The 6th BRITACOF

Shared Progress in Taxpayer Service for a Better Business Environment

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Bridging the Gap: Tax Administration & Digital Payments in Nepal

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Nepal's Digital Payment Space

Finance Access: 30 Million Population with ~80% having access to financial services; 19% Adults access to digital payments

Digital Penetration: Internet 16.5 M (56%) user; 39 M (132%) Mobile connection; Smartphone Access to 73%

National GDP: ~USD 42 B with **[Cash To GDP Ratio @ 11.2%]**

Remittance constitute 27% of GDP; **60-70% being digital remittance** (direct to bank account or wallet)

Identification: **National Id** Biometric 1.72 M; **PAN**: ~2 M Businesses & ~3.7 M Individuals

Wallet User 26.7 M [4x since 2020]; **Mobile banking Users** 27.7 M with NRs 5 T/ Yr Txn; **Card User** 14 M with NRs 1.2 T/ Yr []

Non-Cash Txn over 300% of GDP with NPR 21.5 T (~USD155 B) in 2024/25. 100 M Txn/ Month with annual industry growth of 30-35%

Major Drivers: GoN/ Regulatory intervention on **Policy & as Digital payment adopters**; Supports P2P, P2M, C2B/B2B, G2P/G2B

Real-time/ Instant payment [NRs 7.5 T/ Yr with 50% Txn growth]; **QR payments** ~NRs 960 B [~100%+ by Vol & 85% by Val];

Moving towards real-time **cross-border payments**, Nepal's own card scheme (**NEPALPAY Card**), POC of Wholesale **CBDC** **4**

NCHL at the forefront of driving digital payments

- Established in Dec 2008 under PPP Model
- Licensed as PSO & regulated by NRB.
- Capital: NRs 1.27B [~$9.1M with $30M book size];
- Objective to establish & operate multiple national payment systems in line with NRB's strategic direction.
- ISO27001 & PCI-DSS Certified for information security.

Promoters

Central Bank
[9.45%]

Regulator

NIMB

SanimaBank

All Banks & Financial Institutions (A, B & C)
[90.55%]

Members

54
BFIs

19
PSPs & PSOs

14
Remit Cos.

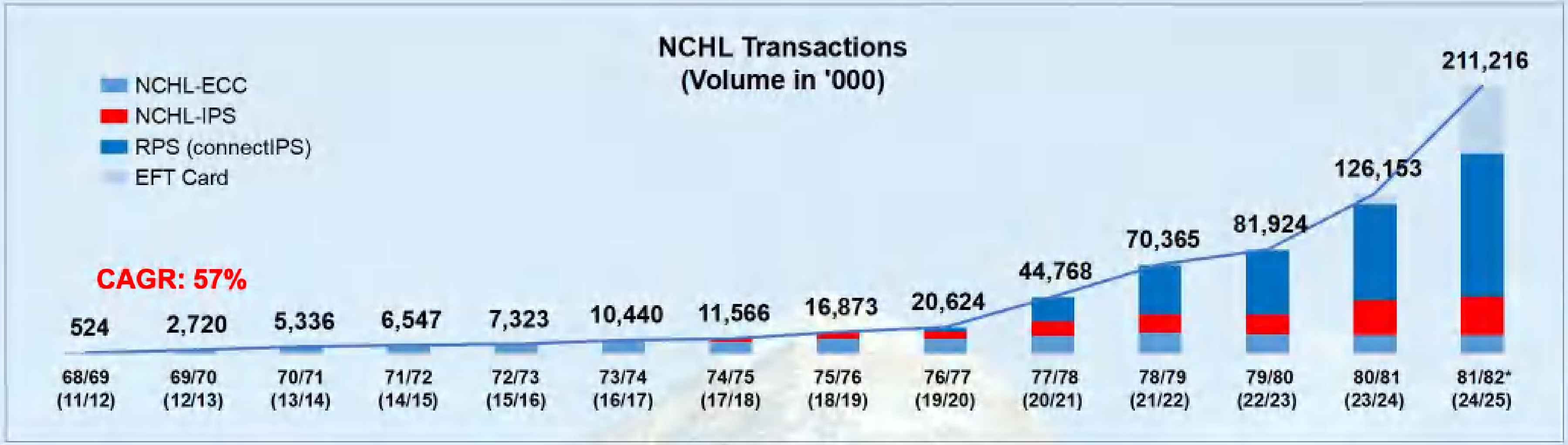
16
Insurance Cos

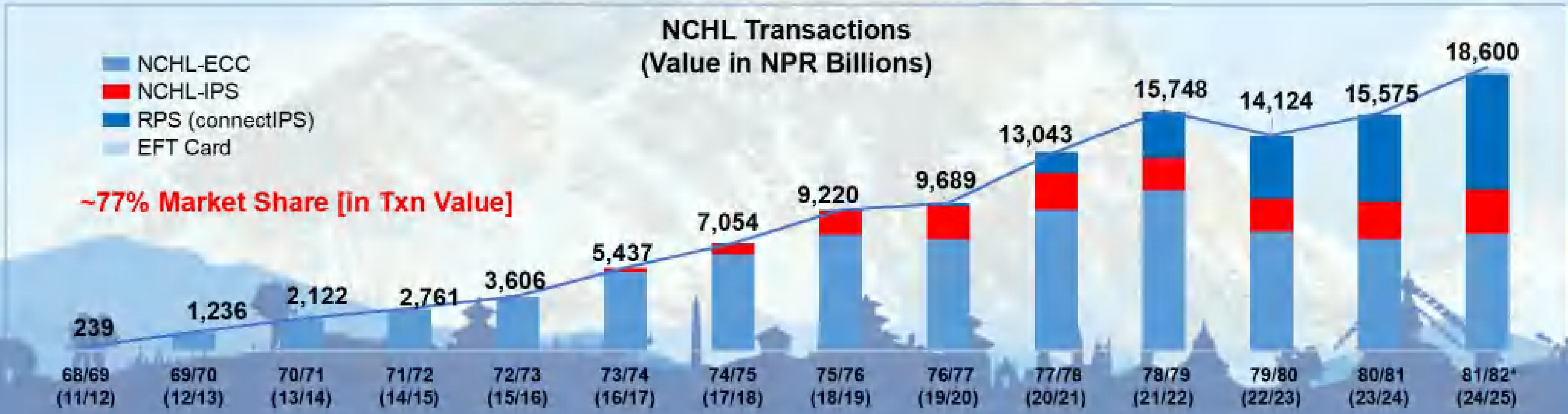
8
Govt/ Semi-Govt Entities

95
Capital Market Entities

24
Other Institutions

NCHL contribution to Digital Payments of Nepal

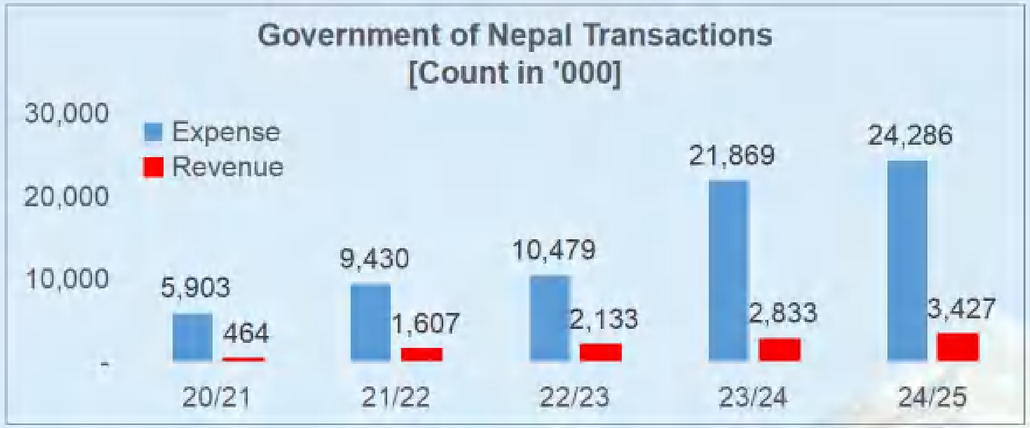


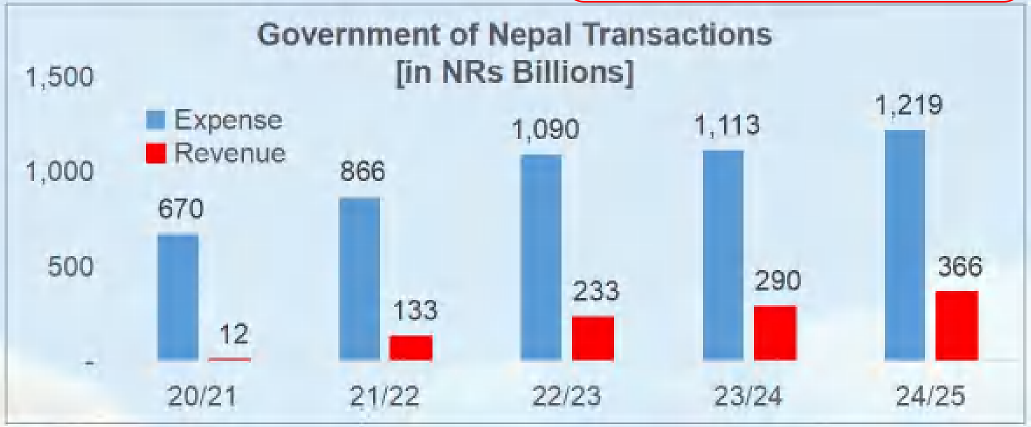


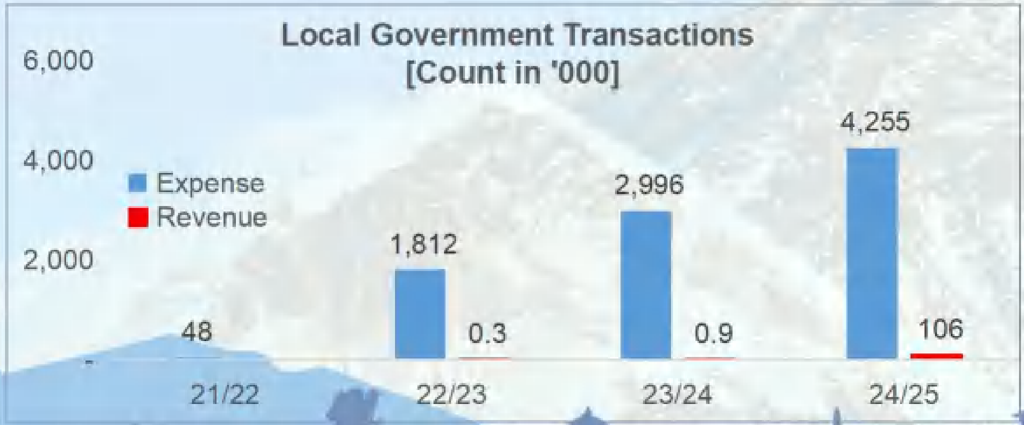
~320%
of GDP
[FY2024/25]

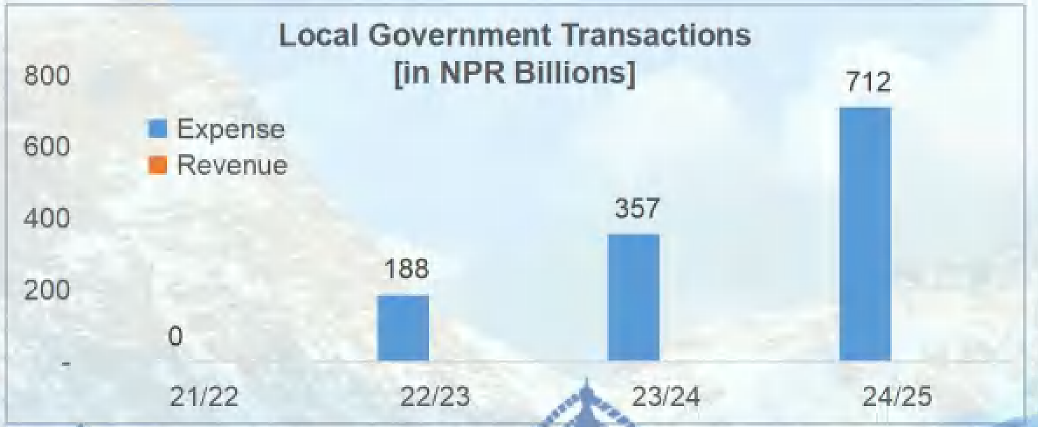
Government of Nepal Digital Transactions

95%+ Expenses **35%+** Revenue

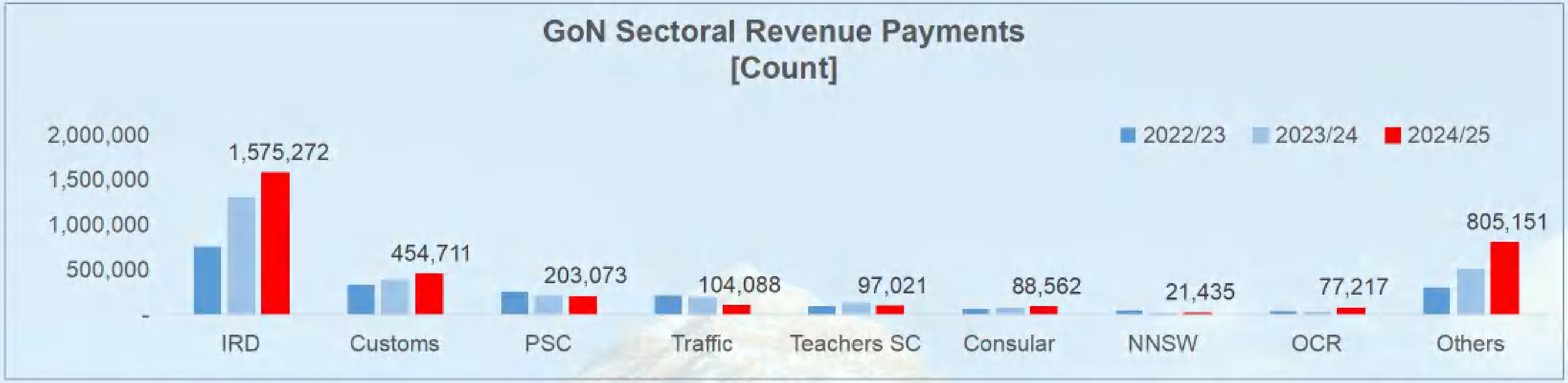




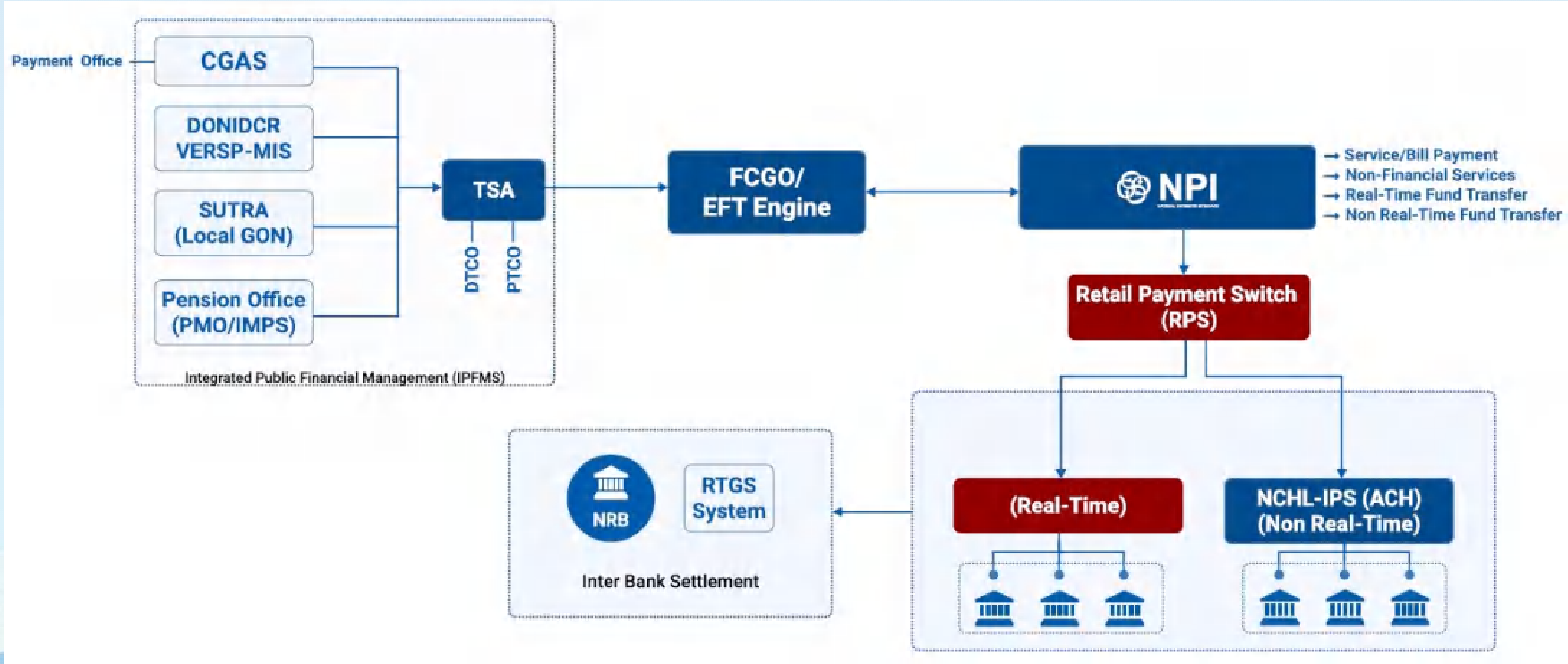




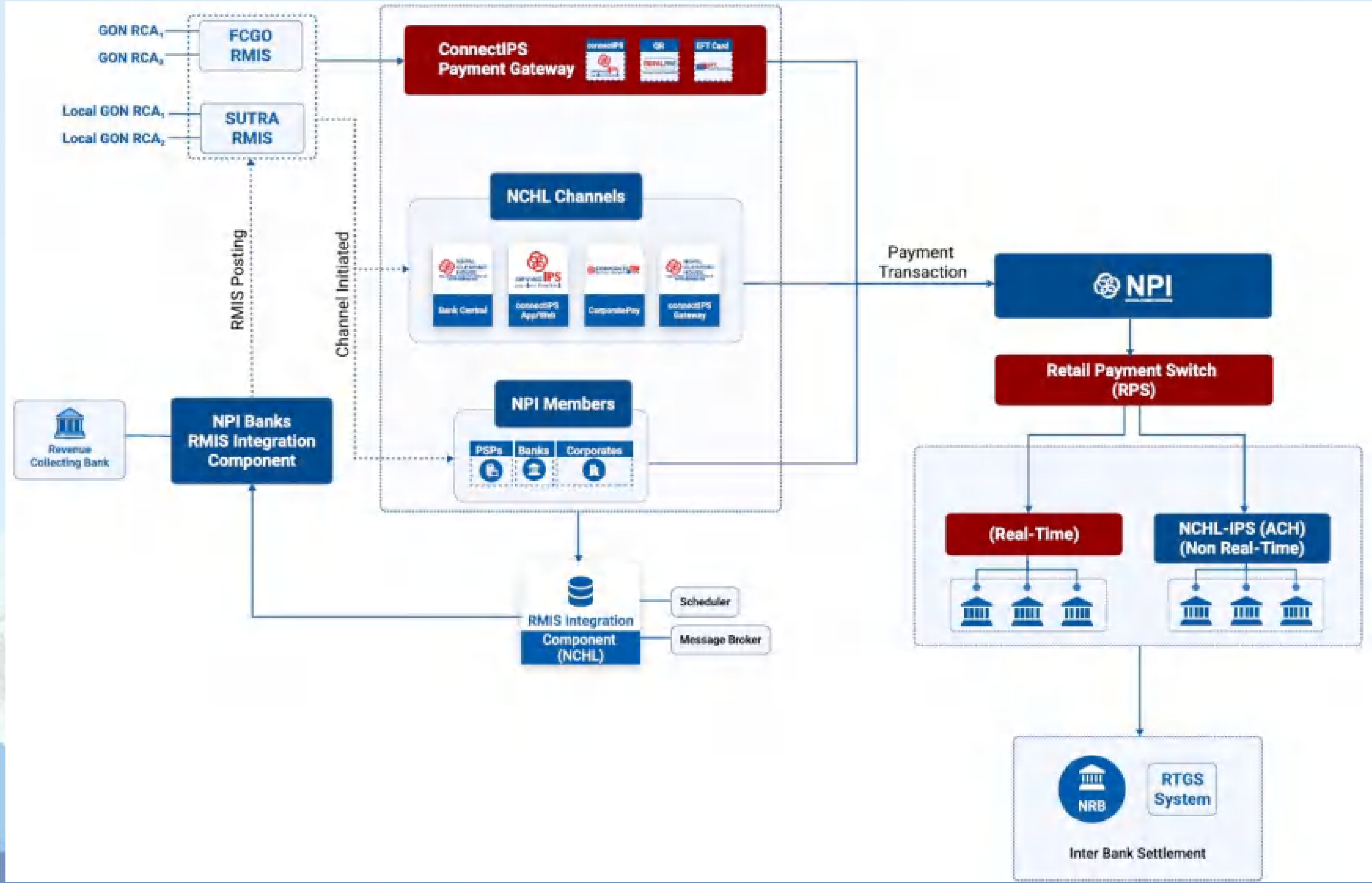
GoN Sectoral Revenue Transactions



GoN Payout Digital Transactions



GoN Revenue Digital Transactions



Key Takeaway & Way Forward for Nepal

Success Factors

National payments infrastructure built for public good
- Centralized infra for GoN payouts
- Centralized interconnection but access from any alternate channels & instrument for revenue collection

GoN & Regulator's policy direction along with GoN as early adopter of digital transactions

Way Forward

Integration & Data Exchange between systems of GoN/ Tax, Payments & merchant billing – Interlinking of NID/ PAN with payment infrs to improve tax administration

Increase adoption of revenue collection [Revenue collecting units (RC Agencies) to be change agents]

Thank you

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