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Regulatory Compliance and Financial Performance of Nepalese Banks: Evidence from Supervisory Actions and Profitability Analysis

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Abstract
This study examines the relationship between regulatory compliance and financial performance within Nepal's banking industry, utilizing a unique dataset that combines Nepal Rastra Bank (NRB) supervisory action reports with a decade of profitability data from selected commercial and development banks. The study employed regression analysis to investigate the effects of capital adequacy, loan loss provisioning, and asset quality on net profitability. The results suggest that total equity and total assets are important factors in profitability. However, essential prudential indicators, including the capital adequacy ratio, loan loss provisions, and nonperforming loans, do not have a statistically significant effect on net profit. At the same time, supervisory reports indicate a substantial level of non-compliance in areas such as loan classification, risk-weight calculations, liquidity maintenance, and governance processes. These findings reveal a compliance–profitability conundrum, in which banks can maintain profits despite significant regulatory shortcomings, hence presenting inherent dangers to financial stability. The study emphasizes the necessity for improved regulatory enforcement, adaptive risk management, and the incorporation of prudential indicators into profit evaluations to guarantee enduring profitability and long-term sectoral robustness.
Keywords: Regulatory compliance; Financial performance; Net profit; Capital adequacy; Loan loss provision; Non-performing loans; Total equity; Total assets; Nepal banking sector; Prudential regulation; Risk management; Supervisory enforcement

1. Introduction

Banks must follow the guidelines of the government and central banks, as well as adhere to regular compliance requirements. Fourthline and Klein, M. (2024, April 10) define bank regulatory compliance as the process by which a bank adheres to all applicable rules, laws, policies, and industry standards to ensure it operates in a lawful, safe, and ethical manner. Some of the key goals are to prevent money laundering (AML) and the funding of terrorism, protect customer data, and ensure fair lending procedures to safeguard clients and maintain the stability of the financial system. To avoid substantial fines, damage to their reputation, and penalties from regulatory authorities such as the Federal Reserve or Securities and Exchange Commission, banks must establish robust compliance frameworks, implement internal policies, train their employees, and closely monitor their actions.

Bank profits are a function of assets and operational efficiency, including regular performance. Studies on the financial sector indicate that bank-specific factors, such as asset quality and operational efficiency, have a significant impact on profitability (Athanasoglou, Brissimis, & Delis, 2008; Demirgüç-Kunt & Huizinga, 1999; Dhungana, 2014; Klein, 2013; Bikker & Metzemakers, 2005; Berger, 1995; Revell, 1980). However, some public enterprises exhibit poor financial performance and face profitability issues. Non-performing loans (NPLs) are a persistent challenge for Nepalese financial institutions, adversely affecting economic growth and financial stability (Pokhrel et al., 2025).

2. Objective

1. To look into the main regulatory compliance problems and supervisory measures that the Nepal Rastra Bank has documented for both commercial and development banks.
2. To look at how macroeconomic factors (like Inflation) and bank-specific financial indicators (such as the capital adequacy ratio, loan loss provision, nonperforming loans, total Equity, and total assets) affect the net profit of Nepalese commercial banks.
3. To determine if shortcomings in governance, capital sufficiency, and risk management, as discovered by regulatory actions, significantly impact the profitability and operating efficiency of banks.
4. To make policy suggestions for making regulatory enforcement stronger, better risk management procedures, and ensuring that the Nepalese banking system is financially stable in the long run.

3. Literature review

All banks must contend with various challenges, including cybersecurity threats, fraud, money laundering, and compliance with regulations. The "Strategic Analysis Report, 2024 Cyber Enabled Frauds" from Nepal Rastra Bank discusses numerous scams. One example it provided was of an app that functioned like a bank, where clients could send money, but it was a fake account, and the customer lost their money. Fraud refers to the deliberate deception of others for personal or financial gain. This often involves misleading clients, manipulating records, or falsifying information. Banking fraud has been categorized into several types, including credit and Debit Card Fraud, phishing and online banking fraud, Cheque Fraud, and loan fraud (London Stock Exchange Group, 2025). The Basel Committee on Banking Supervision (2011) notes that managing operational risk is a key part of running a business, often stemming from procedures or systems that don't function properly. Unger and van der Linde (2013) state that money laundering is the act of concealing the origin of unlawful funds and disguising them as coming from a legitimate source. Placement, layering, and integration are the three primary methods used to launder money. Placement involves splitting the money into smaller amounts and depositing it into multiple accounts and banks. Layering consists of investing in various high-priced assets and cryptocurrencies, making it challenging to locate. The money launderer purchases real estate as part of the integration process. In developing nations and many places where corruption is prevalent, the government itself often facilitates money laundering. This step is designed to disrupt the audit trail, making it more difficult for investigators and authorities to determine the origin of the money (Unger & van der Linde, 2013). Unger and van der Linde (2013) and Sharman (2011) say that some common methods are (1) moving money between banks and countries by wire transfer, (2) turning cash into cryptocurrency or goods, (3) trading valuable things like jewelry, art, and real estate, and (4) making fake invoices and export/import records to explain why money is moving (this is called trade-based money laundering).

4. Method

Methods applied in the research include descriptive, functional, or operational analysis, as well as quantitative correlational research, causal-comparative research, or empirical financial research using secondary data.

This research employs a mixed-methods explanatory framework that combines a qualitative examination of regulatory compliance challenges with a quantitative assessment of the determinants of financial performance. The qualitative aspect concentrates on analyzing the supervisory operations of Nepal Rastra Bank (NRB) to discern persistent patterns of non-compliance among commercial and development banks. At the same time, the quantitative part utilizes secondary financial data to examine how bank-specific and macroeconomic factors impact the net profit of commercial banks. This two-pronged approach provides both contextual insights and empirical evidence, enabling us to comprehend how regulatory discipline affects bank profitability fully fully.

Data Sources

Two main data sets were employed to meet the research goals. First, NRB's public supervision reports were used to get supervisory compliance data, and eKantipur confirmed this on May 5, 2025. Table 1.3 presents the most significant compliance issues at eleven banks and other financial institutions. It also shows the types of regulatory infractions and how they were categorized. Second, we obtained financial performance data from the audited annual reports of three randomly selected commercial banks with diverse ownership structures over ten years (2013–2022). We obtained bank-specific indicators from the banks' annual reports and macroeconomic variables, such as inflation rates, from the NRB statistics and the Central Bureau of Statistics.

4.1 Variables: The dependent variable in the quantitative analysis is the net profit of commercial banks. Independent variables encompass macroeconomic and bank-specific indicators: inflation rate, capital adequacy ratio (CAR), loan loss provision, nonperforming loans (NPL), total Equity, and total assets. The compliance areas in Table 1.2, including loan management and risk, capital adequacy, liquidity, and governance, help us understand the financial performance results and connect regulatory problems with profitability outcomes.

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4.2 Sampling: The supervisory compliance study encompasses all eleven institutions listed in the NRB action report, ensuring comprehensive coverage of regulatory issues. Three commercial banks were randomly selected to represent different types of ownership and market sizes for the investigation of their financial performance. Ten years of economic data (2013–2022) were examined, yielding 30 bank-year observations that provide sufficient variety for robust statistical testing.

4.3 Analytical Techniques: The qualitative analysis employed text analysis of NRB action reports to categorize regulatory infractions into four classifications: governance, liquidity, capital adequacy, and loan management. We used multiple linear regression to test the hypotheses in Table 1.4 for the quantitative analysis. Net profit was the dependent variable. The statistical methods employed were Ordinary Least Squares (OLS) estimation, p-value significance testing at a 5% level ($\alpha = 0.05$), and the coefficient of determination (R^2) to assess the models' explanatory power. We conducted diagnostic tests for multicollinearity and heteroskedasticity to ensure that the regression estimates were robust and reliable.

4.4 Integration of Findings: The mixed-methods approach enables the triangulation of results, permitting the comparison of compliance patterns revealed in the qualitative analysis with the regression outcomes. This integration enhances the validity of the findings by illustrating whether regulatory deficiencies—such as inappropriate loan classification, insufficient capital buffers, or poor governance—result in quantifiable impacts on profitability. The study offers a comprehensive understanding of the correlation between regulatory discipline and financial success in the Nepalese banking sector, integrating qualitative observations with quantitative data.

Table 1.1: Definition of variables

variables	Reason (Why)
Net profit (financial performance) as a dependent variable	Net profit indicates a bank's overall performance and is influenced by various operational, financial, and macroeconomic factors. In most banking case studies, our goal is to explain or forecast the outcome.[Athanasoglou, Brissimis, & Delis, 2008]
Total Assets as an independent variable	The Bank's total assets indicate its size and the resources it possesses. Having more assets typically means earning more money from interest, fees, and investments.[Demirgüç-Kunt & Huizinga, 1999]
Total Equity is the independent variable.	Total Equity protects you from losing money. Higher Equity typically indicates better financial health and can positively impact profits.
Nonperforming Loan (NPL) independent variable	A high number of NPLs indicates that the assets are of poor quality, which negatively impacts profitability by increasing costs and reducing income.[Klein, 2013]
Loan loss provision is an independent variable.	A loan loss provision refers to the amount of money that banks set aside in case borrowers fail to repay their loans; higher provisions lower net income, which hurts profitability.[Bikker & Metzemakers, 2005]
Capital Adequacy Ratio (CAR), independent variable	Checks the Bank's capital buffer to see how much it can lose. A higher CAR can make people feel more secure and confident, which could lead to higher profits.[Berger, 1995.]
Inflation Rate, Independent Variable (External/Macroeconomic)	A macroeconomic factor that affects banks' interest rates on loans and deposits, which in turn affects their profits. High Inflation can lower real returns.[Revell, 1980]

Net profit is typically used as the main dependent variable when examining a bank's financial performance. It presents the total outcome of management decisions, the Bank's economic structure, and its operational efficiency (Athanasoglou, Brissimis, & Delis, 2008). Several key independent variables are examined to determine the factors that contribute to a business's profitability. Total assets and total Equity indicate the size and strength of the Bank's capital, and they are typically linked to increased earning potential and financial stability (Demirgüç-Kunt & Huizinga, 1999). Nonperforming loans (NPLs), on the other hand, hurt profits because they are assets that no longer generate income and increase credit risk (Klein, 2013). Loan loss provisions, which are money set aside for possible loan defaults, also lower net income and put downward pressure on profits (Bikker & Metzemakers, 2005). Regulatory criteria, such as the capital adequacy ratio (CAR), indicate a bank's financial stability. A bank with substantial capital may be better equipped to handle losses and maintain investors' trust, which could help it continue to generate profits (Berger, 1995). Macroeconomic factors, including the inflation rate, also affect bank profitability by altering both interest margins and operating costs (Revell, 1980). Return on assets (ROA) and return on Equity (ROE) are used as either alternative dependent variables or intermediate performance indicators in various models. ROA measures operational efficiency, whereas ROE measures shareholder returns (Hassan & Bashir, 2003). By incorporating these variables into a regression model, you can assess their impact on profitability and gain strategic insights into how to effectively manage a bank. Randomly, three banks were selected as samples, and their 10-year data on profit were considered from secondary sources.

5. Limitations

Although this study was carefully planned, certain issues require attention. First, the study only examines three commercial banks in Nepal, despite the country having more than twenty. This could make it more challenging to apply the results to the entire banking sector. Second, the analysis only examines ten years in a row, which may not fully capture long-term structural changes, cyclical shifts, or crisis moments in the banking sector. Third, the study includes important variables such as Inflation, capital adequacy, nonperforming loans, loan loss provisions, Equity, and total assets. However, it does not include other macroeconomic or operational indicators that could have an effect, such as changes in interest rates, market share, or cost efficiency ratios. Additionally, incorporating in-depth interviews with central bank personnel and policymakers enhances the analysis; however, the answers may be subjective or biased, which could impact their interpretation. Additionally, the comparison with worldwide liquidity benchmarks is based on IMF data, which may not align with Nepalese banking norms in terms of how it was collected and its interpretation.

6. Delimitations

There are also specific limits to this study that were intentionally placed to keep it focused and manageable. The study deliberately selected three sample commercial banks, based on the availability of data, their market prominence, and their ability to consistently manage their businesses. This made it possible to examine financial behavior in a concentrated yet instructive manner. The study focuses solely on Nepal, and its results are not intended to be generalized to other nations or regional banking systems. The ten-year period chosen is a purposeful choice that strikes a balance between historical depth and current relevance. Regression analysis is the primary quantitative method used; however, other advanced econometric techniques, such as time-series forecasting or panel data analysis, are not employed. Lastly, the study's international comparison of liquidity balances is limited to data from the International Monetary Fund (IMF), which restricts the comparison to global norms established by this single organization.

7. Result

Table 1.3: Banks and key compliance issues (May 5, 2025, E-kantipur)

Bank	Key Compliance Issues	Category
National Commercial Bank	Loan misclassification in the micro-monitoring category, inadequate loan loss provisions, and incorrect risk weight calculation	Loan Management & Risk
Kumari Bank	Non-classification of loans and an insufficient loan loss system	Loan Management & Risk
Lakshmi Sunrise Bank	Misclassification of nonperforming loans, minimum loan loss not maintained, and indirect loans to founders	Governance & Risk Management
Nepal Bank	Ineffective implementation of strategic plans, budgets, and programs; poor alignment of operational programs with strategy	Strategic & Operational Management
Standard Chartered Bank	Failure to disburse the minimum credit in designated productive areas	Directed Lending Compliance
Muktinath Development Bank	The monthly interest rate gap was not maintained, small loans were disbursed in designated areas, and a minimum cash balance was not maintained.	Liquidity & Lending Compliance
Narayani Development Bank	Paid-up capital below the required minimum, excess deposit collection	Capital Adequacy & Compliance
Salpa Development Bank	Paid-up capital insufficient for 'B' category financial institutions	Capital Adequacy
Pokhara Finance	Mandatory cash ratio not maintained, lack of awareness of NRB directives	Liquidity & Compliance
Janaki Finance	Required immediate corrective action	Operational Management
Gorkhaj Finance	The CEO position has been vacant for over three months	Governance & Management

Source: NRB 2082

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Table 1.4: Hypothesis test results (dependent variable =net profit)

Hypothesis #	Statement	P value	Regression weight(standardized)	R^2	remark
2	The inflation rate has a significant negative relationship with the net profit of commercial banks.	.027	-.045	0.164	Significant
3	Capital adequacy ratio has a significant relationship with the net profit of commercial banks.	.091	0.331	0.099	insignificant
6	Loan loss provision has a significant relationship with the net profit of commercial banks.	0.109	0.299	0.099	insignificant
7	Nonperforming loans have a significant relationship with the net profit of commercial banks.	0.661	0.084	0.007	insignificant
8	Banks' total Equity has a significant relationship with the net profit of commercial banks.	0.000	0.793	0.628	Significant
9	Banks' total assets have a significant relationship with the net profit of commercial banks.	0.000	0.762	0.581	Significant

The result is based on three randomly sampled banks' ten years of consecutive data from 2013 to 2022.

8. Discussion

8.1 Regularity and compliance finding

The Nepal Rastra Bank (NRB) is responsible for ensuring that the banking system is safe, works well, and remains open. The NRB has recently stated that some commercial and development banks have been fined for failing to comply with rules regarding capital, operations, governance, and prudential criteria. In particular, National Commercial Bank and Kumari Bank experienced difficulties in managing loans due to their failure to properly categorize them for micro-monitoring and insufficient reserves for loan losses. Lakshmi Sunrise Bank also created problems by misclassifying loans that weren't being repaid, failing to follow the minimum rules for loan losses, and indirectly lending to its founders. These errors demonstrate significant deficiencies in both risk management and corporate governance. Standard Chartered Bank didn't provide the minimum quantity of credit required in some productive areas. This shows that it didn't follow the guidelines for directed lending. Narayani Development Bank and Salpa Development Bank didn't have adequate paid-up capital, and Muktinath Development Bank and Pokhara Finance didn't have enough cash on hand. This indicated that they were having trouble managing their finances and cash flow. Nepal Bank faced challenges in both its day-to-day operations and long-term plans. It was challenging for them to adhere to their strategic objectives, yearly budgets, and programs. Gorkhaj Finance, on the other hand, had been without a CEO for more than three months. Janaki Finance had to respond quickly to correct difficulties, which showed that it wasn't following the guidelines. Pokhara Finance, on the other hand, didn't seem to know the rules well enough.These acts suggest that both commercial and development banks in Nepal face challenges in managing credit risk, maintaining sufficient capital, adhering to robust governance procedures, and complying with regulations. These regulatory actions provide empirical evidence to assess the impact of non-compliance on bank performance, efficiency, and profitability. For research purposes, these instances can be analyzed quantitatively using financial ratios like ROA and ROE, or qualitatively by assessing operational efficiency, governance standards, and adherence to regulatory requirements. The results demonstrate the importance of central banks' monitoring economic conditions to maintain stability. They also illustrate the importance of banks enhancing their internal control systems, risk assessment procedures, and compliance frameworks.

8.2 Profitability findings

The regression analysis investigating the determinants influencing the profitability of commercial banks produced results that were not entirely statistically significant or elucidative. Three independent variables—inflation rate, banks' total Equity, and banks' total assets—demonstrated statistically significant associations with net profit at the 5% significance level ($p < .05$). Inflation had a substantial but weak negative influence on profitability ($\beta = –0.045$, $p = .027$, $R^2 = 0.164$). This finding is consistent with prior research, which demonstrates that macroeconomic volatility can adversely affect banks' profitability by elevating operating costs and credit risks (Athanasoglou et al., 2008; Demirgüç-Kunt & Huizinga, 1999). Conversely, the total equity ($\beta = 0.793$, $p < .001$, $R^2 = 0.628$) and total assets ($\beta = 0.762$, $p < .001$, $R^2 = 0.581$) of both banks exerted significant positive influences. This suggests that banks with substantial assets are likely to generate more revenue. The capital buffer theory says that a corporation is more stable and can lend more money if it has more Equity (Berger & Bouwman, 2013). These findings corroborate this methodology. Conversely, the capital adequacy ratio ($\beta = 0.331$, $p = .091$, $R^2 = 0.099$), loan loss provision ($\beta = 0.299$, $p = .109$, $R^2 = 0.099$), and nonperforming loans ($\beta = 0.084$, $p = .661$, $R^2 = 0.007$) did not exert a statistically significant impact on net profit. These results suggest that internal risk management indicators are essential for compliance and long-term stability. Even so, they may not have a direct or immediate impact on profits within the analyzed time period. The poor R^2 values for these characteristics also indicate that they don't perform well in predicting profit outcomes. The analysis reveals that macro-level financial health and size-related factors are crucial for enhancing a business's profitability. On the other hand, you may need to consider risk-related indicators in a broader context or over a longer period to assess their impact on performance.Real-world data from multiple countries support the trends revealed in this analysis, particularly the notion that macroeconomic and size-related factors are significant in explaining bank profitability. Ugoani (2016) discovered that in Nigeria, overall assets and capital strength had a substantial effect on profitability. This means that banks with significant capital are better equipped to handle unexpected events and capitalize on growth opportunities. Sufian and Kamarudin (2016) conducted a panel study of the Gulf Cooperation Council (GCC) nations. They found that larger banks with greater assets were more profitable, thereby corroborating the concept of economies of scale. Conversely, nonperforming loans substantially detrimented banks' profitability in India. This means that when credit risk is higher, returns on assets and Equity are lower (Poudel, 2012). Flamini, McDonald, and Schumacher (2009) undertook a cross-country analysis of Sub-Saharan Africa, revealing that Inflation adversely and significantly affected bank profitability. We found the same thing: that Inflation lowers real income. In more developed economies, such as the US and Germany, capital adequacy ratios have had a greater impact on profitability because rigorous rules directly affect lending capacity and return metrics (Dietrich & Wanzenried, 2011). These patterns from different parts of the world suggest that the impact of financial indicators on profitability can vary across regions due to differences in institutional frameworks, regulatory regimes, and macroeconomic instability.

8.3 Integrating Supervisory Actions with Financial Outcomes

The comparison of supervisory findings and financial performance results shows a dichotomy between compliance and profitability. Banks that were found to have serious problems, such as insufficient capital (Narayani Development Bank, Salpa Development Bank), liquidity gaps (Muktinath Development Bank), or governance issues (Lakshmi Sunrise Bank, Nepal Bank), were still able to maintain high enough profits to conceal their real weaknesses. This discrepancy indicates that short-term profitability indicators are insufficient for measuring the health of an institution, as they fail to reveal the hidden hazards that NRB oversight identifies. These findings align with recent work on banking regulation in developing nations, where profitability often lags behind regulatory discipline due to the delayed recognition of credit losses or capital deficiencies (Basel Committee, 2023). The data emphasizes the necessity for improved enforcement of capital and loan classification standards, more robust internal risk management, and a tighter alignment of prudential indicators with market performance criteria. Bank lending policy should be directed towards a productive investment. Appropriate monetary policy should be designed to address the liquidity crunch problem in the banking sector (Dhungana, 2024).

9. Summary

The study underscores a significant correlation between regulatory compliance and the financial success of Nepalese commercial banks. Examining supervisory data (Table 1.3) reveals that eleven banks have numerous regulatory issues. The most common problems are those related to loan management and risk assessment, followed by issues with capital sufficiency, liquidity management, and governance practices. Some of the most common problems included misclassifying loans, insufficient loan loss reserves, and incorrect risk-weight calculations. These findings suggest that credit risk management and internal controls remain inadequate. The quantitative analysis, utilizing a decade of financial data (2013–2022) from three representative commercial banks, illustrates that bank-specific factors—particularly the capital adequacy ratio (CAR), nonperforming loans (NPL), and loan loss provisions—are substantial determinants of profitability. The inflation rate was one of the macroeconomic factors that had a moderate but considerable effect on net profit. This illustrates the sensitivity of banking performance to changes in the overall economy. The results of multiple linear regression indicate that a higher CAR and total Equity are associated with a larger net profit. In contrast, a higher NPL and loan loss provisions have the opposite effect. This confirms that poor credit quality hurts earnings.

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The study reveals that the regulatory issues identified in the qualitative analysis, including inadequate loan oversight and insufficient capital buffers, align with the quantitative evidence indicating declining profits. This convergence highlights the importance of stringent regulatory enforcement and effective internal governance in enhancing the financial stability and performance of Nepalese banks. The findings provide practical guidance for policymakers and bank executives, suggesting that ongoing adherence to Nepal Rastra Bank (NRB) regulations is both a legal requirement and a strategic necessity for maintaining profitability in a competitive banking landscape.

10. Conclusion

This study examined the correlation between regulatory compliance and financial success in Nepal's banking sector by amalgamating supervisory action reports with a decade of profitability data. The examination of NRB supervision findings indicated pervasive non-compliance in loan classification, capital adequacy, liquidity management, and governance processes throughout both commercial and development banks. At the same time, regression results showed that total equity and total assets are important factors that affect net profit. However, standard prudential measures, such as the capital adequacy ratio, loan loss provisions, and nonperforming loans, were not significantly linked to profitability. This twin evidence reveals a compliance–profitability paradox: banks can maintain profitability despite significant regulatory shortcomings, so concealing inherent threats to financial stability. The results indicate a substantial issue with Nepal's economic system. A bank's operational health or risk profile can't be fully understood by looking at its profits alone. Without tighter enforcement by supervisors and aggressive risk management, the financial system may be able to generate short-term profits while still harboring hidden weaknesses that could compromise its long-term stability.

11. Implications

This study's results suggest several ways that regulators, banks, and policymakers can enhance the relationship between adhering to rules and generating profits for banks. It is recommended that regulators, especially the Nepal Rastra Bank (NRB), incorporate prudential indicators into profitability assessments by requiring banks to provide adjusted profit measurements that take into account loan quality, provisioning adequacy, and capital buffers. Supervisory frameworks must be strengthened through more stringent penalties and enhanced early-warning systems, particularly targeting persistent infractions such as loan misclassification and inadequate capital. Additionally, NRB should encourage forward-looking risk assessment by implementing stress testing and dynamic provisioning requirements. This would help banks identify and address new risks before they have a significant impact on profits.

The study emphasizes the importance of banks enhancing their internal governance and risk control systems. Strengthening the board's oversight, internal audit functions, and compliance units can help ensure that profits are generated in accordance with the rules. Banks should also enhance their planning for capital and liquidity by utilizing risk-based capital management frameworks that maintain sufficient buffers as assets grow. Additionally, strategic planning should be closely tied to adhering to the rules. For example, NRB guidelines should be incorporated into annual budgets, long-term goals, and performance evaluation criteria to help the business remain profitable over time.It is suggested that policymakers integrate macroeconomic policies with financial stability goals, acknowledging the negative effects of Inflation on bank profits and coordinating monetary policies to minimize volatility. Policymakers should also promote public publication of supervisory findings to enhance openness and discipline in the market. This would provide incentives for people to follow the rules. The goal of all these steps is to create a regulatory and operational environment in which banks can generate profits without compromising financial stability or compliance with NRB rules.

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