

# **IMPACT OF ONLINE TRADING ON CUSTOMER SATISFACTION IN NEPAL STOCK EXCHANGE**

A Dissertation submitted to the Office of Dean, Faculty of Management  
in partial fulfillment of the requirements for the Master's Degree

By

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## CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “**Impact of Online Trading on Customer Satisfaction in Nepal Stock Exchange**”. The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor it has been proposed and presented as part of requirements for any other academic purposes. The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of this dissertation.

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**REPORT OF RESEARCH COMMITTEE**

Ms. Anju Kattel has defended research proposal entitled “**Impact of Online Trading on Customer Satisfaction in Nepal Stock Exchange**” successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Asso. Prof. Dr. Kapil Khanal submit the dissertation for evaluation and viva-voce examination.

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## APPROVAL SHEET

We, the undersigned, have examined the dissertation entitled “**Impact of Online Trading on Customer Satisfaction in Nepal Stock Exchange**” presented by Anju Kattel candidate for the degree of Master of Business Studies (MBS Semester) and conducted the viva voce examination of the candidate. We hereby certify that the dissertation is worthy of acceptance.

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## **ABBREVIATIONS**

CDSC	Central Depository System and Clearing Limited
DMAT	Dematerialization Account
ICTs	Information and Communication Technologies
IPO	Initial Public Offerings
NEPSE	Nepal Stock Exchange
NOTS	NEPSE Online Trading System
ODR	Online Dispute Resolution
SEBON	Securities Board Nepal
SERVQUAL	Service Quality Gap Model
TMS	Trading Management System

## ABSTRACT

This study investigates the impact of online trading on customer satisfaction within the context of the Nepal Stock Exchange Limited (NEPSE). The introduction of NEPSE Online Trading System (NOTS) in November 2018 marked a significant shift from traditional, manual stock trading methods to a more dynamic, electronic platform. The research identifies key factors influencing trader dissatisfaction and examines the roles of different parties involved in the online trading ecosystem. Key findings indicate that service quality dimensions—reliability, responsiveness, security measures, communication of updates, and ease of use—are critical to user satisfaction. Correlation analysis reveals significant relationships between these dimensions and overall satisfaction with the NEPSE system. Moreover, the study highlights that reliability, responsiveness, and assurance of integrity and transparency significantly enhance users' ability to make informed investment decisions. ANOVA results confirm that these predictors collectively explain a significant portion of variance in investment decision-making ability. However, ease of use showed only a marginally significant effect, while security measures and communication of updates did not significantly predict improved decision-making ability.

The study underscores the necessity of high service quality in electronic stock trading to boost trader satisfaction and market efficiency. Recommendations for financial institutions in Kathmandu Valley include enhancing job security, flexibility, and professional growth opportunities to improve employee satisfaction and performance. Implementing regular feedback mechanisms, recognition systems, and systematic development plans are also suggested to foster a positive workplace environment, ultimately leading to increased productivity and organizational success.

*Keywords: Ease of Use, Service Reliability, Internet Security, Responsiveness, Assurance, Communication, Customer Satisfaction*

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

E-commerce, also known as electronic commerce or internet commerce, refers to the buying and selling of goods or services using the internet, and the transfer of money and data to execute these transactions. Ecommerce is often used to refer to the sale of physical products online, but it can also describe any kind of commercial transaction that is facilitated through the internet (Shopify, 2020).

The technology development in the financial sector is rapidly changing the dynamics and transaction process. In the past stock trading transactions were made through verbal contacts or by telephone. Transaction through the phone could be inefficient because of the potential errors in the communication, the limitation in the customer authentication. Manual transaction leads to many aspects of problems like manipulation of paper works insider, illegal activities and etc. This may lead to loss of the potential power of the stock market to integrate the trader's small capital. Thus, it seems that recovering service quality in this market may enhance trader's satisfaction and encourage investing more and more. (Oracle, 2020)

Nepal Stock Exchange Limited (NEPSE) officially launched NEPSE Online Trading System (NOTS) on 6th November, 2018."NOTS" is designed to allow investors to place their orders online, while everything including trading, clearing and settlement can be carried out electronically. A broad spectrum of market participants will benefit from the increased convenience of the new system. Furthermore, the system will bring a new level of dynamism to Nepal's stock market. (Nepal Stock Exchange Limited (NEPSE), 2020)

Different authors have identified different service quality dimensions. These dimensions are measured in order to find out the degree of satisfaction in current market and find the relationship between service quality dimensions which online trading can provide for trader's satisfaction. Parasuraman et al. (1993) came up with five determinants that can be used to measure service quality. This scale is named

SERVQUAL and has been developed for the service sector. It has five generic dimensions or factors. i.e. tangibles, reliability, responsiveness, assurance & empathy.

With rapid technological advancements and the growing adoption of online trading systems, it is crucial to understand how these changes affect customer satisfaction at the Nepal Stock Exchange. NEPSE Online Trading System (NOTS) marks a significant step towards modernizing Nepal's stock market, enhancing efficiency and transparency. With a shift to a more streamlined, electronic system, errors are reduced, risks associated with manual transactions are mitigated, and overall service quality is improved. This study explores the impact of online trading on customer satisfaction.

## **1.2 Problem Statement**

The stock exchange plays a critical role in each country's economy. Understanding traders' needs, as primary customers of this market, is essential. Trader satisfaction significantly impacts trader retention, attracts potential traders, and contributes to a more efficient and expansive market. Therefore, good customer service quality is crucial in creating and enhancing trader satisfaction. It is important for those responsible for the stock exchange to uncover the attributes traders use in their assessment of service quality and satisfaction, and identify which attributes are most important.

Currently, many stock exchanges worldwide have utilized the internet to offer their customers a variety of services 24 hours a day, improving service quality for traders. In Nepal, the Nepal Stock Exchange Limited (NEPSE) provides an electronic trading platform where buyers and sellers can transact in securities without needing to meet physically. This online trading platform empowers educated investors to make their own decisions by closely monitoring market sensitivity through various sites (Nepal Stock Exchange Ltd. (NEPSE, 2020).

However, the conventional trading system's limitations, such as poor surveillance power and limited services, increase the risk of investing in this market. Major hurdles for the growth of online stock trading include computer illiteracy, poor infrastructure, and the risk-averse attitude of investors (Gunasekara et al., 2018).

These factors contribute to trader dissatisfaction and the inefficiency of the NEPSE stock exchange.

There are a number of issues that need to be addressed despite the potential benefits of online trading. Customers' satisfaction with online trading can be enhanced by identifying factors contributing to dissatisfaction (Tzeng et al., 2020). Various parties involved in the online trading system, such as brokers, regulators, and investors should also be examined, and how their roles affect customer satisfaction (Devkota et al., 2021). Further, traders must explore how online trading can enhance their satisfaction by leveraging its potential capabilities. By addressing these issues, there can be improvement in online trading experiences and foster more efficient and satisfied trading communities.

Based on the above discussion the research problem is formulated as follows:

- How does online trading impact customer satisfaction?
- The roles of different parties involved in online trading system?
- How do the potential abilities of online trading influence customer satisfaction?
- Which factors contribute to trader dissatisfaction?

### **1.3 Objectives of the Study**

The major objective of this research is to find out the impact of online trading on customer satisfaction. Furthermore, the specific objectives of this research are:

- To Examine and identify the roles of different parties involved in the online trading system.
- To Analyze the potential abilities of online trading which affects customer satisfactions.
- To Find the factors affecting trader's dissatisfaction.

## **1.4 Research 1Hypothesis**

- H1: There is no correlation between ease of use and client satisfaction on the internet.
- H2: Online consumer happiness and service reliability are not mutually exclusive.
- H3: The relationship between internet security and customer happiness is unrelated.
- H4: Nepal Stock Exchange responsiveness and online customer satisfaction are not mutually exclusive.
- H5: Customer pleasure is not dependent on the level of assurance.
- H6: Customer happiness and communication are not interdependent.

## **1.5 Rationale of the Study**

The shift towards online trading platforms in the financial sector, exemplified by NEPSE's implementation of the NEPSE Online Trading System (NOTS), represents a significant technological advancement aimed at enhancing the efficiency and accessibility of stock trading. However, despite the potential benefits of online trading, issues such as trader dissatisfaction, poor surveillance, and infrastructure limitations pose challenges to its widespread adoption and effectiveness. Understanding the factors contributing to trader dissatisfaction is crucial for addressing these challenges and improving the overall quality of service provided by the online trading system. By identifying these factors, stakeholders can implement targeted interventions to enhance customer satisfaction and retention, thereby fostering a more efficient and resilient stock market.

Furthermore, examining the roles of different parties involved in the online trading system will provide insights into the dynamics of the market ecosystem and shed light on potential areas for collaboration and improvement. This understanding is essential for fostering a conducive environment for online trading and maximizing the benefits for all stakeholders involved. Moreover, assessing the effects of online trading on customer satisfaction will help in quantifying the impact of technological advancements on market participants' experiences and perceptions. By elucidating the

relationship between online trading and customer satisfaction, this research aims to provide valuable insights for policymakers, market regulators, investors, and other stakeholders seeking to leverage technology to improve market efficiency and investor satisfaction.

Overall, this study seeks to contribute to the existing body of knowledge on online trading and customer satisfaction, with implications for academia, industry practitioners, policymakers, and investors alike.

### **1.6 Limitations of the Study**

Every research study has its own limitations. The present study has following limitations:

- This research mainly based on primary and secondary data which have been collected from questioners, interviews, books, journals, financial statements, report of Securities Board Nepal (SEBON) and Nepal Stock Exchange (NEPSE), annual reports of companies, web sites and other publications.
- The reliability of the study greatly depends on accuracy of data provided and collected. Hence, it is not free from limitations of secondary data.
- Studies and reference were also extremely limited in the prospective of Nepalese stock market.
- Questionnaire will be used as the primary source of data by the researcher, and the data gathered may contain some flaws and exaggeration.
- The study uses the limited tools and techniques.

## **CHAPTER II**

### **LITERATURE REVIEW**

#### **2.1 Theoretical Review**

E-commerce is a subset of e-business and defined as buying and selling of goods and services on the internet. In fact, any commerce carried out using computer networks are called electronic commerce and has created an opportunity to do business and handle transactions electronically and stock trading domain makes the most of its chance all over the world. As, the time factor play a critical role in the business, internet quicken and streamline the trading process. Creating more convenience, saving time and money and paperless process are the most significant goals of online trading. (Tech Target, 2020).

Online trading is described as service offered on the internet for purchase and sale of shares. In the real world you place orders with your stockbroker. In online trading, you will access a stockbroker's website through your internet- enabled PC and place orders through the broker's internet-based trading engine. These orders are routed to the stock Exchange without manual intervention and executed thereon in a matter of a few seconds. (Carvy Stock Broking, 2020)

The number of online investors has grown considerably since the first electronic brokerage opened its virtual doors in 1994 (Fahri and Movassaghi, 2001). As of 2017, the global brokerage market Asia-Pacific region accounted for 48.5% of the global market share with China topping the global market share with 29.3%.The market participation in developed countries like the USA is around 50% of the total population while in a developing country like Nepal it is around 3% as of current trends. In the coming decade, the industry is set to see rapid growth in fast pace developing economies like India, whereas it may remain muted in developed countries where the market has reached a near saturation level. (Mobility Foresights, 2020)

The history of securities market began with the floatation of shares by Biratnagar Jute Mills Ltd. and Nepal Bank Ltd. in 1937. Introduction of the Company Act in 1964, the first issuance of Government Bond in 1964 and the establishment of Securities Exchange Center Ltd. in 1976 were other significant development relating to capital markets. (Nepal Stock Exchange Limited (NEPSE), 2020)

Securities Exchange Center was established with an objective of facilitating and promoting the growth of capital markets. Before conversion into stock exchange it was the only capital markets institution undertaking the job of brokering, underwriting, managing public issue, market making for government bonds and other financial services. Nepal Government, under a program initiated to reform capital markets converted Securities Exchange Center into Nepal Stock Exchange in 1993. (Nepal Stock Exchange Limited (NEPSE), 2020)

Customer satisfaction is increasingly recognized as a main pillar for success in the business environment and also a key issue to survive. In this case the business owners must continuously understand and provide what the customer wants. The studies have shown high levels of customer service quality can exert a positive influence on customer satisfaction. (Survicate, 2020)

Satisfaction with service quality depends on a large number of dimensions both tangible and intangible attributes of the product-service offer. The impact of intangible dimensions on consumer satisfaction is of particular interest at this point. (Diva Portal, 2020)

Applying conventional trading systems in Nepal leads to many aspects of problems like manipulation, lots of paperwork, insiders' illegal activities and etc. These problems cause traders' dissatisfaction and the lack of technological foundations creates an inefficient market. Stock market is growing upend the number of traders rapidly increasing, therefore following conventional method in handling and controlling the market, may in turn direct us to lose the potential power of this market in order to integrate the traders' small capital. With no doubt, traders leave the market where there is no appropriate surveillance over the activities because the unsatisfied customer will not take all the risk in stock market. So, it is clear that if stock market as a supervision organization could not offer suitable services to the traders, market expansion is meaningless. (Social Research Foundation, 2020)

There are seven determinants that can be used to measure service quality. This scale named SERVQUAL and has been developed for the service sector. It has generic dimensions or factors and is stated as follows:

### **Reliability**

Reliability is the overall consistent of measure. In share market, the price of certain product might not be constant for a period of time. It might increase or decrease as per the demand and supply of that share in share market. Like other goods we cannot have similar changes to be noticed in this market. According to reliability, there need to be trustworthy and need to perform well.

### **Responsiveness**

In share market, the brokers and other shareholders are very much Responsive towards increase and decrease of product. In every organization, Responsiveness is regarded as one of the managerial skills which is very much essential for growth and development of personal life. It shows that they are together as well as tries to be alert on specific topics. Responsive is a process to achieve positive change by shifting current state of things and the perception of the audience, employees or competition (a perceiver) towards strategically favorable for the business, which enables the company smoothly execute their policy.

### **Customer satisfaction**

In every sector a customer satisfaction plays vital role. They need to look after customer needs and their preference so that they can handle the situation as well as under it. In share market, especially the mass investor need to be pamper because they are known as the shareholder time changers as well as the future maker. Their small steps can turn the motive of other investors as well. In an organization, customer is regarded as God and they are the source of their income.

### **Services quality**

There are lots of solutions which have been implemented in order to provide better service to their customers. Recently there has been introduced online trading system to minimize flow of shareholders in broker's office. But the online service as well as the offline service needs to be maintained. The quality of service is determined by the area of study.

## **Tangibles**

There are two different products which are tangible and intangible assets. In share market the share is tangible and it can be seen transfer from one person to another through the help of brokers. They are provided specific paper which in listed detail of new and old shareholders as well their background. In some cases, share is regarded as intangible whereas in some cases it is determined as tangible it vary according to the nature as well as the situation.

## **Assurance**

It simply refers a financial coverage that provides remuneration for an event that is certain to happen. Unlike insurance, which covers hazards over a specific policy term, assurance is permanent coverage over extended periods, often up to the insured's death.

## **Sympathy**

Sympathy is feeling bad for someone else because of something that has happened to them. We often talk about it and feel sympathetic when someone has died, or something bad has happened, saying 'Give them my sympathy', or 'I really feel for them' (UKdiss, 2019).

### **2.1.1 History of NEPSE**

NEPSE, Nepal Stock Exchange, opened its trading on January 13, 1994 and is the only stock exchange in Nepal. NEPSE can provide investors with an overall performance of the stock exchange, where the growth and steady increase is seen as a bull market, while a steady decline can be categorized as a bear market. Over the 25 years since opening of NEPSE, it has encountered three bull periods and three bear periods (Thapa, 2019).

Bull Periods have been as follows:

Period 1: 2055/56 to 2056/2057 (2 years)

Period 2: 2060/61 to 2064/65 (5 years)

Period 3: 2068/69 to 2072/73 (5 years)

Bearish periods have been as follows:

Period 1: 2057/58 to 2059/60 (3 years)

Period 2: 2065/66 to 2067/68 (3 years)

Period 3: 2073/74 to 2075/76 (3 years)

Recently, with the recent onset of the Corona Virus in the year 2076/77, and the lowering of interest rates by the banks, along with online trading system introduced recently, the interests and investors in Nepal's stock exchange has increased, thus initiating another bull market. Although forecasting the market is almost impossible, investors who search for undervalued companies that have future potentials can keep investors in the safe side on a volatile and unpredictable markets.

### **2.1.2 Pros and cons of Online Trading System**

A trader/investor can make decisions themselves through online trading system which differs from approaching stockbroker, as the broker naturally offers input and advice. Depending on how a trading is done, there is always probability of risk and gain. In context of Nepal, online trading has been hype after the pandemic. Accordingly, following are advantages and disadvantages of online trading:

#### **Pros of Online Trading System:**

- The most common advantage of online trading is the reduction of high fees and costs associated with traditional brokers or intermediary. With the minimum amount of savings, everyone can afford trading through online. An online trader does not require significant investment.
- A trader does not depend on brokers financial advice rather; they can take the trading into own hands. Therefore, online trading has an ability to avoid brokerage bias.
- The speed on the use of trading portals could be beneficial for the investors. The online trading let a trader implement trade immediately. The trader can consume time with own consistency over appointments requiring brokers. A person can trade form anywhere and control trades when he / she feel the market might not work. So, online trading initiates more control and flexibility (Business Case Studies, 2020).
- Traders can be accessible to their portal for 24 hours a day. Using their account has no limitation and it does not only allow the traders to trade at their convenience but the traders could also examine the market and maximize the trades accordingly.

- The online trading site offers valuable trade information to make it easier for people to see the progress / degrade of the investments in real time.

### **Cons of Online Trading System**

- The convenience of online trading could make a trader invest too much and too fast without making a proper choice. However, a trader must have a good understanding and set up safeguards of the stocks they are buying.
- In trading market, brokers are known as the financial advisors of the traders. A trader with limited knowledge could not effectively buy and sell the leverage. Lack of personal relationship with brokers might also result in the lack of feedback mechanisms and online traders are left to their own devices with own decisions. Particularly, studying the market might be more challenging to the new traders (Business Case Studies, 2020).
- Traders are dependent on the internet connection. The potential of important trade could be lost if the internet connection is interrupted or too slow. Compared to international trading system, Nepal still lacks large scale internet capacity and network delays may lead to failure of the trade.

### **2.1.3 Limitation of Online Trading System in context of Nepal**

The recently introduced online trading system for NEPSE is not without any flaws. According to Kathmandu Post, “large number of complained [have been] filed at the Trading Management System”. Similarly, a taskforce formed under the Securities Board of Nepal stated that the quality of the online trading system was very low with many glitches (Khanal, 2019). The online trading platform itself has been unreliable in the past and although users are becoming acclimated to the trading platform, it still presents a challenge to increasing investors that want to enter the secondary market. Furthermore, NEPSE has a built-in circuit within the online trading system, most likely to have a circuit breaker, in order to pause the market during a rapid increase or decrease of the price in order to limit impulsive decisions from the investors. This built in circuit acts similar to circuit breakers in many homes; it halts trade of the certain stocks or indexes if it breaks the circuit. However, it limits the notion of free trade (NEPSE, 2020). For investors who find value in certain company, it might limit their investments, as when circuit breaker is activated, the supply may decrease, as

sellers will wait until the next day for potential increase before selling or vice versa, when supply is increased and the price falls to the other end of the circuit.

In addition, Nepal's trading system remains inferior to other global online brokerage, since the means of risk management is limited, the availability of various stop loss systems are still not as reliable.

As mentioned previously, Nepal has seen its patterns of bull and bear market. Although new investors often enter the market during a bullish period, it can be risky as unaware investors may invest in shares at their highest price rate, before the market begins its bearish period. Often it becomes the new investors who risk losing their capital. However, over excitement about the bull market from older investors and lack of control over the investor's emotions can lead to a grave loss in the investor's portfolio during a period shift, even leading to the loss of profit of the bullish period. Limitation remains that those educated in the fundamentals and technical analysis of the stocks being purchased remain rare in Nepalese society. Thus greater access to an investment scheme with many new investors without a detailed understanding of the stock market cycle can become risky for many new middle class retail investors.

### **Factors affecting trader's dissatisfaction**

The primary dissatisfaction for the traders remains to be with the amount of time it takes for various transactions. The shares bought through the online system cannot be sold until it is placed into the investors online account, which can take anywhere from 3 to 4 days. During which time, whether the price of the share increases or decreases, the investors have no power to sell. This means of processing taking several days means that for several days, investors have neither access nor control of their investments and a rapid fall in the market on the pending days can render the investment as a loss.

Furthermore, many traders' share dissatisfactions towards the withdrawal of money from the online trading account to the investor's bank account. Although this issue is becoming resolved, the concern remains that collateral can be transferred to the brokers instantly, whereas withdrawals can take several days or more.

Several investors have also expressed concern over the narrative that primary force that moves the market is insider information. The informative trading community in Nepal is relatively small and a close knit community, thus the flow of information

trickles down to new and retail investors relatively late, therefore providing a definitive advantage to those with relevant information first. Although it is arguable that this may be true, neither true research nor investigations have occurred regarding this matter.

In addition, the unavailability of day trading in Nepal's market also provides many dissatisfactions as investors search for volatile stocks to make short term investments. The online system is more catered towards medium- and long-term investments, however, with the increase in youth investors, of whom, majority are investing short term, it leaves room for dissatisfaction for the most active age group of Nepal.

In order to trade short term in the market, investors are constantly buying and selling shares, aiming to buy during the 'dip' or a turn on the market where the price lowers, and sell during the rise, where the market turns towards a growing trajectory. However, such trades are often overlooked due to broker fees and commissions that investors have to pay on their profit, thus discouraging investors to trade short term. Short term traders are crucial in moving the market as it daily volume of share traded and the volatility of the market. In the opposite spectrum, the uncertainty of the market also forces investors to hold on to their shares and often aim for longer term gains with added dividends and bonus share potentials. This can cause a greater surge in the market, as NEPSE has less than 250 companies listed and the demand for the shares of good undervalued companies can easily exceed the supply, sometimes leading to over pricing of the companies share values.

Furthermore, the stock market in the recent days has seen a steady increase in the number of investors opening a 'DMAT' and 'Meroshare' accounts in order to apply for IPO (Initial Public Offerings). The possibility to grab shares of newly listed companies for bargain price has increased public interests, thus increasing the amount of people becoming involved in new IPOs. The attraction towards IPO has been classified as some as a 1000 Rs. Gamble that one must engage in, thus bringing in new investors in the primary market. However, the problem remains that many of these primary share investors have little knowledge of the stock market, including the means to become involved in the secondary market in order to sell their new holdings. This has led to many knowledgeable investors to open multiple accounts through friends and family's names in order to fill out new available IPOs, thus limiting the potentials of retail investors who are genuinely interested and knowledgeable of the stock market.

In addition, the lack of information, knowledge and idea of the works of the market has led many investors to forgo their access to their accounts to others who may be more knowledgeable about the market, leading to a greater risk for unaware investors, whose online accounts are being used by others.

#### **2.1.4 Potential of online trading which affect customer satisfaction**

Addressing the many customer dissatisfactions that are filed almost every day at the Trading Management System would be a good place to start improving the online trading system. Furthermore, an experienced team, constantly working to improve and maintain the online platform and keeping the servers capable to handle the increasing supply of investors in the secondary market would also insure that new users have friendly and easily platform to navigate and to become involved in the secondary market (NEPSE, 2018).

Furthermore, improving the features in order to lower the waiting period between buying a certain stock, and selling it would not only bring about new types of investors in the market, but also increase market confidence. Further, the online platform lacks many tools needed to understand and analyze the stock market. Simply, a live data, along with common charts built in the online platform with real time purchase and price data would also improve user experience.

The goal of the online platform to be as efficient and user friendly as possible, providing reliable service with as little downtime as possible, while providing enough information for the investors to make a reliable decision confidently. Thus, this would increase the customer trust with the brokers while increasing market confidence and bringing additional investments in the long run.

Ease of trading remains to be the top criteria for measuring customer satisfaction with the online trading system. Along with the ease of trading, the ease of making new online broker accounts and the speed at which those accounts are activated remains a concern throughout social media conversations.

## **2.2 Empirical Review**

Sivesan (2011) investigates the relationship between service quality and customer satisfaction at the Colombo Stock Exchange. Using a sample of 300 customers, the study finds a significant positive correlation ( $r = 0.797$ ) between service quality and customer satisfaction. Regression analysis indicates that service quality attributes

contribute to 63% of customer satisfaction, highlighting the critical role of service quality in enhancing customer experiences in stock exchanges.

Armansyah (2020) explores investor financial behavior, satisfaction, loyalty, and trust within the Indonesian Stock Exchange's online trading system. Conducted with 255 respondents using PLS-SEM, the study reveals that e-satisfaction, e-trust, and financial behavior significantly influence e-loyalty among investors. This underscores the importance of user satisfaction and trust in fostering investor loyalty in online trading platforms.

Talamala (2023) examines herding behavior in the Bombay Stock Exchange (BSE), employing cross-sectional absolute deviation and quantile regression methods. The findings indicate pervasive herding behavior, particularly during volatile market conditions, providing insights into market dynamics and investor behavior in the Indian stock market context.

Ekron et al. (2023) investigate the role of stock control in enhancing customer satisfaction among small-scale enterprises in Lodwar Town, Kenya. Through a survey of 300 businesses, the study demonstrates that effective stock control improves order fulfillment, thereby increasing customer satisfaction and stabilizing small businesses in local economies.

Lee et al. (2018) examine the impact of customer satisfaction, as measured by the American Customer Satisfaction Index (ACSI), on management forecasts and stock returns in US firms. Using econometric models and multiple regression analysis, the study finds that higher ACSI scores correlate positively with management forecasts and influence stock returns, illustrating the market's response to customer satisfaction metrics.

Hoque et al. (2023) study the effects of e-trading service quality on satisfaction at the Dhaka Stock Exchange. With 192 participants, their research highlights that service reliability, tangibility; empathy, assurance, and responsiveness significantly influence member satisfaction. The study underscores the importance of service quality dimensions in shaping user experiences and satisfaction in developing market contexts.

Zhi Su et al. (2023) analyze the impact of customer online satisfaction on stock returns in China's A-share market using sentiment analysis of product reviews. Their findings reveal that negative customer sentiment tends to decrease stock returns, indicating the informational value of consumer opinions in stock market performance.

Devkota et al. (2021) conducted a study titled "Online Trading Effectiveness in Nepal Share Market: Investors Awareness, Challenges, and Managerial Solutions" to investigate the efficacy of online trading in Nepal's share market. The study employs a quantitative approach for data analysis and collects primary and secondary data using an explanatory research design. The study reveals that a significant proportion of respondents are actively engaged and well-informed about online trading in Nepal. It highlights that most investors utilize both fundamental and technical analysis methods in their online trading practices. However, technological factors emerge as a prevalent challenge affecting online trading experiences, as indicated by the majority of respondents. The findings underscore the importance of addressing technological issues to enhance the efficiency and reliability of online trading platforms in the Nepalese market context.

Yensu et al. (2024) investigate the impact of monetary policy on stock returns at the Ghana Stock Exchange. Utilizing ARDL models and data spanning several decades, their study identifies a complex relationship between inflation rates and stock returns, providing insights into the macroeconomic factors influencing stock market dynamics in Ghana.

Peng et al. (2015) explore investor sentiment, customer satisfaction, and stock returns using a portfolio approach and asset-pricing models. Their study reveals that firms with higher customer satisfaction, as measured by the ACSI, tend to generate positive abnormal returns, suggesting that customer satisfaction can serve as a valuable intangible asset in financial markets.

Date of Publication	Articles	Writers	Objectives of Research	Methodology of Research	Findings
2023	An Empirical Investigation of Heading Behavior of Bombay Stock	Suresh Talamaha	Examine whether the Bombay Stock Exchange (BSE) exhibits	Measure of cross-sectional absolute deviation and semi-pragmatics	When the market is volatile, there is little evidence of heading

	Exchange		herding behavior and whether herding behavior differs when market recover.	estimate of quantile regression	
2023	E-trading and services quality effects on stock exchange in a developing country: A study of Dhaka stock exchange	Shah Md Safiul Hoque, Hesham Magd, Mohammad A. Ashraf, Rashed Osman, Shah, Mohammad Mazeedul Hoque	To define E-trading service quality by using tangibility dimension	Descriptive statistic analysis by using SPSS. Data collection through questionnaire	Member are satisfied with stock exchange service. Significantly influenced by the level of ratability, tangibility, empathy, assurance and responsiveness of service.
2022	Role of Stock Control in Small Scale Business Enterprises in Lodwar Town, Kenya Small Scale Business	Ekdor Paul Ekdor, Dr. Henry Ongori, Peter Edome Akwe	Determine the role of stock maintaining customer satisfaction in Lodwar.	Descriptive statistic analysis by using SPSS. Data collection through questionnaire	The study concludes that stock control leads to customer satisfactions and stabilizations of small scale
2021	The Impact of Customer Online Satisfactions on Stock Market	Zhi Su, Danni Wu, Zhenkun Zhou, Libo Yin	Significance of consumer opinion in relation to value in China's A-Share Market	Statistical sampling methods of analysis.	Customer negative sentiment tendency and one star tendency have a negative effects on expected stock return.
2020	Online Trading Effectiveness in Nepal's	Nirajan Devkota, Ashish Budhathoki, Udaya Raj Poudel,	To Explore online trading effectiveness	Statistical Analysis( Regression,	Most of the investor responded that they are

	Share Market	Dipak Bahadur Adhikari	in Nepal's Stock Market	ANOVA test)	involve and fully aware of online trading.
2019	A Study of Investor Financial Behavior and Online Trading System in Indonesian Stock Exchange	Rehman Fuda, Arman Syah	Financial behavior in terms of satisfaction, trust and loyalty in the use of an online trading system	PLS-SEM (Partial Least Square-Structural Equation Modeling) approach.	The result shows that financial behavior, trust, satisfaction have an effect on the creation of loyalty of online trading system user in Indonesian Stock Exchange.
2018	Dose Customer Satisfaction matters to Managers Earning forecast and Stock Returns?	Jennyjiyen Lee, Youngdeok Lim, Hyang Il Oh	To examine the relevant of American Customer satisfaction index(ACSI) to management voluntary Forecasts of Earning.	Specifies the impact of management optimism with respect to ACSI on stock return.	Result indicate that ACSI is positively associated with the likelihood of issuing management forecast and boosts management optimum.
2017	Assessing the impact of Monetary Policy on Stock Return at Ghana Stock Exchange	Joseph Yensu, George Asumadu, Rashid Abdul Kadir, Stephen B Lasong	The paper examines the impact of monetary policy on stock returns at the Ghana Stock Exchange	Ordinary least squares and correlations analysis	From 1990-1993 stock return were negative when inflation decreased sharply till 1993 from 2000 the pattern of stock return and inflation was similar until there was a sharp decline in 2005
2016	Investor Sentiment, Customer	Chi Lu Peng, Kuan-Ling Lai, Maio-Ling Chen,	To investigate whether and how	Panel Regression Analysis, Random-	This paper finds that customer

	Satisfaction and Stock Retunes	An-Pin Wei	different sentiment affects the stock market's reaction to the American Customer Satisfaction Index(ACSI) information.	effect model	satisfactions is valuable intangible assets that generates positive abnormal returns.
2015	Impact of the service quality on Customer Satisfaction; A case study of Colombo Stock Exchange	Sivanandamoorthy Sivesan	To find out the relationship between quality of service and customer satisfaction in Colombo Stock Exchange	Correlation and Regression analysis	There is positive linear relationship between the service quality and customer satisfaction according to finding.

### 2.3 Research Gap

The purpose of this study is to investigate how online trading affects customer satisfaction at the Nepal Stock Exchange Limited (NEPSE). Despite the study's identification of various dimensions of service quality and their potential influence on customer satisfaction, there is a notable research gap in the specific examination of these factors within the Nepalese stock market context. Literature focuses primarily on online trading platforms in developed economies, with little attention given to emerging markets like Nepal. Thus, empirical research on online trading in Nepal is lacking, including issues related to infrastructure limitations, computer illiteracy, and risk aversion. Additionally, the study emphasizes the importance of understanding the roles of different parties involved in the online trading system, although limited empirical evidence is available on these dynamics in Nepal. Considering Nepal's

socio-economic and technological landscape, further research is needed to investigate the factors influencing customer satisfaction with online trading platforms. Besides contributing to the academic literature on online trading and customer satisfaction, this research would also provide valuable insights to policymakers, market regulators, investors, and other stakeholders who are seeking to improve Nepal's stock market's efficiency and effectiveness.

## **CHAPTER III**

### **RESEARCH METHODOLOGY**

The methodology is the process through which the current research has been conducted. This is one of the most important parts of the research because it explains the steps that have been taken to address the research questions.

#### **3.1 Research Design**

An investigation of the impact of online trading on customer satisfaction at the Nepal Stock Exchange (NEPSE) will be conducted using a qualitative approach. This study aimed to investigate the factors that influence traders' dissatisfaction with online trading, to explore the roles that various stakeholders play in the system, and investigate how potential abilities of online trading affect customer satisfaction. The study gathers rich, detailed insights from traders, brokers, regulators, and other participants in the NEPSE ecosystem using qualitative methods such as interviews and thematic analysis. This study examines how technological advancements in online trading reshape customer satisfaction dynamics in the context of Nepal's stock market by focusing on these objectives.

#### **3.2 Population and Sampling Procedure**

The populations of this research were determined by the location of brokers with Nepal which are located in different locations and those active shareholders who are recently active in investing in share. In today's date the number of shareholders is increasing so the population of respondent might be more than expected while having a survey. The sample size of this thesis is 400.

#### **3.3 Nature and Sources of Data**

Data were collected from different sources. The data were collected with the help of questionnaire which were distributed among the respondents. The data were collected from both primary and secondary source. While having a survey interview, observation was also made.

#### **3.4 Methods of Analysis**

After collecting data and information from respondents, the data is presented in the form of table and figure so that other researchers can easily understand what research

is all about. The data is presented accordingly and presents all the views and response of respondents which is collected throughout the survey.

### 3.4.1 Primary Data

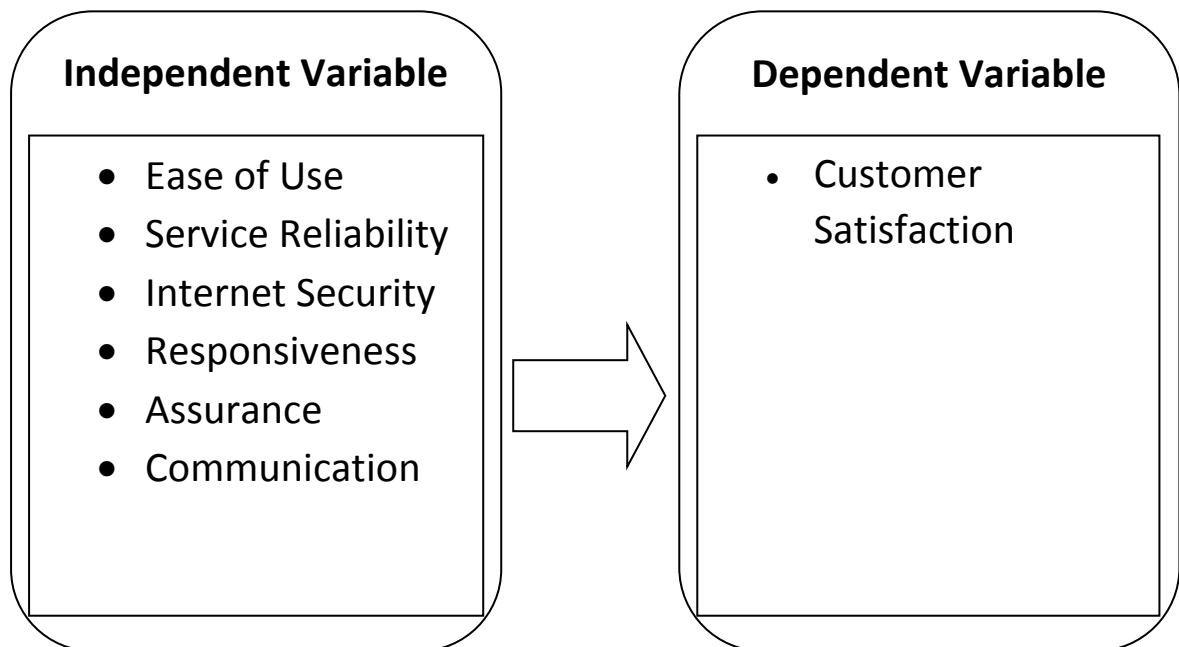
Primary data is original and collected for the first time by the researcher. It is gathered through questionnaire and interviews. In this study data were gathered through questionnaire and interviewing the employees at different financial institutions.

### 3.4.2 Secondary Data

In this study secondary data is collected by going through various documents like books, journals, websites which are relevant to the theme of the study for the purpose of gathering information.

### 3.5 Research Framework and Definition of Variables

This research framework examines the impact of online trading on customer satisfaction, focusing on key factors such as user experience, service quality, and technological advancements. By analyzing customer feedback and market trends, the study aims to identify the determinants of satisfaction and provide insights for enhancing online trading platforms. The conceptual model is as follows:



(Source: Devkota et al., 2021)

Figure 1 *Research Framework*

**Definition of Variable:**

**Ease of Use:** This variable refers to the perceived ease of use and simplicity of NEPSE's online trading platform. This measure evaluates how easily traders can place orders, execute transactions, and navigate the platform (Devkota et al., 2021).

**Service Reliability:** The reliability and consistency of the online trading system in executing transactions accurately and efficiently is measured by this variable. Several factors are considered, including system uptime, order execution speed, and transaction accuracy (Jun & Cai, 2001).

**Internet Security:** The perception of security and protection of personal and financial information when using an online trading platform is assessed by this variable. Cyber security measures include encryption, authentication mechanisms, and protection against cyber attacks (Faisal & Ghouri, 2023).

**Online Shop Responsiveness:** Through NEPSE's online trading platform, this variable assesses the speed and effectiveness of customer service and support. Factors such as response time, resolution of issues, and support channels are included (Devkota et al., 2021).

**Assurance:** This variable reflects traders' trust and confidence in the online trading platform and NEPSE's credibility in safeguarding their interests. The concept encompasses factors such as integrity, transparency, and regulatory compliance (Devkota et al., 2021).

**Communication:** This variable measures the effectiveness of NEPSE's communication channels and information dissemination to traders through its online trading platform. Factors such as market news, timely updates, and educational resources are included in this service (Devkota et al., 2021).

**Customer Satisfaction:** Customers' satisfaction with the online trading services provided by Nepal Stock Exchange Limited (NEPSE) can be summed up with this variable. It includes traders' perceptions of service quality, ease of use, reliability, security, responsiveness, assurance, and communication (Devkota et al., 2021).

## CHAPTER IV

### RESULTS AND DISCUSSION

#### 4.1 Introduction

The main objectives of this research study were to assess the impact of working environment on employees' performance in the financial institution of Kathmandu Valley. The results and findings of the data analysis are presented as follows. This section has also sought to collect information on the respondents' Age, Gender, Education Level, Work Experience and this was analyzed and illustrated below:

#### 4.2 Data Analysis

**Table 1**

*Age of Respondents*

---

		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	16-25	160	40.0	40.0	40.0
	26-35	79	19.8	19.8	59.8
	36-45	103	25.8	25.8	85.5
	46 and over	58	14.5	14.5	100.0
	Total	400	100.0	100.0	

---

*Source; Field Survey, 2024*

The above table illustrate the ages of respondents in a field survey conducted in 2024; 40% belong to the 16-25 age group, 19.8% belong to the 26-35 age group, 25.8% of respondents belong to 36-45 age group and remaining 14.5% belong to 46 and over.

**Table 2***Gender of Respondents*

		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	Male	208	52.0	52.0	52.0
	Female	192	48.0	48.0	100.0
	Total	400	100.0	100.0	

*Source; Field Survey, 2024*

The table illustrate the gender of respondents in a field survey conducted in 2024. The data shows that, 52% of respondents were male. Whereas, 48% of respondents were female.

**Table 3***Education of Respondents*

		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	SLC	24	6.0	6.0	6.0
	+2	40	10.0	10.0	16.0
	Bachelors	238	59.5	59.5	75.5
	Masters and above	98	24.5	24.5	100.0
	Total	400	100.0	100.0	

*Source; Field Survey, 2024*

The education level of respondents are given where, 6% respondents had completed SLC, 10% respondents completed +2, 59.5% respondents had completed Bachelors. Similarly, remaining 24.5% of respondents had completed masters and above.

**Table 4***Designation of Respondents*

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Assistant	166	41.5	41.6	41.6
	Senior Assistant	80	20.0	20.1	61.7
	Assistant Manager	53	13.3	13.3	74.9
	Deputy Manager	33	8.3	8.3	83.2
	Manager	67	16.8	16.8	100.0
	Total	399	99.8	100.0	
Missing	System	1	.3		
Total		400	100.0		

*Source; Field Survey, 2024*

The designation of respondents are given where, 41.6% of respondents were assistant, 20.1% respondents were Senior Assistant, 13.3% respondents were Assistant Manager. Similarly, 8.3 % of respondents were Deputy Manager, and 16.8% of respondents were Manager.

**Table 5***Experience of Respondents*

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-2 years	93	23.3	23.3	23.3
	3-5 Years	184	46.0	46.0	69.3
	6-10 Years	46	11.5	11.5	80.8
	11-15 Years	6	1.5	1.5	82.3
	Above 15 Years	71	17.8	17.8	100.0
	Total	400	100.0	100.0	

*Source; Field Survey, 2024*

The work experience of respondents are given where, 23.3% of respondents had 1-2 years of experience, 46% respondents had 3-5 years of experience, 11.5% respondents

had 6-10 years of experience. Similarly, 1.5 % of respondents had 11-15 years of experience, and 17.8% of respondents had 15 years above experience.

**Table 6**

*NEPSE is Easy to use*

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	144	36.0	36.0	36.0
	Agree	107	26.8	26.8	62.7
	Neutral	111	27.8	27.8	90.5
	Disagree	35	8.8	8.8	99.3
	Strongly Disagree	3	.8	.8	100.0
	Total	400	100.0	100.0	

*Source; Field Survey, 2024*

In the table, 36% of respondents strongly agreed that NEPSE is easy to use, 26.8% of respondents agreed on that. Similarly, 27.8 % of respondents were neutral. Whereas, 8.8% of respondents disagreed on that and 0.8% of respondents strongly disagreed that NEPSE is easy to use.

**Table 7**

*Difficult to navigate through online trading system*

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	48	12.0	12.0	12.0
	Agree	88	22.0	22.0	34.0
	Neutral	119	29.8	29.8	63.7
	Disagree	100	25.0	25.0	88.8
	Strongly Disagree	45	11.3	11.3	100.0
	Total	400	100.0	100.0	

*Source; Field Survey, 2024*

In the table, the survey report on the difficult to navigate through online trading system is displayed. Here, 12% of respondents strongly agreed that it is difficult to

navigate through online tradins system, 22% of respondents responded that it is difficul to to navigate through online tradins system. Similarly, 29.8 % of respondents were neutral. Whereas, 25% of respondents disagreed on that and 11.3% of respondents strongly disagreed that it is difficult to navigate through online tradins system.

**Table 8**

*Satisfied with the reliability of online trading system*

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	79	19.8	19.8	19.8
	Agree	137	34.3	34.3	54.0
	Neutral	127	31.8	31.8	85.8
	Disagree	45	11.3	11.3	97.0
	Strongly Disagree	12	3.0	3.0	100.0
	Total	400	100.0	100.0	

*Source; Field Survey, 2024*

In the table, the survey report on the satisfaction level with the reliability of online trading system is displayed. Here, 19.8% of respondents strongly agreed that they are satisfied with the reliability of online trading system, 34.3% of respondents responded that they are satisfied with the reliability of online trading system. Similarly, 31.8 % of respondents were neutral. Whereas, 11.3% of respondents disagreed on that and 3% of respondents responded that they strongly disagree that they are satisfied with the reliability of online trading system.

**Table 9***Experienced issues with order execution speed or transaction accuracy*

				<b>Valid</b>	<b>Cumulative</b>
		<b>Frequency</b>	<b>Percent</b>	<b>Percent</b>	<b>Percent</b>
Valid	Strongly Agree	56	14.0	14.0	14.0
	Agree	83	20.8	20.8	34.8
	Neutral	170	42.5	42.5	77.3
	Disagree	62	15.5	15.5	92.8
	Strongly Disagree	29	7.2	7.2	100.0
	Total	400	100.0	100.0	

*Source; Field Survey, 2024*

In the table, the survey report on issues with order execution speed or transaction accuracy is displayed. Here, 14% of respondents strongly agreed that they experienced issues with order execution speed or transaction accuracy, 20.8% of respondents responded they agree that they experienced issues with order execution speed or transaction accuracy. Similarly, 42.5% of respondents were neutral. Whereas, 15.5% of respondents disagreed on that and 3% of respondents responded that they strongly disagree that they experienced issues with order execution speed or transaction accuracy.

**Table 10***Satisfied with the security measures implemented by NEPSE*

				<b>Valid</b>	<b>Cumulative</b>
		<b>Frequency</b>	<b>Percent</b>	<b>Percent</b>	<b>Percent</b>
Valid	Strongly Agree	50	12.5	12.5	12.5
	Agree	150	37.5	37.5	50.0
	Neutral	132	33.0	33.0	83.0
	Disagree	33	8.3	8.3	91.3
	Strongly Disagree	35	8.8	8.8	100.0
	Total	400	100.0	100.0	

*Source; Field Survey, 2024*

In the table, the survey report on satisfaction with the security measures implemented by NEPSE is displayed. Here, 12.5% of respondents strongly agreed that they are satisfied with the security measures implemented by NEPSE, 37.5% of respondents responded that they are satisfied with the security measures implemented by NEPSE. Similarly, 33% of respondents were neutral. Whereas, 8.3% of respondents disagreed on that and 8.8% of respondents responded that they strongly disagree with the security measures implemented by NEPSE.

**Table 11**

*Confident in the security of transactions when using the online trading platform*

				<b>Valid</b>	<b>Cumulative</b>
		<b>Frequency</b>	<b>Percent</b>	<b>Percent</b>	<b>Percent</b>
Valid	Strongly Agree	80	20.0	20.0	20.0
	Agree	167	41.8	41.8	61.8
	Neutral	103	25.8	25.8	87.5
	Disagree	39	9.8	9.8	97.3
	Strongly Disagree	11	2.8	2.8	100.0
	Total	400	100.0	100.0	

*Source; Field Survey, 2024*

In the table, confident level in the security of transactions when using the online trading platform is displayed. Here, 20% of respondents strongly agreed that they are confident in the security of transactions when using the online trading platform, 41.8% of respondents responded that they are confident in the security of transactions when using the online trading platform. Similarly, 25.8% of respondents were neutral. Whereas, 9.8% of respondents disagreed on that and 2.8% of respondents responded that they they strongly disagree that are confident in the security of transactions when using the online trading platform.

**Table 12***Satisfied with the responsiveness of NEPSE in addressing your queries or concerns*

		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	Strongly Agree	58	14.5	14.5	14.5
	Agree	122	30.5	30.5	45.0
	Neutral	145	36.3	36.3	81.3
	Disagree	50	12.5	12.5	93.8
	Strongly Disagree	25	6.3	6.3	100.0
	Total	400	100.0	100.0	

*Source; Field Survey, 2024*

In the table, satisfaction level with the responsiveness of NEPSE in addressing your queries or concerns is displayed. Here, 14.5% of respondents strongly agreed that they are satisfied with the responsiveness of NEPSE in addressing queries or concerns, 30.5% of respondents agreed that they are satisfied with the responsiveness of NEPSE in addressing queries or concerns. Similarly, 36.3% of respondents were neutral. Whereas, 12.5% of respondents disagreed on that and 6.3% of respondents responded that they they are strongly disagree with the responsiveness of NEPSE in addressing queries or concerns.

**Table 13***Satisfied with the timely assistance from NEPSE when encountering issues with the online trading platform*

		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	Strongly Agree	62	15.5	15.6	15.6
	Agree	94	23.5	23.6	39.2
	Neutral	156	39.0	39.2	78.4
	Disagree	62	15.5	15.6	94.0
	Strongly Disagree	24	6.0	6.0	100.0
	Total	398	99.5	100.0	
Missing	System	2	.5		
Total		400	100.0		

*Source; Field Survey, 2024*

In the table, satisfaction level with the timely assistance from NEPSE when encountering issues with the online trading platform is displayed. Here, 15.6% of respondents strongly agreed that they are satisfied with the timely assistance from NEPSE when encountering issues with the online trading platform, 23.6% of respondents agreed that they are satisfied with the timely assistance from NEPSE when encountering issues with the online trading platform. Similarly, 39.2% of respondents were neutral. Whereas, 15.6% of respondents disagreed on that and 6% of respondents responded that they strongly disagree with the timely assistance from NEPSE when encountering issues with the online trading platform.

**Table 14**

*Organization promotes a fair and transparent performance evaluation process*

				<b>Valid</b>	<b>Cumulative</b>
		<b>Frequency</b>	<b>Percent</b>	<b>Percent</b>	<b>Percent</b>
Valid	Strongly Agree	109	27.3	27.3	27.3
	Agree	131	32.8	32.8	60.0
	Neutral	117	29.3	29.3	89.3
	Disagree	34	8.5	8.5	97.8
	Strongly Disagree	9	2.3	2.3	100.0
	Total	400	100.0	100.0	

*Source; Field Survey, 2024*

In the table, organization promoting a fair and transparent performance evaluation process is displayed. Here, 27.3% of respondents strongly agreed that organization promotes a fair and transparent performance evaluation process, 32.8% of respondents agreed that organization promotes a fair and transparent performance evaluation process. Similarly, 29.3% of respondents were neutral. Whereas, 8.5% of respondents disagreed on that and 2.3% of respondents responded that organization promotes a fair and transparent performance evaluation process.

**Table 15**

*Satisfied with how NEPSE effectively communicates important updates and information regarding the stock market*

		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	Strongly Agree	99	24.8	24.8	24.8
	Agree	135	33.8	33.8	58.5
	Neutral	101	25.3	25.3	83.8
	Disagree	42	10.5	10.5	94.3
	Strongly Disagree	23	5.8	5.8	100.0
	Total	400	100.0	100.0	

*Source; Field Survey, 2024*

In the table, satisfaction with how NEPSE effectively communicates important updates and information regarding the stock market is displayed. Here, 27.3% of respondents strongly agreed that they are satisfied with how NEPSE effectively communicates important updates and information regarding the stock market, 32.8% of respondents agreed that they are satisfied with how NEPSE effectively communicates important updates and information regarding the stock market. Similarly, 29.3% of respondents were neutral. Whereas, 8.5% of respondents disagreed on that and 2.3% of respondents responded that they are satisfied with how NEPSE effectively communicates important updates and information regarding the stock market.

**Table 16**

*Satisfied with the level of assurance provided by NEPSE regarding the integrity and transparency of the online trading system*

		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	Strongly Agree	83	20.8	20.8	20.8
	Agree	98	24.5	24.5	45.3
	Neutral	153	38.3	38.3	83.5
	Disagree	47	11.8	11.8	95.3
	Strongly Disagree	19	4.8	4.8	100.0
	Total	400	100.0	100.0	

*Source; Field Survey, 2024*

Satisfaction with the level of assurance provided by NEPSE regarding the integrity and transparency of the online trading system is displayed. Here, 20.8% of respondents

strongly agreed that they are satisfied with the level of assurance provided by NEPSE regarding the integrity and transparency of the online trading system, 24.5% of respondents agreed that they are satisfied with the level of assurance provided by NEPSE regarding the integrity and transparency of the online trading system. Similarly, 38.3% of respondents were neutral. Whereas, 11.8% of respondents disagreed on that and 4.8% of respondents responded that they strongly disagree that they are satisfied with the level of assurance provided by NEPSE regarding the integrity and transparency of the online trading system.

**Table 17**

*Improved my ability to make informed investment decisions*

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	88	22.0	22.0	22.0
	Agree	185	46.3	46.3	68.3
	Neutral	84	21.0	21.0	89.3
	Disagree	41	10.3	10.3	99.5
	Strongly Disagree	2	.5	.5	100.0
	Total	400	100.0	100.0	

*Source; Field Survey, 2024*

Improvement with the ability to make informed investment decisions is displayed. Here, 22% of respondents strongly agreed that they improved their ability to make informed investment decisions, 24.5% of respondents agreed that they improved their ability to make informed investment decisions. Similarly, 38.3% of respondents were neutral. Whereas, 11.8% of respondents disagreed on that and 4.8% of respondents responded that they improved their ability to make informed investment decisions.

**Table 18***Increased my confidence in participating in the stock market*

		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	Strongly Agree	109	27.3	27.3	27.3
	Agree	140	35.0	35.0	62.3
	Neutral	107	26.8	26.8	89.0
	Disagree	24	6.0	6.0	95.0
	Strongly Disagree	20	5.0	5.0	100.0
	Total	400	100.0	100.0	

*Source; Field Survey, 2024*

In the above table, increment with confidence in participating in the stock market is displayed. Here, 27.3% of respondents strongly agreed that they increased their confidence in participating in the stock market, 35.0% of respondents agreed that they increased their confidence in participating in the stock market. Similarly, 26.8% of respondents were neutral. Whereas, 6.0% of respondents disagreed on that and 5.0% of respondents responded that they increased their confidence in participating in the stock market.

**Table 19***Likely to recommend the NEPSE Online Trading System to others*

		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	Strongly Agree	154	38.5	38.5	38.5
	Agree	151	37.8	37.8	76.3
	Neutral	62	15.5	15.5	91.8
	Disagree	14	3.5	3.5	95.3
	Strongly Disagree	19	4.8	4.8	100.0
	Total	400	100.0	100.0	

*Source; Field Survey, 2024*

Likely to recommend the NEPSE Online Trading System to others is displayed. Here, 38.5% of respondents strongly agreed that they are likely to recommend the

NEPSE Online Trading System to others, 24.5% of respondents agreed that they are likely to recommend the NEPSE Online Trading System to others. Similarly, 38.3% of respondents were neutral. Whereas, 11.8% of respondents disagreed on that and 4.8% of respondents responded that they are likely to recommend the NEPSE Online Trading System to others.

### 4.3 Descriptive Statistics

**Table 20**

*Descriptive Statistics*

<b>Variables</b>	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Std. Deviation</b>
Nepse is easy to use	400	1	5	2.11	1.022
Satisfied with the reliability of online trading system	400	1	5	2.44	1.024
Satisfied with the timely assistance from NEPSE when encountering issues with the online trading platform	398	1	5	2.73	1.089
Improved my ability to make informed investment decisions.	400	1	5	2.21	.918
Satisfied with the level of assurance provided by NEPSE regarding the integrity and transparency of the online trading system	400	1	5	2.55	1.089
Satisfied with how NEPSE effectively communicates important updates and information regarding the stock market	400	1	5	2.39	1.136
Satisfied with the responsiveness of NEPSE in addressing your queries or concerns.	400	1	5	2.66	1.070
Valid N (list wise)	398				

The descriptive statistics table provides an overview of user satisfaction and perceptions regarding various aspects of the Nepal Stock Exchange (NEPSE) online trading platform. The data includes responses from 400 participants, covering aspects such as ease of use, reliability, support, decision-making enhancement, assurance of integrity and transparency, communication, and responsiveness.

Overall, the means for the different measures of satisfaction range from 2.11 to 2.73, on a scale from 1 to 5. The lowest mean score (2.11) pertains to the ease of use of the NEPSE platform, indicating that users find it somewhat difficult to use. In contrast, the highest mean score (2.73) is related to satisfaction with timely assistance from NEPSE when encountering issues, though this still indicates a relatively low level of satisfaction. The standard deviations, which range from 0.918 to 1.136, suggest some variability in responses, but overall, user satisfaction with NEPSE's online trading platform appears to be moderately low across all surveyed aspects.

#### 4.4 Correlation

**Table 21**

*Correlations*

		Reliability of online trading system	Assurance provided by NEPSE regarding the integrity and transparency	Responsiveness of NEPSE in addressing your queries or concerns.	Security measures implemented by NEPSE	NEPSE effectively communicates important updates and information	Nepse is easy to use
Reliability of online trading system	Pearson Correlation	1	.341**	.318**	.585**	.329**	.472**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	400	400	400	400	400	400
Assurance provided by NEPSE regarding the integrity and transparency	Pearson Correlation	.341**	1	.493**	.593**	.619**	.278**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	400	400	400	400	400	400
Responsiveness of NEPSE in addressing your queries or concerns.	Pearson Correlation	.318**	.493**	1	.483**	.725**	.298**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	400	400	400	400	400	400
Security measures implemented by NEPSE	Pearson Correlation	.585**	.593**	.483**	1	.570**	.348**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	400	400	400	400	400	400
NEPSE effectively communicates important updates and information	Pearson Correlation	.329**	.619**	.725**	.570**	1	.318**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	400	400	400	400	400	400
Nepse is easy to use	Pearson Correlation	.472**	.278**	.298**	.348**	.318**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	400	400	400	400	400	400

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The above table presents the Pearson correlation coefficients among various factors related to user satisfaction with the Nepal Stock Exchange (NEPSE) online trading system. The correlations, all significant at the 0.01 level, reveal the interrelationships between satisfaction with the system's reliability, the level of assurance regarding integrity and transparency, responsiveness to queries, security measures, communication effectiveness, and ease of use.

Notably, the satisfaction with the reliability of the online trading system shows a strong correlation with satisfaction with security measures ( $r = 0.585$ ) and ease of use ( $r = 0.472$ ), indicating that users who find the system reliable also tend to feel secure and find it user-friendly. Additionally, satisfaction with NEPSE's assurance of integrity and transparency has a strong correlation with communication effectiveness ( $r = 0.619$ ) and security measures ( $r = 0.593$ ), suggesting that trust in the system's integrity is closely linked to effective communication and robust security.

Moreover, responsiveness to queries is highly correlated with communication effectiveness ( $r = 0.725$ ), highlighting that prompt responses from NEPSE are associated with better communication of updates and information. These relationships underscore the importance of comprehensive support and transparent communication in enhancing overall user satisfaction with NEPSE's online trading system.

## 4.5 Regression Analysis

**Table 22**

Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
		B	Std. Error			
1	(Constant)	.409	.123		3.321	.001
	Satisfied with the reliability of online trading system	.294	.047	.328	6.275	.000
	Satisfied with the security measures implemented by NEPSE	-.018	.050	-.022	-.367	.714
	Satisfied with the level of assurance provided by NEPSE regarding the integrity and transparency of the online trading system	.256	.046	.303	5.589	.000
	Satisfied with the responsiveness of NEPSE in addressing your queries or concerns.	.170	.050	.198	3.411	.001
	Nepse is easy to use	.079	.041	.088	1.931	.054
	Satisfied with how NEPSE effectively communicates important updates and information regarding the stock market	-.058	.053	-.072	-1.096	.274

a. Dependent Variable: Improved my ability to make informed investment decisions.

The regression analysis aimed to determine the factors influencing the ability to make informed investment decisions. The model's constant is .409, indicating the baseline level of this ability when all other variables are at zero. Among the predictors, satisfaction with the reliability of the online trading system ( $B = .294$ ,  $p < .001$ ), satisfaction with the level of assurance regarding the system's integrity and transparency ( $B = .256$ ,  $p < .001$ ), and satisfaction with the responsiveness in addressing queries or concerns ( $B = .170$ ,  $p = .001$ ) were statistically significant.

These factors positively contribute to improving investment decision-making, with standardized coefficients (Beta) of .328, .303, and .198, respectively.

Other factors, such as satisfaction with the security measures implemented by NEPSE ( $B = -.018$ ,  $p = .714$ ) and satisfaction with the communication of important updates ( $B = -.058$ ,  $p = .274$ ), did not significantly impact the ability to make informed investment decisions. Additionally, the ease of use of NEPSE ( $B = .079$ ,  $p = .054$ ) approached significance but did not reach the conventional threshold. These results suggest that reliability, assurance of system integrity and transparency, and responsiveness are critical elements that enhance informed investment decisions, while security measures and communication practices are less influential in this context.

#### **4.6 Findings**

- The Pearson correlation analysis revealed significant relationships between various factors and user satisfaction with the NEPSE online trading system.
- Satisfaction with the reliability of the online trading system correlated positively with satisfaction regarding NEPSE's assurance of integrity and transparency (0.341), responsiveness to queries or concerns (0.318), security measures (0.585), communication of updates (0.329), and ease of use (0.472), all significant at the 0.01 level.
- Satisfaction with NEPSE's responsiveness to queries correlated significantly with security measures (0.483), communication of updates (0.725), and ease of use (0.298).
- Satisfaction with NEPSE's security measures had positive correlations with communication of updates (0.570) and ease of use (0.348).
- Satisfaction with NEPSE's communication of important updates correlated with ease of use (0.318).
- The ANOVA results showed that the regression model is significant ( $F(6,393) = 41.260$ ,  $p < 0.001$ ), indicating that the predictors collectively explain a significant portion of the variance in the dependent variable, "Improved ability to make informed investment decisions."
- The reliability of the online trading system ( $\beta = 0.328$ ,  $p < 0.001$ ), NEPSE's responsiveness to queries ( $\beta = 0.198$ ,  $p = 0.001$ ), and NEPSE's assurance

regarding integrity and transparency ( $\beta = 0.303$ ,  $p < 0.001$ ) significantly contribute to improving users' ability to make informed investment decisions.

- Ease of use ( $\beta = 0.088$ ,  $p = 0.054$ ) showed a marginally significant positive effect.
- Satisfaction with NEPSE's security measures ( $\beta = -0.022$ ,  $p = 0.714$ ) and communication of updates ( $\beta = -0.072$ ,  $p = 0.274$ ) did not significantly predict improved investment decision-making ability.

#### **4.7 Discussion**

The study aimed to fill a critical knowledge gap concerning how online trading impacts customer satisfaction at Nepal Stock Exchange Limited (NEPSE). Despite significant literature on online trading platforms in developed economies, emerging markets like Nepal have significantly less research. There is a lack of empirical studies that examine specific factors affecting online trading in Nepal, such as infrastructure limitations, computer illiteracy, and risk aversion. There is also a lack of knowledge about the roles played by various parties within the Nepalese context of online trading. There are various parties involved in online trading system such as Investor, SEBON, NEPSE, CDSC, Bank and Financial Institution, Broker Firms, Merchant Bank, Communication, Internet provided company, Clearing Bankers.

The descriptive statistics indicate moderate levels of satisfaction with NEPSE's online trading platform, with the lowest satisfaction in ease of use and the highest in timely assistance. The correlation analysis reveals significant relationships between factors such as reliability, security, and communication with overall satisfaction. The regression analysis identifies reliability, responsiveness, and assurance as significant predictors of improved investment decision-making, while security measures and communication were not significant predictors. The research highlights the importance of these factors in increasing customer satisfaction and suggests ways to improve NEPSE's online trading services.

The current research confirms previous findings by demonstrating significant correlations between various aspects of service quality and user satisfaction with NEPSE's online trading system. The study's regression analysis found that traders' ability to make informed investment decisions is significantly enhanced by

satisfaction with the system's reliability, assurance of integrity, and responsiveness (Gunasekara et al., 2018). It is evident from the study's results that customer satisfaction and engagement are positively influenced by trust in platform reliability and transparency (Tzeng et al., 2020).

Furthermore, the findings highlight the importance of effective communication and user-friendly interfaces in boosting trader satisfaction. Studies emphasizing the importance of usability and accessibility in enhancing customer experiences agree with the correlation between ease of use, communication effectiveness, and overall satisfaction (Devkota et al., 2021). Security concerns and communication gaps also emerged, suggesting areas for improvement to align with global best practices in online trading service quality (Oracle, 2020). The future research explore strategies for optimizing online trading experiences in emerging markets to mitigate factors contributing to dissatisfaction.

## CHAPTER V

### SUMMARY AND CONCLUSION

#### 5.1 Summary

The research investigates the impact of online trading on customer satisfaction within the Nepal Stock Exchange Limited (NEPSE). The study identifies the critical role of stock exchanges in economic growth and emphasizes the importance of customer satisfaction in retaining traders and attracting new ones. It highlights the need for understanding the attributes traders use to assess service quality and satisfaction. Online trading platforms are noted for their potential to improve market accessibility and efficiency, but challenges such as poor infrastructure, computer illiteracy, and risk aversion hinder their effectiveness in Nepal. The research aims to fill the gap in empirical studies on online trading in emerging markets, specifically focusing on NEPSE.

The research objectives include studying factors affecting trader dissatisfaction, identifying the roles of different parties in the online trading system, and understanding the effects of online trading on customer satisfaction. Hypotheses were formulated to examine the correlations between various service quality attributes and customer satisfaction.

A qualitative research design was adopted, targeting brokers and active shareholders as the population. Data were collected through questionnaires, interviews, and observations, using both primary and secondary sources. The conceptual model examined key variables such as ease of use, service reliability, internet security, responsiveness, assurance, and communication.

#### 5.2 Conclusion

The findings reveal significant relationships between several factors and user satisfaction with NEPSE's online trading system. The reliability of the system, responsiveness to queries, security measures, communication of updates, and ease of use were all positively correlated with customer satisfaction. Notably, the reliability of the trading system and NEPSE's assurance of integrity and transparency significantly improved users' ability to make informed investment decisions. Although ease of use showed a marginally significant positive effect, satisfaction with

security measures and communication of updates did not significantly predict improved investment decision-making.

The study underscores the importance of a reliable online trading platform, responsive customer service, and transparent operations in enhancing customer satisfaction and enabling better investment decisions. However, infrastructural challenges and the need for better educational resources on online trading remain areas needing attention.

### **5.3 Implications**

To enhance customer satisfaction and overall market efficiency, NEPSE should focus on several key areas. Firstly, improving the reliability and uptime of the online trading platform is essential to ensure accurate and efficient transactions, thereby building trust among traders. Additionally, enhancing customer service by training representatives and implementing efficient support channels will address trader queries and issues more effectively. Strengthening cybersecurity practices to protect personal and financial information through regular security audits and updates is crucial. Moreover, prioritizing effective communication of market updates, changes, and educational resources can keep traders well-informed and engaged. Addressing the technological infrastructure and computer literacy gaps through targeted initiatives will reduce risk aversion and encourage broader market participation. Lastly, maintaining high standards of integrity, transparency, and regulatory compliance will foster a trustworthy trading environment. By addressing these recommendations, NEPSE can significantly improve customer satisfaction, retain existing traders, and attract new participants, thereby contributing to a more efficient and expanded stock market in Nepal.

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## APPENDIX

A Brief study of” Impact of online trading on customer satisfaction in Nepal Stock Exchange”

1. Age:  
16-25 ( )  
26-35 ( )  
36 and over ( )

2. Gender:  
Male ( )  
Female ( )  
Others ( )

3. Educational Qualification  
SLC ( )  
+2 ( )

- Bachelors ( )  
Masters and above ( )

4. Designation  
Assistant ( )  
Senior Assistant ( )  
Assistant Manager ( )  
Deputy Manager ( )  
Manager ( )

5. How many years have you been working for this organization?  
1-2 years ( )  
3-5 Years ( )  
6-10 Years ( )  
11-15 Years ( )  
Above 15 Years

Rate the level of agreement with each statement:

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	2	3	4	5

6. I can use NEPSE Online Trading System with ease?

Strongly agree ( )

Agree ( )

Neutral ( )

Disagree ( )

Strongly disagree ( )

8. I encounter difficulties navigating through the online trading platform.

Strongly agree ( )

Agree ( )

Neutral ( )

Disagree ( )

Strongly disagree ( )

9. I am satisfied with the reliability of the online trading system in executing transactions

accurately and efficiently.

Strongly agree ( )

Agree ( )

Neutral ( )

Disagree ( )

Strongly disagree ( )

10. I have experienced issues with order execution speed or transaction accuracy.

Strongly agree ( )

Agree ( )

Neutral ( )

Disagree ( )

Strongly disagree ( )

11. I am satisfied with the security measures implemented by NEPSE to protect the personal and financial information.

Strongly agree ( )

Agree ( )

Neutral ( )

Disagree ( )

Strongly disagree ( )

12. I feel confident in the security of your transactions when using the online trading platform.

Strongly agree ( )

Agree ( )

Neutral ( )

Disagree ( )

Strongly disagree ( )

13. I am satisfied with the responsiveness of NEPSE in addressing your queries or concerns.

Strongly agree ( )

Agree ( )

Neutral ( )

Disagree ( )

Strongly disagree ( )

14. I am satisfied with the timely assistance from NEPSE when encountering issues with the online trading platform.

Strongly agree ( )

Agree ( )

Neutral ( )

Disagree ( )

Strongly disagree ( )

15. My organization promotes a fair and transparent performance evaluation process.

Strongly agree ( )

Agree ( )

Neutral ( )

Disagree ( )

Strongly disagree ( )

16. I am satisfied with how NEPSE effectively communicates important updates and information regarding the stock market.

Strongly agree ( )

Agree ( )

Neutral ( )

Disagree ( )

Strongly disagree ( )

17. I am satisfied with the level of assurance provided by NEPSE regarding the integrity and transparency of the online trading system?

Strongly agree ( )

Agree ( )

Neutral ( )

Disagree ( )

Strongly disagree ( )

18. Online trading has improved my ability to make informed investment decisions.

Strongly agree ( )

Agree ( )

Neutral ( )

Disagree ( )

Strongly disagree ( )

19. Online trading has increased my confidence in participating in the stock market?

Strongly agree ( )  
Agree ( )  
Neutral ( )  
Disagree ( )  
Strongly disagree ( )

20. I am likely to recommend the NEPSE Online Trading System to others?

Strongly agree ( )  
Agree ( )  
Neutral ( )  
Disagree ( )  
Strongly disagree ( )

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ABSTRACT This study investigates the impact of online trading on customer satisfaction within the context of the

**Nepal Stock Exchange Limited (NEPSE** ). The introduction of **NEPSE Online Trading System (NOTS** ) in **November 2018**

marked a significant shift from traditional, manual stock trading methods to a more dynamic, electronic platform. The research identifies key factors influencing trader dissatisfaction and examines the roles of different parties involved in the online trading