Fintech in Nepal: From Cash To QR

Walk into almost any shop in Nepal today, whether it's a pharmacy in Pokhara or a momo stall in Butwal, and you'll find a small QR code taped to the counter. Ten years ago, that counter held a cash box and a credit notebook. Today, paying by phone is simply how Nepal shops.

The shift has been fast. In the month between mid-July 2026 and mid-August, Nepalis made 72.4 million QR payments, more than three times the 20.8 million made in the same month two years earlier, according to Nepal Rastra Bank (NRB).

This matters particularly in Nepal, where millions of households depend on remittances, access to banking services remains uneven, and small businesses have traditionally relied on cash and personal trust. Digital payments are gradually changing this landscape. From tea stalls in Chitwan to small shops in remote towns, more businesses can now accept payments directly through mobile phones, making everyday transactions faster, simpler, and less dependent on cash.

Still, the story is only half written. Nepali fintech is mostly about moving money. Digital lending, insurtech, wealth apps and open banking are only beginning, slowed by regulation, thin margins and uneven trust. The real question is whether Nepal can turn its payments success into a full digital financial system, one that also helps people borrow, save, insure and invest.

This report explores that question in five parts: how the sector was built, who leads it today, how NRB regulates it, what is growing beyond payments, and what could hold it back.

HOW WE GOT HERE

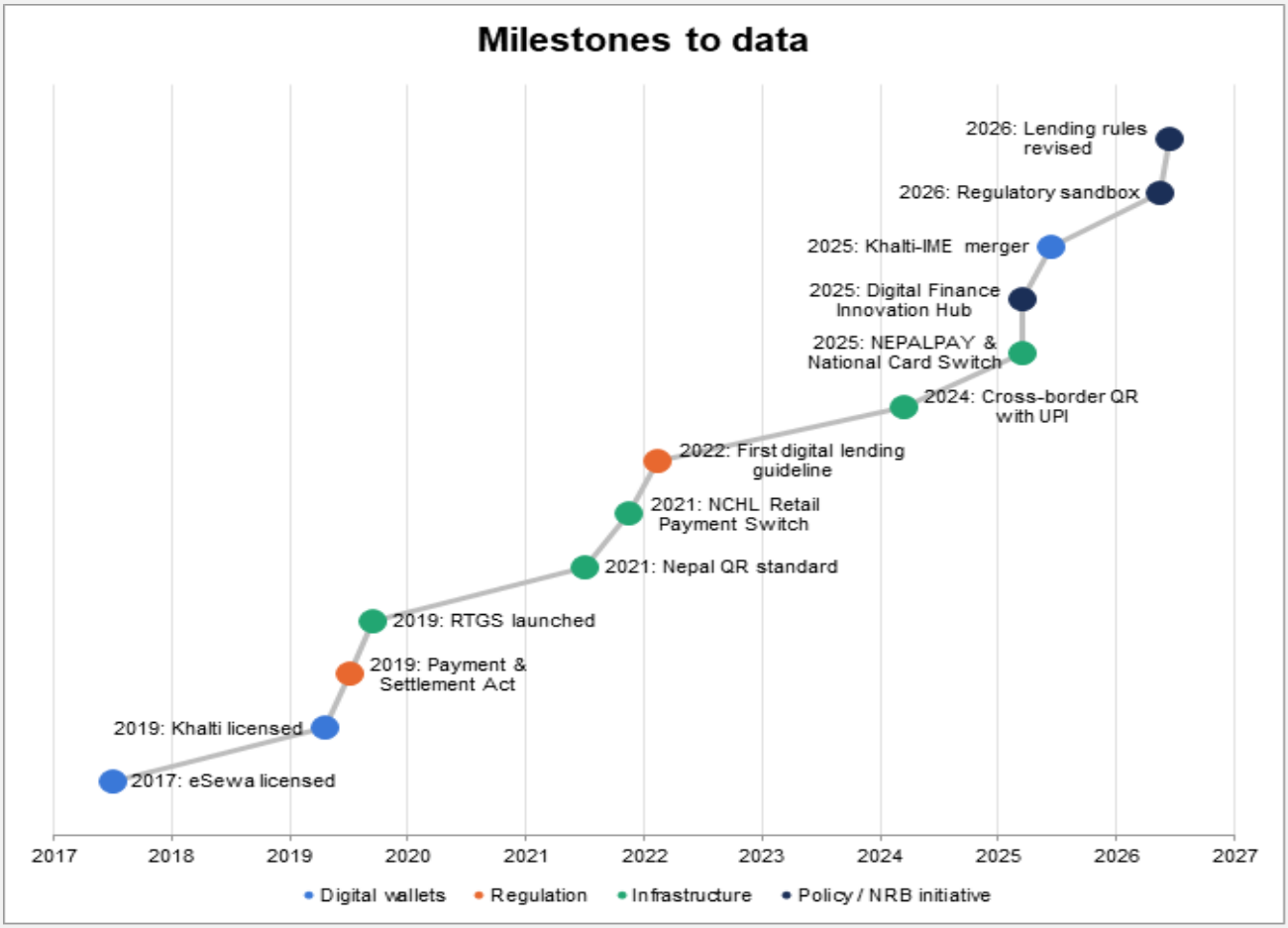
Nepal's fintech sector wasn't built in one go. It came together in four layers: wallets first, then the law, then shared payment rails, and only lately, room to try things beyond payments.

Wallets led the way. eSewa (2009) and Khalti (2017) started life as apps for paying bills and topping up phones. NRB licensed them as payment service providers (PSPs) in 2017 and 2019, respectively. Banks soon launched their own mobile banking apps, and these now reach far more people than wallets do.

Then came the law. NRB introduced a licensing policy in 2016, followed by the Payment and Settlement Act, 2019 which strengthened NRB's power to license and supervise two kinds of firms: payment system operators (PSOs), which run the rails, and PSPs, which deal with customers. In 2019, NRB also launched its Real-Time Gross Settlement (RTGS) system for large payments.

Next, the apps learned to talk to each other. Nepal Clearing House Ltd (NCHL) runs connectIPS and the Retail Payment Switch, while Fonepay, Nepal Payment Solution and Smart Choice Technologies run rival switches. The turning point was a common QR standard in 2021. Suddenly any app could scan any shop's code, and QR became the normal way to pay.

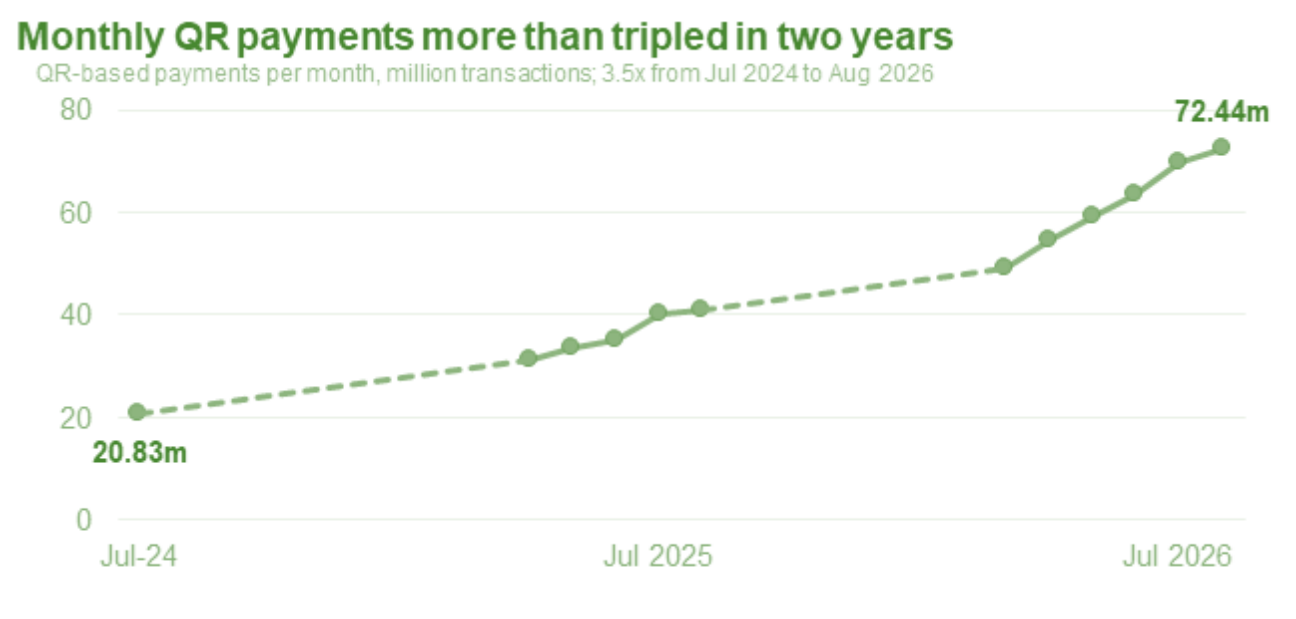
The fourth layer is being laid right now: an innovation hub, a regulatory sandbox and new rules for digital lending. The timeline below shows how each piece fell into place.



DIGITAL PAYMENTS: WHERE THE ACTION IS

According to Payment Oversight Report 2024/25, QR payments nearly doubled in a single year. In FY 2024/25, the number of transactions rose 92.5% to 326 million, and their value rose 91.8% to NPR 958 billion. QR is now the retail payment Nepalis use most.

Around 2.9 million merchants displayed a QR code in FY 2024/25, and most of them were small shops. Card machines never reached these sellers. Point-of-sale terminals handled only 12.5 million transactions in the same year, a sliver of QR's volume.



Source: NRB

And the growth hasn't faded as QR got bigger.

Channel (Mid-Aug to Mid-Sep 2026)	Transactions	Value (NPR billion)	Growth in value (y/y)
Mobile banking	81,194,440	614.7	31.30%
Faster payment systems (connectIPS, IBFT)	22,185,158	583.3	31.50%
Wallets	51,494,949	49.1	13.30%
QR-based payments	75,581,982	167.9	65.90%
Debit cards	10,080,040	74.8	−14.4%
Point of sale (POS)	937,805	4.4	4.20%

Source: NRB

Two things stand out. Bank mobile apps, not wallets, move most of the money: in mid-August to mid-September 2026, they carried NPR 615 billion, ahead of faster payment systems, while wallets handled many small payments averaging under NPR 1,000 each. And debit cards are losing ground: their value fell 14% year on year, while QR payments grew 66%.

Who runs the rails

It helps to picture the market in three tiers:

- Operators run the payment networks: NCHL (connectIPS and the National Payment Switch), Fonepay (a major payment network), Nepal Payment Solution, SmartChoice Technologies, plus international card networks Visa, Mastercard and UnionPay.
- Wallets serve consumers: eSewa and the merged IME Khalti are among the leading names in a field of roughly 22 non-bank PSPs (as per Payment Oversight Report 2024/25).

- Banks and financial institutions are licensed PSPs too: NRB lists 20 commercial banks, 17 development banks, 15 finance companies and 12 microfinance institutions (Payment Oversight Report 2024/25).

Users have piled in. By mid-July 2025 there were 27.7 million mobile banking users and 26.8 million wallet users, up from 8.9 million wallet users in 2021. One caveat: many people hold several accounts, so these numbers count accounts, not individual people.

Payments across borders

Cross-border QR is the newest frontier, and it is growing fast. In FY 2025/26, Nepali merchants accepted 2.85 million cross-border QR payments worth NPR 7.7 billion, nearly three times the 917,983 payments (NPR 2.67 billion) of the year before. The pace has held into FY 2026/27: in mid-August to mid-September 2026 alone, merchants took 306,867 such payments worth NPR 792 million, more than double the same month a year earlier. Most come from Indian visitors paying with UPI: in FY 2024/25, the last year with a breakdown, UPI accounted for 99% of payments, with Alipay+, WeChat Pay and UnionPay making up the rest. Money now flows the other way too. NRB has also approved outbound QR payments for Nepalis travelling to Sri Lanka, plus person-to-person transfers with India through NCHL's cross-border switch.

REGULATON: NRB AS REFEREE, OPERATOR AND COACH

Almost every corner of Nepali fintech answers to one institution: Nepal Rastra Bank. For years, its main role was policing payments. In 2025–26, that began to change, and the central bank started actively making room for new products.

The rulebook

The framework rests on a few core texts: the NRB Act, 2002; the Payment and Settlement Act, 2019 and its 2020 bylaw; a 2023 licensing policy for payment institutions; and the annual Payment Systems Unified Directives. Together, they set capital requirements, transaction limits, fee caps, KYC rules and reporting duties. A 2023 Cyber Resilience Guideline adds security standards, and NRB has also issued AI Guidelines for licensed institutions.

New tools for innovation

2. Digital Finance Innovation Hub (March 2025). Innovators can approach NRB to understand how existing regulations apply to their proposed products and receive non-binding guidance before investing heavily in development. This helps them identify regulatory hurdles early and avoid costly mistakes.

3. Regulatory sandbox (from 14 May 2026). Banks, PSOs, PSPs and fintech startups can test products under temporarily relaxed rules. Unlicensed startups can join by partnering with a licensed bank, and

financial inclusion counts in selection. A sandbox place is not a license, though; graduates must still apply the normal way.

3. Fintech Strategy for Digital Financial Services (2026/27–2030/31). Published in September 2026, it sets out NRB's five-year plan to improve digital infrastructure, encourage fintech-friendly regulation and support innovation beyond payments.

Shared infrastructure

NRB wants all domestic electronic transactions to settle through a single National Payment Switch, run by Nepal Clearing House Limited (NCHL). It has three parts: the Retail Payment Switch, the National Card Switch with the NEPALPAY card scheme, and NPIx for cross-border payments. NRB has also adopted a framework to identify systemically important payment systems for closer oversight. However, NCHL's governance structure raises potential conflicts of interest. While NCHL is licensed and supervised by NRB like other payment system operators, NRB also holds a 9.45% ownership stake in the company, and its Board has traditionally been chaired by an NRB Executive Director. This dual role as regulator and shareholder, alongside its representation in NCHL's leadership, raises questions about regulatory independence and equal treatment of competing payment operators.

Enforcement

NRB has shown it will remove weak players. In FY 2024/25, it refused to renew Nepal Paytime's license, cancelled those of Paywell Nepal and Sajilo Pay, and formally warned Prabhu Technology, Khalti, iCash and Fintech Pvt. Ltd. Four PSPs were also denied approval to publish their financial statements.

BEYOND PAYMENTS: LENDING, REMITTANCE AND CAPITAL MARKETS

Beyond payments, Nepali fintech is still small. Banks lent only about NPR 3 billion digitally in FY 2023/24, based on the available published figures.

Digital lending - NRB's digital lending guidelines, revised in June 2026, allow banks to provide online loans of up to NPR 500,000 for salary or business-income account holders and NPR 200,000 for others, both for up to three years. Micro, small and medium enterprises can borrow up to NPR 500,000 for short-term working capital (up to one year) and NPR 1 million for longer-term needs, with repayment periods set by banks. Banks may partner with wallets and tech firms, but they keep all the risk.

The real prize is data: daily QR receipts from millions of shops could support cash-flow lending to businesses with no collateral or audited accounts.

Remittance - Remittances hit a record NPR 2,363 billion in FY 2025/26, up 37.1%, while digital wallets are making it easier to receive and spend money without withdrawing cash. eSewa Money Transfer pays out to 10.9 million eSewa wallets, bank accounts or 11,000 cash points. Meanwhile, IME Pay and Khalti merged in

2025, bringing remittance and wallet services closer together. Nepalis abroad can also use supported services to pay household bills back home.

Capital markets - Nepal now has 8.1 million demat accounts, 5.1 million active MeroShare users and 3.56 million online trading accounts. But trading infrastructure remains a concern. In August 2026, SEBON directed NEPSE to conduct IT audits, facilitate mobile trading, integrate centralized KYC and temporarily suspend AI-based order entry pending further study.

Insurance and wealth - Insurtech and robo-advice are still early, with no dedicated rules yet. The 2026 sandbox is their likeliest route to scale.

CHALLENGES: FRAUD, WEAK FIRMS AND UNEVEN ADOPTION

Growth has outrun the safeguards. Fraud is rising, some wallet firms fail basic controls, and fewer than half of account owners actually pay digitally.

Fraud and cybersecurity

Of 501 fraud-related suspicious transaction reports NRB's Financial Intelligence Unit reviewed for early 2024, 319 involved online scams: fake parcels and prizes, social media impersonation, bogus investment sites and stolen OTPs. Digital wallets were frequently used to move the money, yet PSPs filed relatively few suspicious reports.

It hasn't stopped. In June 2026 Nepal Telecom warned of fake connectIPS and bank SMS messages, and Nepal Police is exploring an Anti-Cyber Scam Centre involving NRB, banks, payment providers, telecom regulators and internet service providers.

Weak governance at smaller players

NRB's FY 2024/25 inspections found payment providers issuing more e-money than they held in settlement accounts, leaving many customers' KYC unverified, and operating without adequate disaster recovery plans or security testing. In one case, a compliance officer with super-admin access transferred settlement funds into wallets. Some firms also had accumulated losses and negative reserves that raised concerns about their ability to continue operating.

Uneven adoption

Only 47% of Nepal's account owners made or received a digital payment in 2024, against 54% in India and 78% in Bangladesh, according to World Bank data cited by NRB.

Infrastructure isn't the problem. 4G reaches 749 of 753 local levels, mobile data fell from USD 2.25 to USD 0.43 per GB between 2019 and 2024, and about 76% of Nepalis own a smartphone. What's missing is trust, digital skills and reasons to stay digital.

Market infrastructure

Some money systems are fragile too. Complaints about broker TMS platforms prompted SEBON's August 2026 directive, and NRB lists outages and unclear dispute resolution rules among the top risks for payment operators.

WHAT COMES NEXT: FROM PAYMENTS TO A FULL FINANCIAL SYSTEM

Nepal has won the payments battle. The harder part is turning payment data into credit, savings and investment products that are safe and profitable, and five developments will show how that goes over the next two to three years.

The first is the regulatory sandbox: which products NRB admits, and whether any earn full licenses, will show how far non-bank firms can go. The second is digital lending, where the test is whether app-based loans can scale without a corresponding rise in defaults. Third, capped fees reward scale, so expect more wallet mergers and bank–wallet tie-ups.

Fourth, the National Payment Switch could cut costs and ease oversight by routing transactions through one NCHL hub, but it would shift power away from private operators. Finally, cross-border links with India, Sri Lanka and Chinese wallets tie payments to tourism and remittance and could matter most for ordinary families.

The biggest risk is trust. One fraud wave, switch outage or wallet failure could undo years of progress, so strong supervision, protection for e-money and better fraud reporting matter as much as any new product.

For investors and banks, value is shifting from moving money to using the data it leaves behind. The winners will lend, insure and invest on top of Nepal's payment rails while keeping a hands-on regulator on the side.