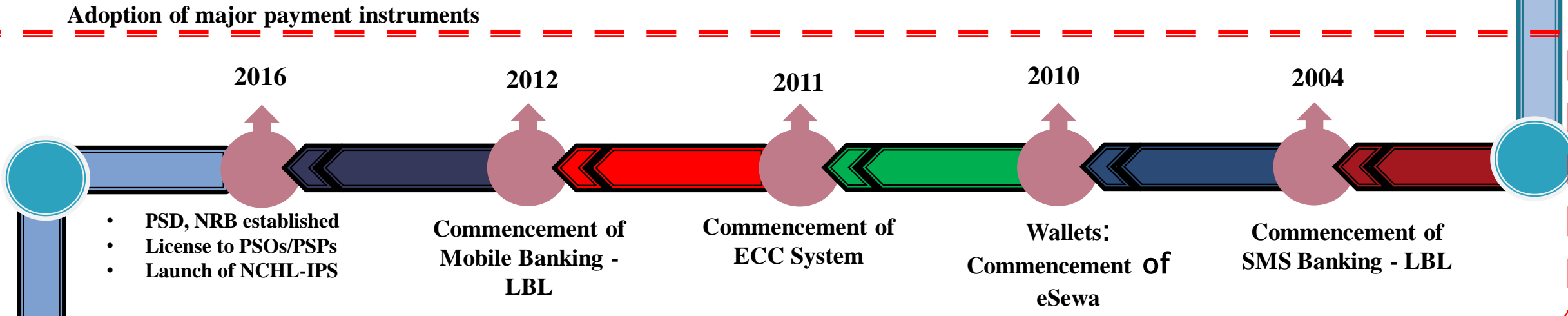
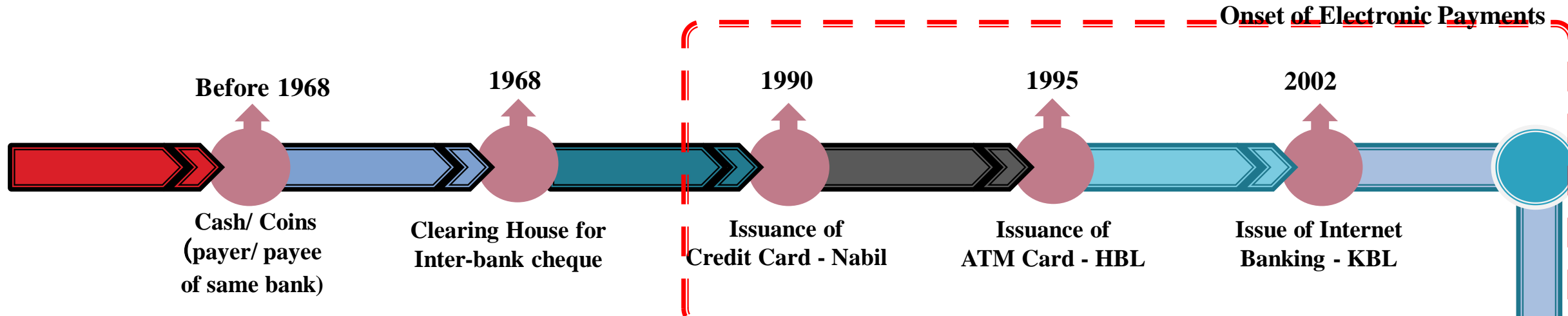
# Outline of the Presentation

- ▶ Overview of the Financial System of Nepal
  - ▶ Legal and Regulatory Framework of Payment System in Nepal
  - ▶ Development of Payment System and Digital Payment Instruments
  - ▶ Digitalization of Cooperatives in Nepal
  - ▶ Policies for enabling Digitalization in Cooperatives of Nepal
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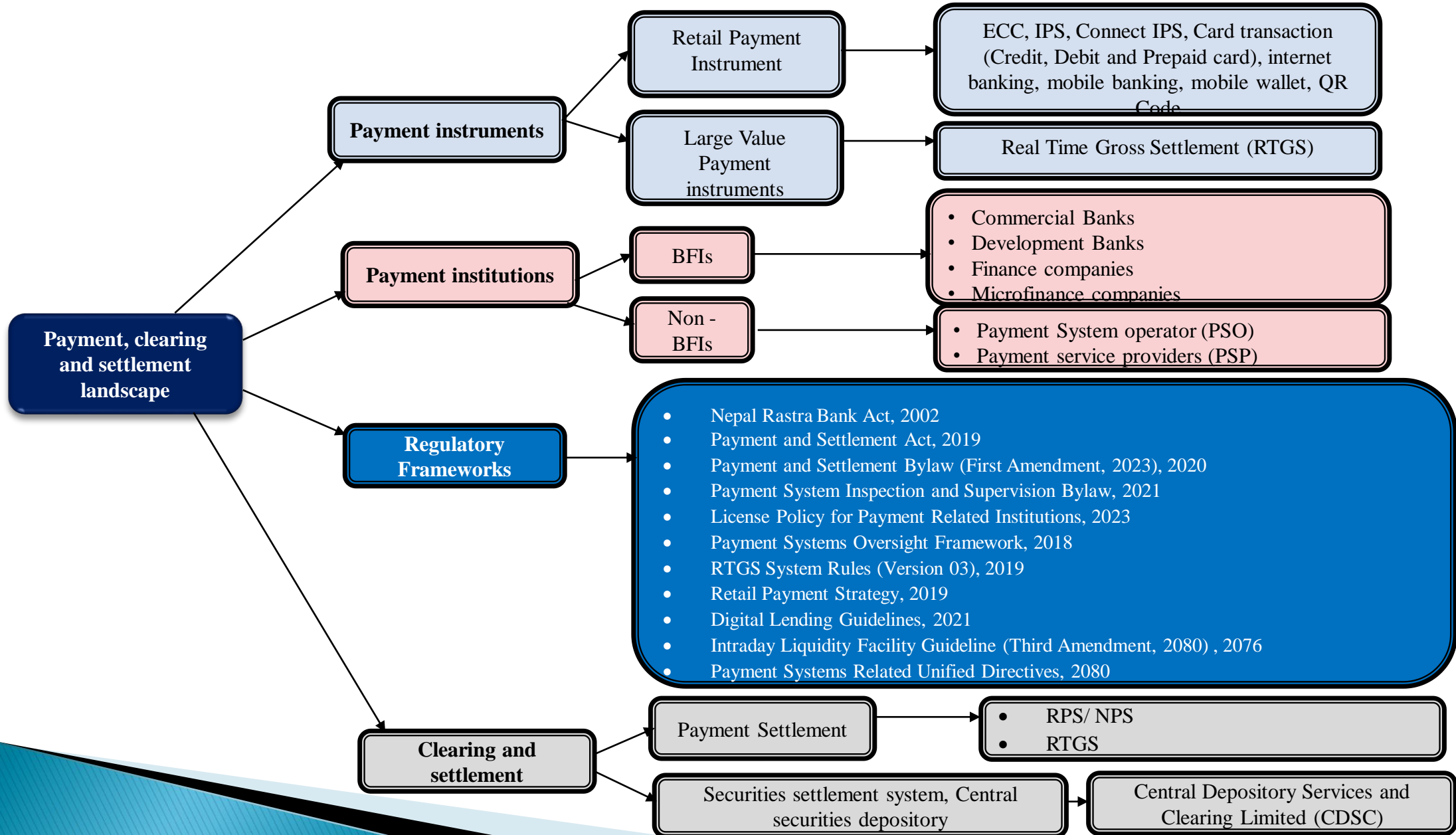
# Overview of Nepal's Financial System



# Development of Payment System in Nepal



# Legal and Regulatory Framework of Nepal's Payment System



# भुक्तानी प्रणाली सम्बन्धी परिसूचकहरू (Indicators): २०८० माघ

## A. Access on Payment Systems

S.N.	Particulars	Numbers				
		2079 Asar	2079 Magh	2080 Asar	2080 Push	2080 Magh
1	Payment System Operators (PSO) *	10	10	10	10	10
2	Payment Service Providers (PSP) *	27	27	27	27	27
3	PSP Agents	12,685	13,288	14,123	15,076	15,214
4	<b>Wallet Users</b>	<b>13,675,993</b>	<b>16,126,433</b>	<b>18,941,793</b>	<b>21,228,529</b>	<b>21,295,449</b>
5	ATM Machines (Terminals)	4,602	4,692	4,855	5,064	5,078
6	Debit Cards	10,856,357	12,305,506	12,245,485	12,432,281	12,524,121
7	Credit Cards	238,794	278,323	283,772	279,346	282,945
8	<b>Prepaid Cards**</b>	<b>108,641</b>	<b>127,736</b>	<b>139,777</b>	<b>155,925</b>	<b>160,725</b>
9	<b>Mobile Banking Customers</b>	<b>18,307,255</b>	<b>20,036,524</b>	<b>21,363,989</b>	<b>23,215,180</b>	<b>23,506,028</b>
10	Internet Banking Customers	1,684,310	1,764,801	1,856,195	1,808,359	1,835,849
11	Branch Less Banking Centers	1,548	1,437	1,319	1,221	1,213
12	RTGS Participants	49	46	44	44	44
13	<b>connectIPS Users</b>	<b>896,341</b>	<b>1,022,271</b>	<b>1,108,436</b>	<b>1,197,705</b>	<b>1,214,678</b>
14	ECC Members	59	55	53	54	54
15	IPS Members	111	113	115	120	122

\* Other than BFIs

\*\* Also includes card issued by PSPs

# भुक्तानी प्रणाली सम्बन्धी परिसूचकहरू (Indicators): २०८० माघ

## B. Usage of Payment Systems

S.N.	Particulars	No. of Transaction				
		2079 Asar	2079 Magh	2080 Asar	2080 Push	2080 Magh
1	RTGS	81,817	62,544	76,307	62,970	66,698
2	ATM-Cash Withdrawal	10,169,331	9,551,897	11,042,117	10,455,659	10,711,574
3	ECC	1,486,551	979,244	1,336,586	969,752	962,825
4	<b>IPS</b>	<b>1,322,174</b>	<b>1,713,585</b>	<b>1,808,046</b>	<b>2,064,326</b>	<b>4,539,379</b>
5	connectIPS	4,270,099	4,299,311	5,571,691	5,563,274	5,673,135
6	Debit Cards	11,127,683	10,186,662	11,838,532	11,222,577	11,417,089
7	Credit Cards	227,920	213,497	262,057	251,714	256,197
8	Prepaid Cards	57,942	59,538	73,017	89,627	98,155
9	Internet Banking	318,598	258,412	315,202	273,286	264,840
10	<b>Mobile Banking</b>	<b>20,564,308</b>	<b>22,216,080</b>	<b>28,903,872</b>	<b>33,224,078</b>	<b>33,852,704</b>
11	Branchless Banking	69,465	81,939	73,215	55,725	79,548
12	Wallet	16,206,356	16,960,828	20,822,861	21,388,368	22,727,369
13	<b>QR-Based Payments</b>	<b>4,281,994</b>	<b>5,782,265</b>	<b>9,766,216</b>	<b>12,586,268</b>	<b>13,157,762</b>
14	Point of Sales (POS)	1,173,548	825,706	1,035,206	993,646	931,189
15	E-Commerce***	68,944	76,511	94,509	112,993	126,870

\*\*\* Online payment using cards

# भुक्तानी प्रणाली सम्बन्धी परिसूचकहरू (Indicators): २०८० माघ

## B. Usage of Payment Systems

S.N.	Particulars	Total Amount (Rs. in Million)				
		2079 Asar	2079 Magh	2080 Asar	2080 Push	2080 Magh
1	RTGS	4,349,056	2,295,804	2,983,930	2,629,048	2,822,861
2	ATM-Cash Withdrawal	79,458	77,041	86,964	84,422	86,485
3	ECC	850,649	474,625	718,755	509,066	479,291
4	IPS	275,752	171,531	323,816	204,296	198,546
<b>5</b>	<b>connectIPS</b>	<b>369,223</b>	<b>328,034</b>	<b>498,453</b>	<b>454,950</b>	<b>452,718</b>
6	Debit Cards	83,200	79,694	90,541	88,070	89,744
7	Credit Cards	1,490	1,345	1,830	1,767	1,776
<b>8</b>	<b>Prepaid Cards</b>	<b>458</b>	<b>407</b>	<b>447</b>	<b>634</b>	<b>599</b>
9	Internet Banking	15,638	12,419	15,502	14,808	13,787
10	Mobile Banking	163,255	172,119	233,446	282,241	289,387
11	Branchless Banking	1,503	1,572	1,433	1,209	1,607
<b>12</b>	<b>Wallet</b>	<b>17,752</b>	<b>17,118</b>	<b>20,326</b>	<b>23,084</b>	<b>23,872</b>
<b>13</b>	<b>QR-Based Payments</b>	<b>14,526</b>	<b>17,765</b>	<b>30,148</b>	<b>38,596</b>	<b>37,734</b>
14	Point of Sales (POS)	5,183	3,887	5,244	5,322	4,975
15	E-Commerce***	504	510	605	724	656

\*\*\* Online payment using cards



## क्युआर कोडमार्फत भारतबाट नेपालमा प्राप्त भुक्तानीको क्षेत्रगत विवरण : (फागुन १६ -२८ सम्म)

S. No.	Category	Transaction Count	Percentage Share	Transaction (Rs.)	Percentage Share
1	Departmental Stores	1,078	18.77	28,42,919	22.55
2	Eating places and Restaurants	449	7.82	4,96,782	3.94
3	Clothing Stores	315	5.49	5,69,785	4.52
4	Small Hotels, Lodge and Hostels	311	5.42	7,27,940	5.77
5	Variety Stores (E.g. Local Kirana Shops)	212	3.69	2,70,508	2.15
6	Khaja Ghar and Bakery Shops	206	3.59	2,53,392	2.01
7	Communication Centre (E.g. Cyber Cafes)	178	3.10	7,33,571	5.82
8	Star Hotel and Resorts	170	2.96	5,52,379	4.38
9	Supermarkets	165	2.87	2,60,802	2.07
10	Fast Food and Cafes	114	1.99	2,21,569	1.76
11	Others	2,544	44.31	56,75,917	45.03
	<b>Total</b>	<b>5,742</b>	<b>100.00</b>	<b>12,605,563</b>	<b>100.00</b>

क्युआर कोडमार्फत भारतबाट नेपालमा प्राप्त भुक्तानीको प्रदेशगत विवरण : (फागुन १६ -२८ सम्म)

S. No.	Province	Transaction Count	Percentage Weight	Transaction Volume	Percentage Weight
1	Koshi	344	5.99	667,057	5.29
2	Madhesh	631	10.99	1,079,223	8.56
3	Bagmati	1,386	24.14	3,160,038	25.07
4	Gandaki	335	5.83	618,453	4.91
5	Lumbini	603	10.50	1,464,404	11.62
6	Karnali	199	3.47	698,487	5.54
7	Sudurpaschim	2,244	39.08	4,917,901	39.01
	<b>TOTAL</b>	<b>5,742</b>	<b>100.00</b>	<b>12,605,563</b>	<b>100.00</b>

## नेपाल-भारत बीच क्युआर कोड मार्फत हुने अन्तरदेशीय भुक्तानी सहज गराउने सम्बन्धमा NRB र RBI बीच TOR मा हस्ताक्षर सम्पन्न भएको

- फेब्रुअरी १५, २०२४ मा NRB र RBI बीच Terms of Reference (TOR) मा हस्ताक्षर सम्पन्न भएको ।
- Nepal Clearing House Limited (NCHL) को NPI र NPCI International Payment Limited (NIPL) को UPI बीच System Integration गरेर दुई देश विच क्युआर कोडमार्फत हुने कारोबारहरुलाई P to P र P to M तहमा सहज बनाउने सहमति भएको ।
- फोनपे क्युआरमार्फत भारतीय संस्थाहरुले जारी गरेको क्युआरबाट नेपालमा भुक्तानी लिन सकिने भएको ।

# Cooperatives in Nepal - Legal Development

1959	The Cooperative Society Act of 1959 was the first law on cooperatives in Nepal. Due to political instability in the country at that time, the law could not be adequately enforced.
1961	The law was amended, and the Cooperative Society Rules were passed which introduced the mutuality concept 'Sajha' in Nepal. The activities under Sajha were used to promote the Panchayat system. The government took control of independent cooperatives which were used as tools to deliver goods and services as per its direction.
1984	The Common Associations (Sajha Snastha) Act of 1984 replaced the previous law and modified the existing Sajha Programme for cooperative development.
1992	After the repeal of the Sajha Act, the Cooperatives Act of 1992 was passed by the newly elected government based on the ICA principles
2017	The Cooperatives Act of 2017 was adopted after the proclamation of the Constitution of Nepal in 2015. The Act consolidated all prevailing laws on cooperatives in different sectors and provided for the development of cooperatives in a federal structure.
2019	Cooperatives Rules were enacted to fully implement the Cooperative Act of 2017.
	In August 16, 1988, the NEFSCUN was formed. NCF was founded on June 20, 1993 based on the universally accepted cooperative values and principles.

# Digitalization in Cooperatives

## DIGITIZING THE DAIRY VALUE CHAIN IN NEPAL

1.6 Million

farmers are employed in the dairy farming sector.



There are more than 3,500 Prabhu Money Transfer agents in Nepal.

<sup>1</sup> FAO, Dairy Sector Study of Nepal, 2016. Available from <http://nepalagritech.com.np/wp-content/uploads/2016/10/Dairy-Sector-in-Nepal-FAO.pdf>  
<sup>2</sup> UNCDF MM4P, Agriculture Digital Linkage Study (Thapathal, Nepal, August 2017). Available from <http://www.uncdf.org/article/2514/nepal-agriculture-digital-linkage-study>



In Nepal, the dairy sector is often organized and managed by cooperatives. The dairy sector contributes 9% to the GDP and employs 1.6 million farmers. There are more than 1,700 dairy cooperatives, each with a member base of 200 to 2,000 farmers. The cooperatives employ 20,000 individuals.<sup>2</sup>

Prabhu Management, part of the larger Prabhu Group, operates a network of 3,500 agents for Prabhu Money Transfer (a remittance company) and other companies in Nepal. Prabhu Management is expanding its business to digital financial services in rural areas by looking at the dairy value chain as a potential use case. However, the dairy value chain is marred with payment flow challenges that affect farmers' income and profitability.<sup>3</sup>

With a grant and technical support from the UN Capital Development Fund programme MM4P, Prabhu Management has initiated a pilot project in Bhaktapur to digitize payments in the dairy value chain. These payments, made through a mobile wallet in a community-based organization such as a dairy cooperative, together with other innovations can bring simple and seamless formal financial services like credit and insurance to farmers who are currently unbanked.

### COPOMIS संचालनका लागि आवश्यक पूर्वाधार :

- फन्ट तथा प्रविष्टी: विवरण भर्नेको लागि कम्प्युटरमा अक्षर नेपाली युनिकोड (Traditional वा Romanized) फन्टमा प्रविष्टि गर्नु पर्ने,
- अंकको प्रविष्टी: अंकहरूको प्रविष्टि अरोजीमा (Roman) गर्नु पर्ने,
- इन्टरनेट सुविधा: यो सफ्टवेयर प्रणाली संचालन गर्न कम्प्युटर संचालनमा न्यूनतम इन्टरनेट सुविधा 1 Mbps Bandwidth को हुनु आवश्यक पर्ने,
- Hard Disk: 500 GB वा सो भन्दा माथि हुनुपर्ने,
- RAM: 2 GB वा सो भन्दा माथि हुनुपर्ने,
- Processor: Core 2 Duo वा सो भन्दा माथि हुनुपर्ने,
- Scanner: JPEG, JPG, PNG, GIF Format मा स्क्यान हुनुपर्ने,
- Operating System: Windows अथवा सो सँग मिल्ने भए हुने,
- Web Browser: Firefox, Google Chrome, Internet Explorer, Safari वा अरु कुनै भए हुने,
- Image Editing Tool: Ms Paint, Adobe Photoshop or Similar भए हुने।

### COPOMIS संचालन विधि :

- कुनैपनि वेबब्राउजर मार्फत [www.copomis.gov.np](http://www.copomis.gov.np) बाट लगेन गर्न सकिने,
- ७६१ नियामक निकायबाट यो प्रणालीको संचालनका लागि User Name र Password प्राप्त गर्न सकिने,
- सहकारी संघसंस्थाहरूले आफ्नो नियमनकारी शिक्षायावट संस्थाको आधिकारिक ईमेल ठेगाना खुलाई पत्र मार्फत User Name र Password लिनु पर्ने,
- सहकारी विभागबाट जारी गरिएको सूचना अधिवान फारम (KYM) मा रहेको विवरणको अतिरिक्त सहकारी विवरण समेत प्रविष्टि गर्नुपर्ने,
- सहकारी संघसंस्थाहरूले आफ्नो आधारभूत विवरणहरू (मासिक प्रगति, साधारण सभाको निर्णय, समष्टिगत विवरण, सम्पत्ति श्रद्धीकरण सम्बन्धी प्रतिवेदन, निर्वाचनको विवरण, सदस्यको विवरण आदि) र प्रणालीमा व्यवस्था भए बमोजिमका अन्य विवरण अभिलेख प्रविष्टि गर्नुपर्ने।

सहकारी तथा गरिवी सम्बन्धी व्यवस्थापन सूचना प्रणाली

Co-operative and Poverty-related Management Information System (COPOMIS)

## संक्षिप्त परिचय



नेपाल सरकार

भूमि व्यवस्था, सहकारी तथा गरिवी निवारण मन्त्रालय  
**सहकारी विभाग**  
नयाँ बानेश्वर, काठमाडौं



नेपाल सरकार  
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सहकारी विभाग

सहकारी प्रशिक्षण तथा अनुसन्धान केन्द्राध्यक्ष

(सहकारी विभागबाट, २०७९ को विवरण ७६१ को अतिरिक्त (१) अनुसन्धान तथा अनुसन्धान केन्द्रको निर्देशनमा जारी गरिएको छ।)

### Introduction of Core Banking System

The central engine that runs the core operations of the banking and financial institution is known as the Core Banking Software (CBS). Banking and financial sectors all around the world have embraced ICT to facilitate their customers with efficient services and innovative products through multichannel. Similarly, commercial and development banks have been using the CBS for the past few decades.

This Core Banking System has been introduced in the world of Cooperative and Microfinance as well. InfoDevelopers Pvt. Ltd. is the first IT company in Nepal to introduce a core banking system for Cooperative and Microfinance institutions in Nepal. The company introduced separate CBS for Cooperative and Microfinance as per their requirements. While Infinity is a core banking

# Policies for Digitalization of Cooperatives

## Strengthening of PACS through Computerization : India

In order to strengthen PACS, project for Computerization of **63,000 functional PACS** with a total financial outlay of **2,516 Crore** has been approved by the Government of India, which entails bringing all functional PACS in the Country onto a common ERP based **national software, linking them with NABARD** through St CBs and DCCBs. A total of 62,318 PACS from 28 States/UTs have been sanctioned under the project.

*Government Initiation is must ?*

- ▶ Digital Financial Literacy through Associations
- ▶ Kisan Card to members of cooperatives
- ▶ Micro-ATMs to Cooperative Societies for providing doorsteps financial services
- ▶ Common Service Centers (CSCs) for better access to e-services
- ▶ Strengthen the Digital Nepal Framework
- ▶ Capacity Enhancement of National Cooperative Bank
- ▶ Use of Unstructured Supplementary Service Data (USSD) Technology for farmers

Thank You