

# **CUSTOMER'S PERCEPTION TOWARDS THE ADOPTION OF E-BANKING**

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## **CERTIFICATION OF AUTHORSHIP**

I hereby confirm that I have conducted research and submitted the final manuscript of the dissertation entitled “CUSTOMER'S PERCEPTION TOWARDS THE ADOPTION OF E-BANKING WITH SPECIAL REFERENCE TO BANKS OF CHITWAN DISTRICT”. The work of this dissertation has not been submitted previously for conferral of any degrees nor it has been proposed and presented as part of the requirement for any other academic purposes. The assistance and cooperation that I have received during this research work have been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

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## REPORT OF RESEARCH COMMITTEE

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.....

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## LIST OF ABBREVIATIONS

ADBL	Agriculture Development Bank Ltd
ANOVA	Analyses of Variance
APA	American Psychological Association
ATM	Automated Teller Machine
CBS	Core Banking Solution
IRCTC	Indian Railway Catering and Tourism Corporation
MBS	Master's in Business Studies
NBL	Nepal Bank Ltd
NSBL	Nepal SBI Bank Ltd
PC	Perceived cost
PEOU	Perceived Ease of Use
POS	Point of Sale
PRT	Perceived risk and trust
PU	Perceived Usefulness
QU	Quick Response
RBBL	Rastriya Banijya Bank
SD	Standard Deviation
SPSS	Statistical Packages for Social Scientists
TAM	Technology Acceptance Model
TU	Tribhuvan University
VIF	Variance Inflation Factor

## ABSTRACT

The study was conducted to investigate the perception of customers of the Chitwan district towards the adoption of e-banking. The study assesses customer perception towards e-banking services in terms of perceived usefulness, ease of use, perceived trust, and perceived cost. The primary data were collected from 214 customers of 9 commercial banks through the structured questionnaire. Collected data were analyzed by descriptive, Pearson's correlation and regression analysis. There were positive relations between perceived usefulness and e-banking. This would suggest that as the user perceives that e-banking is useful, their likelihood of adopting these services is increased. The result showed that the adoption of e-banking has a positive relation with perceived usefulness, ease of use, perceived trust, and perceived cost. The regression coefficients of Perceived usefulness, Perceived ease of use, Perceived trust and Perceived cost are 0.40, 0.328, 0.416, and 0.288 respectively, indicating a positive relationship with the adoption/use of e-banking services. Perceived trust has the most significant impact on the adoption of e-banking followed by perceived usefulness, perceived ease of use, and perceived cost with a  $p < 0.01$  significant level. The regression analysis highlights the complex interplay of perceived usefulness, ease of use, trust, and cost in influencing e-banking adoption in Nepal. Thus, e-banking helps access banking services and conduct transactions at any time and from any location, eliminating the need to visit a physical bank branch or follow traditional banking hours.

*Keywords: Customer perception, perceived usefulness, perceived ease of use, perceived trust, perceived cost*

# CHAPTER I

## INTRODUCTION

### 1.1 Background of Study

The rapid expansion of internet since the 1990s has transformed businesses, impacting services, products, and communication. (Shih & Fang, 2006) the user-friendly interface and role in information dissemination, awareness building, and attitude shaping as driving factors for its growth. Technological advances have transformed customer engagement, particularly in the service sector, such as banking, resulting in significant changes in how banks interact with customers. (Bhaskar & Hebbar, 2023).

Electronic Clearing Service (ECS), Electronic Fund Transfer (EFT), National Electronic Funds Transfer (NEFT), Real Time Gross Settlement (RTGS), Automated Teller Machine (ATM), credit and debit cards, mobile banking, online banking, and many more value-added innovations have transformed the face of banking in India over the last 20 years (Malik 2014)

Electronic banking conducts banking activities such as fund transfers, bill payments, credit card payments, mobile top-ups, and so forth through the using telecom services and the internet as the distribution channel. Customers can obtain financial services more easily and manage their finances more quickly with e-banking (Almazari & Siam, 2008). The term "e-banking" describes the process of delivering traditional banking services such as checking one's balance, printing statements, transferring funds to other accounts, paying bills online, and other electronic payments through the use of the Internet Frust et al., (2000).

E-banking has transformed the global banking system, including Nepal. All 'A' class financial institutions in Nepal offer ATM, internet, and mobile banking services, Although the use of electronic communication and the internet in Nepal has E-banking is widely popular, adoption and use have not increased proportionally (Sthapit, 2019).

Technology-based banking is a component of e-banking. A computer-controlled system is used to provide financial services under this information technology system Robinson (2000). Direct customer interaction is a feature of this approach. Customers

are not required to visit the bank's physical location. Customers can use the bank's website to conduct a variety of electronic financial transactions via Internet banking (Park & Jun 2003). Initially, banks mostly used Internet banking as a means of presenting information while advertising their goods and services on their websites.

The advent of technology has elicited a variety of responses from the public. While some view it as a time- and labor-saving tool, others view it as a source of danger and anxiety (Dillon & Morris, 1996). To look into how the development of online banking affected the overall performance of Turkish commercial banks, Onay & Ozsoz (2013) conducted a study that gathered data from 18 of the banks. They demonstrated a favorable effect of Internet banking usage on operational activities at the branch level through panel data regression. However, they also showed that after two years of adoption, the increased competition from Internet banking led to low interest revenue.

The widespread adoption of e-banking has made it easier for businesses and customers to send and receive money without holding up or waiting period (Afsharpour & Pahlevani, 2013). To compete in this competitive world, a country must develop a proficient e-commerce industry (Ghasemi & Radgozar, 2010). Using modern technology in a business can contribute to the country's economic development (Roozbahani et al., 2015; Alhosani & Tariq, 2020). According to Abrazhevich (2001), electronic payment systems have several advantages, including cost, comfort, privacy, control, ease of payment, perceived delight, perceived quickness, ease of security, and accessibility.

In Nepal, (Khatri & Upadhyaya-Dhungel, 2013) observed that most bank customers use the Internet and have a basic understanding of online banking services offered by banks. The study concluded that the lack of adequate knowledge about the process, advantages, and security of utilizing e-banking is the primary cause of e-banking's underutilization in Nepal. According to the history of electronic banking, NABIL Bank was the first financial institution to offer credit cards in 1990. Following credit card use in Nepalese banking, several banks made an effort to provide fresh service improvements. Himalayan Bank was the pioneer among them, having offered ATM cards in 1995 and telephone banking in 1997. In 2002, Kumari Bank became the pioneer commercial bank to introduce Internet banking. Similarly, mobile banking

was initially introduced by Laxmi Bank in 2004. These days, practically all financial institutions offer Internet, mobile, and ATM banking services.

E-banking benefits customers as well as the bank. The banking industry has the potential to gain further competitive advantages, boost market share, improve market position, and raise profitability. They may complete their transaction faster and without wasting time thanks to this service, which can also save them time. Because this technology is so sophisticated, it can leave a favorable impression in the minds of consumers. This quickly advancing technology can meet consumer needs more quickly (Aladwani, 2006).

Customers can also benefit from this service by saving time, as they spend less time in bank branches when they visit. Greater service options through e-banking, which saves them time, than they do in physical bank branches. (Baraghani, 2007). If any of the customers' needs are not satisfied, they can file complaints and get timely assistance without having to wait days. It is not necessary for customers to carry around large amounts of cash, and they may stop worrying about losing money. In line with Brogdon (1999).

## **1.2 Statement of Problem**

The digital revolution has drastically altered the global financial landscape, forcing traditional banking systems to adopt electronic banking (e-banking) as a more modern alternative to traditional banking methods. E-banking provides a variety of services, including online banking, mobile banking, and electronic funds transfers, that improve customer convenience and accessibility. In Nepal, a developing country with significant technological and communication advancements, the adoption of e-banking is an important area of research due to the potential for improving financial inclusion, economic growth, and overall societal development.

Nepal's banking sector is relatively underdeveloped by global standards, due to its challenging geography and limited infrastructure. However, in recent years, there has been a noticeable shift toward digital financial services. Commercial banks and financial institutions are now offering e-banking services as part of this ongoing transformation. Despite efforts by the government and financial institutions, the adoption of e-banking in Nepal is still in its early stages. E-banking adoption is slower

than expected, and service penetration is low, particularly in rural and semi-urban areas (Dhakal, 2019).

Many banks in Nepal have been working hard to construct interfaces and portals; instead of providing clients with value-added services that make transactions easier, this has turned into more of a rivalry and ego trip. Nonetheless, banks and other financial institutions have been offering Internet banking services and products at a high rate of growth. Customers of banks in Nepal have not embraced e-banking services in large numbers. This might be the result of a lack of trust, customers' understanding of technologies, and their perception of the services' risk and expense.

Ever since the Internet was developed, banking procedures have changed significantly. For its consumers, numerous useful internet services are provided by banks. In the late 1960s, the ATM, or automated teller machine marked the beginning of electronic banking, which has been around for many years (Broderick & Vachirapornpuk, 2002). The ability to transact business globally is provided by Internet banking for both banks and their clients. The bank's possible customer base is significantly increased by this. The worldwide method of banking that allows for e-banking, however, makes it very challenging for regulatory bodies to uphold financial regulations. Regulations vary within countries, and banks are not always aware of the financial norms of each country in which they do business (Flavián et al., 2006).

Concerns about electronic banking have grown over time as phone and online banking have become more and more popular in the sector. Despite the advantages of Internet banking, there are several challenges to e-banking in Nepal. Despite the rapid growth of products and services of Internet banking by Nepalese banks and other financial institutions, bank customers have not increased their use of e-banking services. Customers' mistrust of technology, comprehension of it, and perception of the risk associated with the services may all be contributing causes.

Face-to-face interaction is absent from electronic banking since it is performed by the customer rather than a bank teller. By reaching out to the bank proactively, the clients do not ask for any extra assistance or services. Some clients decline to use these services because they should be able to receive customer assistance in person. However, there are also customer complaints regarding accuracy and security

problems. In this case, it is necessary to examine consumer experiences and satisfaction with online banking. Additionally, it is necessary to examine the part that demographic variables like gender, age, occupation, and education play in the uptake of e-banking. Analysis of the dangers, restrictions, and issues associated with e-banking is also necessary. Even though the financial sector in Nepal is expanding quickly, e-banking is still relatively new. Despite making significant technological investments, banks are not seeing enough success with online banking. The banks can't turn a profit if they don't understand the situation and difficulties around online banking.

The primary issue addressed by this research is Nepal's low adoption rate of e-banking services, despite the obvious benefits and growing global trend toward digital finance. Understanding the factors driving this slow adoption is critical for policymakers, financial institutions, and technology providers. Several important factors contribute to the problem:

A large portion of Nepal's population lacks basic digital literacy, which is required for using e-banking services. Many potential users are unfamiliar with how to access and use e-banking platforms (Shrestha, 2021). The lack of understanding about e-banking services and their benefits significantly impedes adoption.

The adoption of e-banking is heavily influenced by trust in the digital financial system. Concerns about online transaction security, fear of fraud, and a lack of trust in technology-based banking solutions have all been significant barriers in Nepal (Subedi, 2020). These concerns are exacerbated by frequent reports of cyber-attacks and fraudulent activity in the banking industry. Lack of reliable infrastructure, such as internet access and electricity, particularly in rural areas, makes it difficult to adopt e-banking services (Nepal Rastra Bank 2020). The digital divide between cities and rural areas is wide, with rural areas facing significant barriers to accessing digital financial services.

Nepal's regulatory framework is still evolving, and there are gaps in policies governing digital banking. Existing regulations may not fully support the expansion of e-banking services, necessitating a more supportive and adaptive regulatory

environment that fosters innovation while ensuring security and consumer protection (Khanal, 2021).

Nepalese society has strong cultural preferences for cash transactions and the traditional banking model. Many people prefer in-person interactions and are resistant to changing their banking habits, making e-banking adoption difficult (Adhikari & Shakya, 2019). Based on these discussion following issues are raised.

- i. What is the status of the adoption of e-banking in Chitwan district?
- ii. Is there any relationship between dependent (adoption/use of e-banking) and independent variables (perceived usefulness, perceived ease of use, perceived trust, and perceived cost)?
- iii. What is the effect of independent variables (perceived usefulness, perceived ease of use, perceived trust, and perceived cost) on the adoption of e-banking?

### **1.3 Objectives of the study**

The study's main goal is to assess how Chitwan's customers perceive the use of e-banking. To achieve the primary study goal, the following specific goals were worked on:

- i. To assess the status of the adoption of e-banking in the Chitwan district
- ii. To examine the relationship between dependent (adoption/use of e-banking) and independent variables (perceived usefulness, perceived ease of use, perceived trust, and perceived cost)
- iii. To analyze the effect of independent variables (perceived usefulness, perceived ease of use, perceived trust, and perceived cost) on the adoption of e-banking

### **1.4 Rationale of the Study**

E-banking is the process of performing banking transactions using an electronic machine. E-banking can handle all of the banking demands 24 hours a day, seven days a week, with no limits on working hours. The financial transactions can be performed from anywhere where internet access is available. Throughout its history,

internet banking has placed a high value on user convenience, such as the ability to automatically deposit our wages into our accounts and access them right away, rather than having to wait until the checks clear. In addition to automatic deposits, internet banking financial transactions include automatic bill payments.

The Nepalese commercial bank will be able to provide high-quality services to its clients, thereby attracting more investors to the bank and other financial institutions. Furthermore, the Nepalese banking sector will have a benchmark against which to evaluate both its financial performance and electronic banking capabilities. In addition to this, clients will benefit from this study report since they will save time and money by conducting transactions from the comfort of their homes or places of business. Additionally, clients will have enough knowledge about the process of electronic banking services provided by the bank. The study report will give the government the information it needs to assist in formulating policies and to effectively manage its finances, resulting in efficient regulation.

Most individual costumers in Nepal may be unaware of the existence of the e-banking service system. They will thereby benefit from this study's information regarding the electronic banking services that are accessible to them. However, if the bank follows the suggested actions, this study report will assist it in improving E-Banking and its financial performance as a result. Additionally, this study will be useful to academic institutions and anybody interested in conducting related research in the future. The results will also assist policymakers in re-evaluating Nepal's e-banking legislation.

### **1.5 Research Hypothesis**

The research hypotheses that follow are developed for this study:

- H<sub>1</sub>: In Chitwan, e-banking adoption is positively connected with users' perceptions of its usefulness.
- H<sub>2</sub>: Perceived usability and e-banking uptake are positively connected in Chitwan.
- H<sub>3</sub>: Perceived trust in Chitwan is positively connected with e-banking adoption.
- H<sub>4</sub>: Perceived cost positively correlates with e-banking adoption in Chitwan.

## **1.6 Limitations of the Study**

Every effort has been taken to guarantee the completion of the research and to maximize the potential to meet the goals of the study. Nevertheless, certain limitations should be noted even though they do not support the findings.

1. Chitwan is where the survey was carried out. As a result, the study's scope was restricted to a few particular institutions, making it difficult to assess how consumers see online banking.
2. Although this survey does not include all of the country's 28 commercial banks, it does include the majority of them. It would therefore have produced more valid results had all of the commercial banks been included in this study.
3. The data from the primary sources forms the basis of the study. Hence, the accuracy of the data supplied by the respondents determines how reliable the study's conclusions will be.

## **CHAPTER-II**

### **REVIEW OF LITERATURE**

Chapter Two is organized around numerous themes. This chapter introduces basic vocabulary for electronic banking and Internet banking. This chapter explains the definition of adoption. Third, various intention-based models are introduced. Finally, the chapter finishes with the research model and hypothesis.

#### **2.1 Conceptual Literature Review**

##### **2.1.1 Basic of Internet Banking**

Electronic banking can be defined in several ways. Internet banking is the delivery of banking services via the Internet. These services are useful because they do not entail the transfer of tangible objects and allow for any transaction. Processed electronically, which includes balance inquiries, transfers to other accounts, Bill payments and so on. Banks can provide information or services to consumers via computer, television, telephone, or mobile phone (Daniel, 1999). According to Burr (1996), financial transactions are prepared, managed, and controlled electronically between banks and customers. Electronic banking has significantly transformed financial transactions (Tahtamouni, 2023). Digital technology has made traditional banking services more convenient, accessible, and efficient for customers. E-banking is gaining importance in the banking industry due to developments in digital technologies and shifting consumer preferences. E-banking has various advantages for customers and banks, including ease, accessibility, efficiency, and cost-effectiveness. E-banking allows for 24/7 financial transactions, minimizing the need for physical bank branches (Sardana & Bajpai, 2020).

Internet banking services enable consumers to access financial services 24/7 from any location with Internet connectivity. Consumers can have better control over their banking transactions anytime and from anywhere. On the other hand, banks seek to minimize operating expenses and boost service reach, enable business diversification, such as providing non-financial services, boost the volume of business, provide better services, forge relationships with other industries, and retain market share by deploying Internet banking services (Centeno, 2003). Banks in industrialized countries provide various e-banking services to meet the varying needs of their

customers. Services offered include internet banking, mobile banking, ATM banking, and electronic bill payments (Nazaritehrani & Mashali, 2020).

### **2.1.2. Benefits of Internet Banking**

Internet banking provides numerous benefits to both institutions and customers. Banks benefit from cost reductions, expanded reach, increased efficiency, improved reputation, and improved customer service (Brogdon, 1999; Jayawardhena and Foley, 2000). Robinson (2000) found that online transactions are significantly less expensive than in-branch transactions. Robinson (2000) found that Internet transactions are significantly less expensive than branch transactions.

Booz-Allen and Hamilton (1997) found that specialized Internet Banking can be established for as little as US\$1-2 million, far less than branch-based banking. Traditional banks spend 50% to 60% of their revenue on operating costs, while Internet banks spend 15% to 20%.

Internet banking eliminates the need for customers to visit physical bank branches. Internet banking saves time and money, is convenient and accessible, and improves consumer satisfaction (Karjauloto, 2003). Customers can manage their banking at their convenience and with greater privacy. According to Mols (1998), internet banking provides customers with greater benefits at cheaper costs. According to (Greening & Turban, 2000), Internet banking benefits clients by saving costs, time, and space, responding quickly to complaints, and providing improved services. These benefits make banking more convenient.

## **2.2 Theoretical Literature Review**

### **2.2.1. Theory of Planned Behavior (TPB)**

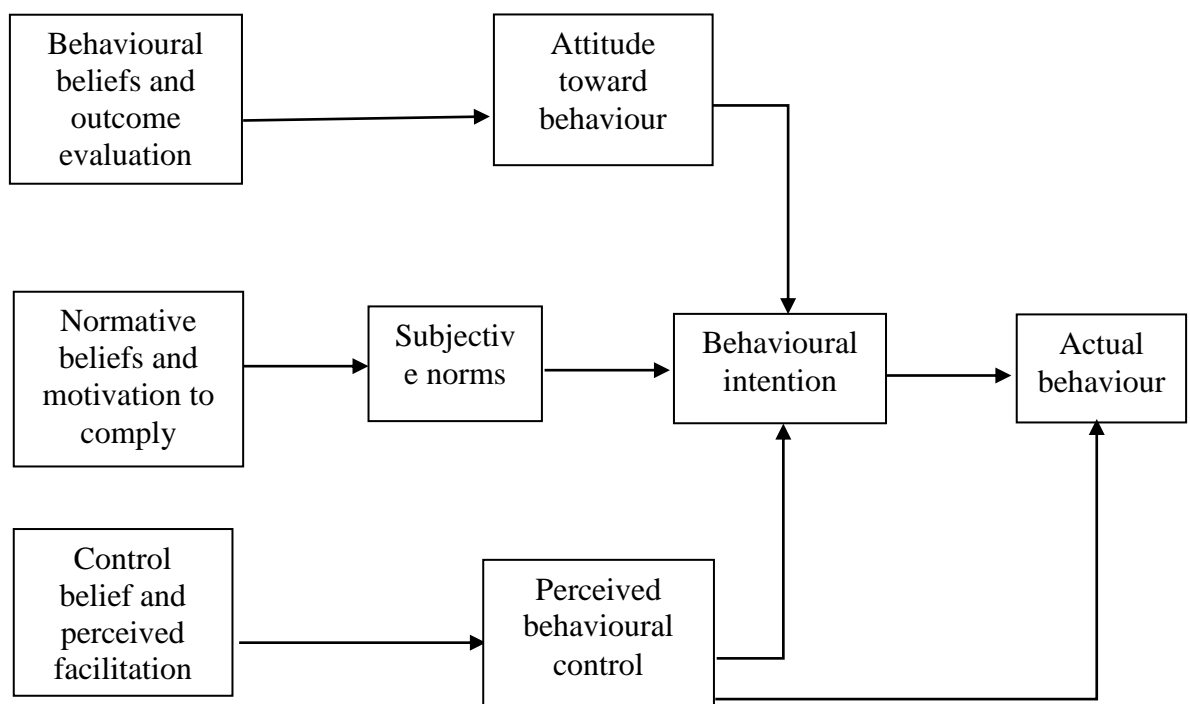
Although the TRA has excellent predictability across studies, it might be troublesome when the behavior being studied is not fully volitional. Sheppard et al. (1988) identified two flaws with the theory. To begin, it's important to distinguish between actions and intentions. This may provide a challenge as conduct is influenced by other factors beyond intentions. The model does not evaluate whether failure to execute is due to behavior or intentions. To address these issues, Ajzen (1985) expanded the Theory of Reasoned Action to include perceived behavioral control, which predicts intents and action. The extended model is known as the Theory of Planned Behavior (TPB). As Figure 1 indicates, TRA and TPB share numerous commonalities. Both

approaches rely heavily on business intelligence (BI) to forecast real behavior. Both ideas believe humans make logical decisions based on available information. According to Madden et al. (1992), TRA implies the performer has complete volitional control over the activity under study. However, TPB broadens TRA's boundary constraints to include additional goal-directed behaviors.

According to Ajzen and Fishbein (1980), attitude toward behavior (ATB) refers to a person's overall positive or negative feelings about an activity. According to Ajzen and Fishbein (1980), Subjective Norm (SN) refers to a person's view of whether most important individuals believe they should or should not engage in a specific conduct. Attitude towards behavior is influenced by assumptions about expected results and a rating of their desirability. The Theory of Planned Behavior is effective in predicting behavior and intentions in a variety of scenarios. Mathieson (1991) found that users have intents to use new software, undertake breast self-examination (Young et al., 1991), avoid coffee (Madden et al., 1992), and accomplish tasks. Man (1998) discusses unethical behavior, while Cheung et al. (1999) explore wastepaper recycling. Madden et al. (1992), Man (1998), and Cheung et al. (1999) discovered that TPB is more predictive of behavior than TRA.

**Figure 1**

*Theory of Planned Behavior*



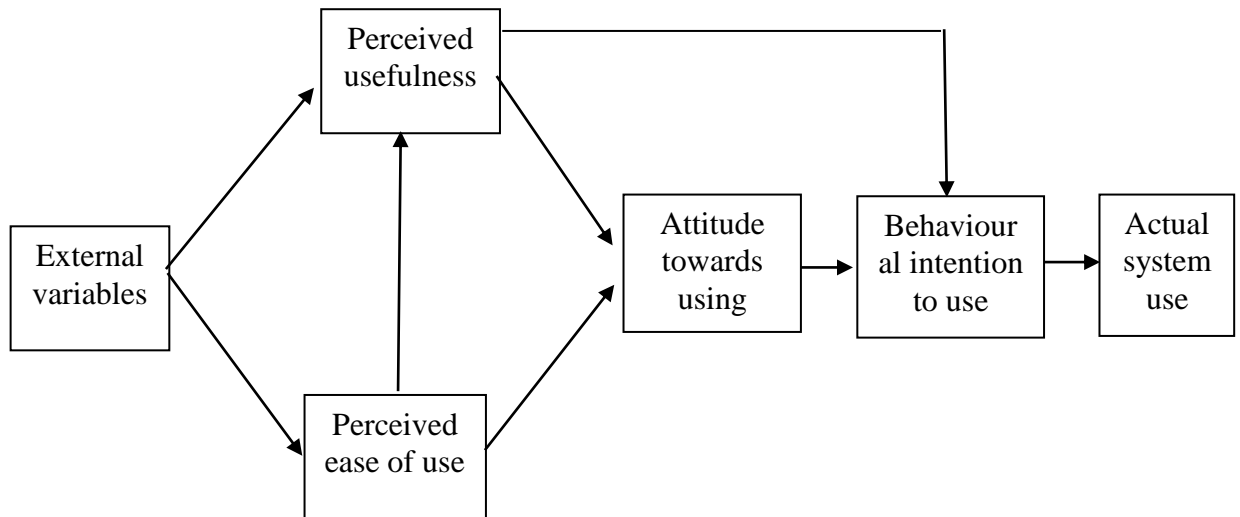
Source: Adopted from Pavlou, 2001

### **2.2.2 Technology Acceptance Model (TAM)**

Davis (1989) developed the Technology adoption study (TAM) to study user adoption of information technologies, adapting the Theory of Reasoned Action (TRA) approach. TAM aims to provide a general explanation of computer acceptance that can be applied to many end-user computing technologies and demographics, while remaining concise and theoretically sound. A model should be useful for both prediction and explanation, allowing researchers and practitioners to identify undesirable systems and take necessary remedial actions. TAM aims to identify how external factors influence internal beliefs, attitudes, and intentions. TAM aims to achieve these goals by identifying key variables from previous research on the cognitive and affective factors influencing computer acceptance. It uses TRA as a theoretical framework to model the relationships between these variables.

According to TAM, computer adoption behavior is primarily driven by two beliefs: perceived usefulness (PU) and perceived ease of use (PEOU), as illustrated in Figure 2. PU refers to a potential user's belief that employing a specific system will improve their job performance. This aligns with the meaning of "useful" as "capable of being used advantageously". Organizations typically reward good performance with raises, promotions, bonuses, and other incentives (Pfeffer, 1982; Vroom, 1964). Users who see a system as useful believe it has a positive use-performance relationship.

PEOU measures a prospective user's perception of a system's ease of use. The definition of "ease" is "freedom from difficulty or great effort". Each person has a limited amount of effort to spend on their responsibilities. Users are more inclined to adopt an application that is viewed as easier to use, even if other factors remain constant. In January 2000, the Institute for Scientific Information's Social Science Citation Index® included 424 journal citations for the two articles that established TAM (1989, Davis et al. 1989). Over the past decade, TAM has established itself as a reliable and Davis efficient approach for predicting user acceptance.

**Figure 2***Technology Acceptance Model*

Source: Davis, 1989

### 2.2.3 Theory of Reasoned Action (TRA)

The Theory of Reasoned Action is a popular social psychology model that examines the factors that influence consciously intended behaviors. The model predicts behavior by considering attitudinal, social influence, and intention variables (Ajzen and Fishbein, 1980; Fishbein and Ajzen, 1975).

Figure 3 illustrates the relationships between constructs in TRA. TRA proposes that an individual's behavioral intention (BI) is influenced by both their attitude toward the behavior (ATB) and their subjective norm (SN), which is their perception of what others believe they should or should not do. The importance of ATB and SN in predicting BI varies by behavioral domain. When attitudinal or personal factors play a significant role (e.g., purchasing for personal consumption), ATB is the most effective predictor of BI, while SN has limited predictive power. For behaviors with strong normative implications (e.g., purchasing something for others to use), SN is the primary predictor of BI, while ATB plays a supporting role (Ajzen and Fishbein, 1980).

According to the Theory of Reasoned Action, BI is the sole direct predictor of actual behavior (AB). Fishbein and Ajzen (1975) suggest that BI can accurately

predict AB if three boundary conditions are met: (a) the measure of intention and the behavioral criterion match in terms of specificity of action, target, context, and time frame; (b) intentions are stable between measurement and behavior; and (c) carrying out the intention is voluntary.

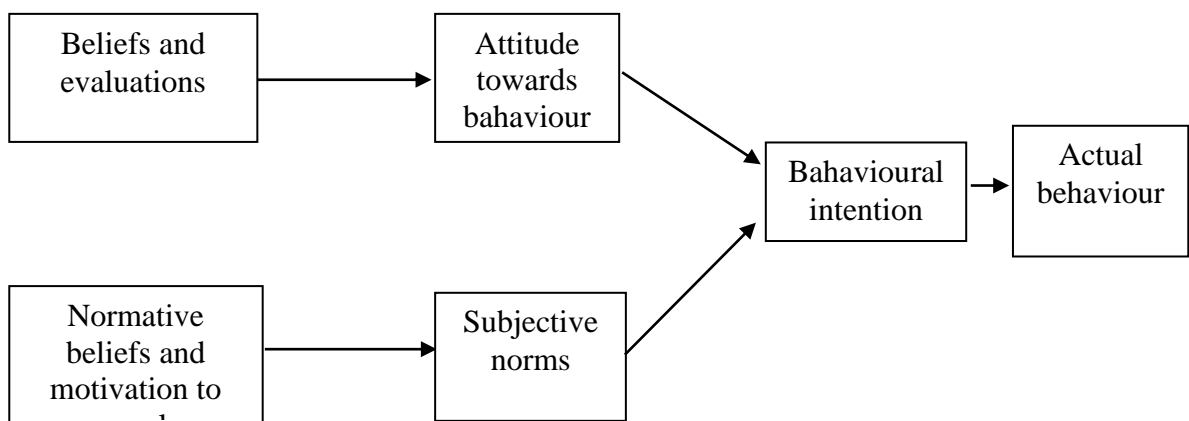
Furthermore, TRA is a general model that does not specify the beliefs that drive specific behaviors. To use TRA, researchers must first identify the subjects' salient beliefs about the behavior under investigation.

According to Fishbein and Ajzen (1975) and Ajzen and Fishbein (1980), conducting free response interviews with representative members of the subject population can yield five to nine salient beliefs. The authors suggest using "modal" salient beliefs for the population, which are the most frequently elicited beliefs from a representative sample.

The TRA has proven effective in predicting behavior and intentions in various situations. TRA has been linked to various outcomes, including turnover (Prestholdt et al., 1987), education (Fredricks and Dossett, 1983), and breast cancer examination (Timko, 1987). Sheppard et al.'s (1988) meta-analysis of research on the Theory of Reasoned Action found that the TRA had strong predictive utility across conditions.

### Figure 3

#### *Theory of Reasoned Action*



Source: Fishbein and Ajzen, 1975

#### 2.2.4 Triandis Model

Similar to TRA, TPB, and TAM, the Triandis model assumes an attitude-intention-behavior relationship. However, the Triandis model includes several relevant variables.

The model, as shown in Figure 4, incorporates key constructs such as habit, social factors, and facilitating conditions. According to this theory, the likelihood of performing an act depends on three factors: habits, intention, and facilitating conditions. According to Chang and Cheung (2001), the intention to perform a behavior is influenced by perceived consequences, social factors (such as norms and self-concept), and affect. Facilitating conditions include the resources and supports required to perform a behavior, such as time, money, expertise, hardware, software, and network connection.

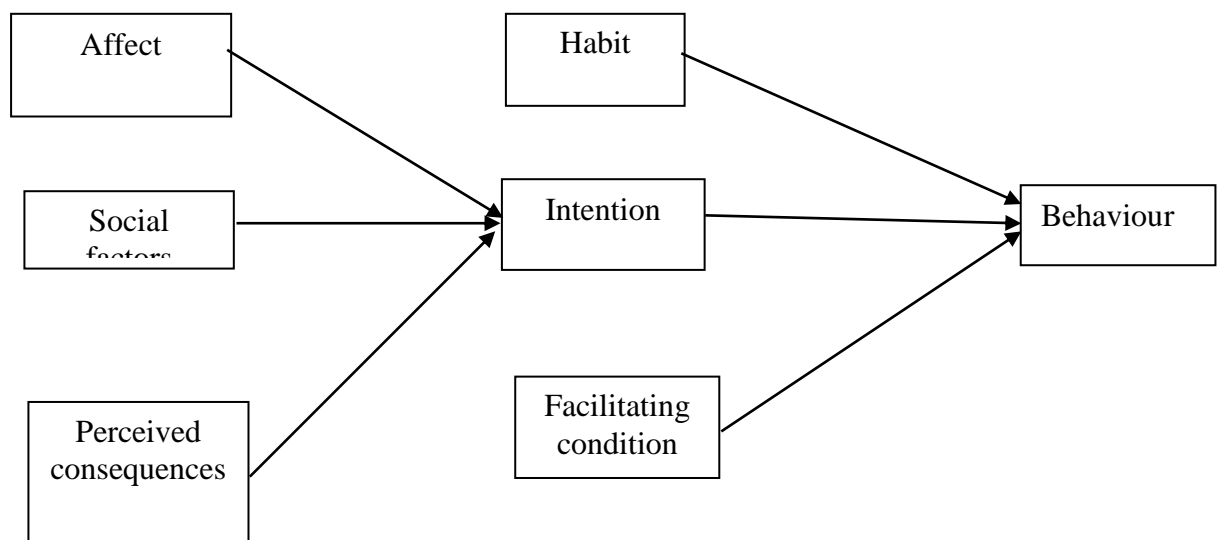
Mathieson et al. (2001) identified a flaw in TAM's assumption that individuals use information systems voluntarily and without barriers. This construct addresses this limitation. The Triandis model is widely used in studies on social, health, and consumer behavior. The Triandis model has been used to study technology adoption, including personal computers, the internet, and Executive Information Systems (EIS) (Chang and Cheung, 2001; Cheng et al., 2002; Cheung et al., 2000). For instance, Chang and Cheung (2001) and Cheung et al. (2000) used the Triandis model and its extensions to analyze the factors that influence users' intention to use the internet/WWW for work or shopping.

Chang and Cheung's (2001) study found that theoretical constructs in the Triandis model can help explain the intention to use the Internet/WWW. In contrast, the modified model, which includes the constructs of perceived complexity, near-term and long-term consequences, is a better fit. The new model demonstrates that affect, social factors, facilitating conditions, and perceived near-term consequences all positively influence the intention to use the Intention/WWW. To begin, the modified model assumes that perceived complexity (as opposed to perceived ease of use in TAM) is a person's perception, which is an 'internal' factor, and should thus be classified as perceived consequences.

The modified model suggests that facilitating conditions can have a significant impact on intention, as opposed to the Triandis model, which only affects behavior. Similar to TPB, perceived behavioral control influences both intention and usage. Based on previous research on TAM, the modified model suggests that perceived complexity has a positive impact on affect. Users will be happier if they perceive computer technology as easy to use. According to Chang and Cheung (2001), the modified model assumes that social norms and perceptions of "significant others" have a positive impact on effect, which aligns with the theory that intention is influenced by subjective norms.

**Figure 4**

*Schematic of the Triandis Model*



(Source: Chang and Cheung, 2001)

### 2.2.5 Diffusion of Innovation

The Innovation Diffusion Theory (IDT) explains how users adopt technological innovations.

According to Rogers (1995), an innovation is an idea, practice, or object that is perceived as new by an individual or group of adopters.

It's described as "the process by which an innovation is communicated through certain channels over time among the members of a social system." Innovation Diffusion theory explains how new ideas and concepts are widely adopted. The Innovation Diffusion Theory examines a set of characteristics associated with

technological innovations that influence their rate of widespread adoption. Rogers defines the following attributes:

Relative advantage means: "The degree to which an innovation is perceived to be better than the idea it supersedes."

Compatibility refers to: "The degree to which an innovation is perceived as consistent with the existing values, past experiences, and needs of potential adopters."

Complexity signifies: "The degree to which an innovation is perceived as relatively difficult to understand and use."

Trialability refers to: "The degree to which an innovation may be experimented with on a limited basis."

Observability means: "The degree to which the results of an innovation are visible to others."

Chen et al. (2000) found that only relative advantage, compatibility, and complexity are consistently associated with innovation adoption. Rogers reviewed nearly 1500 studies using IDT to examine the adoption of technological innovations in various settings such as agriculture, healthcare, city planning, and economic development. A subset of studies examines how these attributes affect behavioral intention and use. Rogers created IDT constructs by identifying key product attributes that drive adoption.

### **2.2.6 Comparison of Theories**

The TAM, TRA, TPB, Triandis, and IDT theories provide different explanations for consumer behavior in technology adoption. Share some similarities. The TRA, TPB, TAM, and Triandis models assume an attitude-intention-behavior relationship, where cognitive and affective beliefs are formed. Attitude influences behavioral intention and usage. TAM's perceived usefulness (PU) resembles IDT's relative advantage and, to a lesser extent, Triandis' perceived consequences. These constructs are cognitive aspects of an individual's attitude. Various models' constructs of PU, relative advantage, and perceived consequences support the TRA theory that beliefs about the consequences of behavior play a key role.

TAM's perceived ease of use (PEOU) construct is similar to IDT's complexity construct. According to Ajzen (1991), perceived behavioral control in TPB refers to a person's belief that they have control over a behavior and have access to necessary resources to facilitate it. Facilitating conditions in the Triandis model correlate with perceived behavioral controls in TPB. However, the Triandis model suggests that facilitating conditions only influence actual behavior, whereas perceived behavioral controls in TPB influence both behavioral intention and actual usage.

## **2.3 Empirical Review**

### **2.3.1. Review of International Studies**

Kumbhar (2001) evaluated the key factors impacting customer satisfaction in e-banking service settings, including perceived value, brand perception, and service quality. This study evaluates how perceived value, brand perception, and e-banking satisfaction are affected by service quality. Client questionnaires were used to collect important data. After a literature review and discussions with bank management, customer service specialists, and marketing experts, five scale-based questionnaires were developed for customer surveys. According to the research, perceived value, brand perception, cost-effectiveness, simplicity of use, convenience, problem-solving, security assurance, and responsiveness are important factors that affect how satisfied customers are with online banking.

Sadiq Sohail & Shanmugham, (2003) looked into Internet banking and consumer preferences in Malaysia. This paper presents findings from an empirical study that was carried out in Malaysia to investigate the elements that customers thought drove the adoption of electronic banking, as well as their preferences for electronic banking. It also looks at the latest developments in the e-commerce revolution that the Malaysian banking industry has witnessed. The age and educational background of conventional and electronic banking users do not significantly differ from one another, despite minor discrepancies in other demographic factors, according to an examination of data belonging to 300 respondents. The study also demonstrates that the factors that had the greatest impacts on the adoption of e-banking were customers' awareness of e-banking, resistance to change, and Internet accessibility.

Adoption and usage behavior were examined by Chan & Lu (2004) about Internet banking services available in Hong Kong. A study framework grounded in the Social Cognitive Theory and the Extended Technology Acceptance Model (TAM2) is created to determine the variables that could impact the uptake and sustained use of Internet banking. Structural Equation Modeling (SEM) is utilized to investigate the complete set of inter-correlations between the eight suggested constructs and to conduct empirical tests of associated hypotheses. To determine the measurement effectiveness, confirmatory factor analysis is utilized together with a survey that is given to 499 college students. The results demonstrate that computer self-efficacy and subjective norms have a strong indirect impact on the intention to utilize Internet banking. Perceived ease of use has a substantial indirect effect on intention to adopt/use through perceived usefulness, even while its direct impact on intention to adopt is minimal.

Azouzi (2003) investigated Tunisia's adoption of electronic banking. This essay aims to ascertain whether the swiftly occurring technology revolution that is changing the entire planet has important ramifications for the banking industry in Tunisia. Specifically, this study looks for key indicators that we may use to understand customer behavior in the adoption of online banking. We'll employ an empirical strategy to do this. Many factors are influencing customers' opinions of e-banking, according to a study being undertaken in Tunisia. For instance, it appears that age, gender, and educational attainment are significant. Therefore, they have a significant impact on people using online banking. It is predicated on a survey designed to collect information. According to the report, the primary drivers of electronic banking adoption among consumers are lower costs, which are closely followed by decreased paperwork and human error, all of which help to avoid customer-bank disputes.

E-banking's impact on Malaysian customers' perceptions was investigated by Ahasanul, Ahmad, and Abu (2009). Examining consumers' perceptions of e-banking security is the main aim of the research. In predicting the impact of explanatory factors, multiple regression was estimated. The study demonstrated that the only transactions that significantly affect consumers' perceptions of online banking are secure ones. To get the required information, a systematic questionnaire was employed. Information was gathered from 230 bank clients in Malaysia. To

investigate the factors, factor analysis has been used. The study's conclusion indicated that the primary motivators for customers to use online banking are lower costs, which are closely followed by less paperwork and human error, and a decrease in the likelihood of customer and bank disputes.

Al-Smadi (2012) investigated the variables influencing Jordan's adoption of electronic banking. This study aims to determine and comprehend the variables that influence how bank clients use online banking services. To develop a theoretical model, the study incorporates five cultural elements, perceived risk, and the theory of planned behavior model (TPB) along with the technological acceptance model (TAM). The main source of information was 387 legitimate surveys that were distributed to 26 regulated banks in Jordan's randomly chosen banking clientele. To test the theories, several regression analysis approaches were employed. The primary conclusions are that perceived utility and ease of use are positively and significantly impacted by uncertainty avoidance. consumers' attitudes are more influenced by perceived risk, and attitudes in turn affect consumers' inclination to utilize electronic banking services.

Juwaheer et al.(2012) investigated the variables affecting Mauritius's adoption of online banking. This article aims to explore the elements that impact Mauritius's adoption of online banking services The survey was conducted to determine the different factors impacting the adoption of Internet banking. Using the statistical program SPSS, the questionnaires underwent additional processing and analysis, including both descriptive and inferential analysis. Data analysis revealed that the adoption of online banking in Mauritius is directly influenced by perceived utility and convenience.

Takele and Sira (2013) explored the factors that influence Bahir Dar City customers' willingness to adopt e-banking service channels. The study's goal is to investigate the factors that influence consumers' intentions to utilize e-banking services in the city of Bahir Dar. Six factors from the technological adoption model, the theory of planned behavior, and previous studies were combined to form a conceptual framework. The results showed that attitude, subjective norm, perceived behavioral control, perceived utility, perceived ease of use, and perceived danger all had a significant impact on customers' willingness to use e-banking service channels.

Factors influencing the adoption of e-banking in Pakistan were examined by Khurshid et al. (2014). Understanding the customer's E-Banking adoption behavior is the primary goal of this study. A convenience sample of 150 clients was utilized to gather data via a questionnaire. To test the hypotheses and assess the stability of the proposed E-Banking model, regression analysis is used. It is confirmed by the results that attitudes toward usage are positively impacted by usefulness and ease of use. Positive effects of service quality are seen in perceived utility, perceived ease of use, and attitude toward use. Perceived Risk negatively affects attitudes regarding use. Acceptance of e-banking is positively impacted by perceived trust and attitude toward usage. The impact of perceived risk (PR) on perceived usefulness (PU) was not substantiated by the results. The data indicates that PR negatively affects PU.

Workuet al. (2016) looked into the effect of electronic banking on customer satisfaction in Ethiopia's banking industry. The purpose of this study is to assess and look into the effects of e-banking on customer satisfaction in the Ethiopian banking industry, with a focus on Gondar City, in contrast to the conventional brick-and-mortar banking system. The aforementioned data from 402 accurately filled out and returned e-banking customer questionnaires is examined in this study together with interviews conducted with four branches of the two commercial banks that have started offering e-banking services in Gondar City. The study used tables, percentages, and regression analysis to explain the variables influencing customers' satisfaction with online banking, a chi-square independence test to look at the relationship between e-banking and demographic traits, and an independence t-test to see if there is a significant relationship between customer visits to branches before and after online banking. According to the study's findings, most e-banking users are young, educated, salaried, and students; businessmen and women do not actively use the service; there is a correlation between e-banking and demographic characteristics; only current account holders and savers can currently use e-banking; e-banking has increased customer satisfaction; customers spend less time waiting; some customers are unaware of the fees associated with using e-banking; e-banking has given them more control over their account movements; and there is a large opportunity to expand the service throughout the city.

Mwiya et al., (2017) addressed this issue by examining factors influencing e-banking adoption in Zambia. This article contributes to the corpus of knowledge on electronic banking by using the modified Technology Acceptance Model (TAM) in an understudied Zambian environment. It focuses on how opinions about the usefulness,

usability, and reliability of e-banking technology affect the uptake of e-banking. 222 bank customers in two of Zambia's largest cities provided primary sample data, which were collected using a quantitative correlational design. The findings demonstrate that the modified TAM model may be used in Zambian contexts and that perceived utility, ease of use, and trust have a significant impact on views on e-banking. The study found that e-banking system adoption would increase if consumers' opinions of its use, safety, security, and credibility were improved.

Weligodapola et al. (2020) examined Sri Lankan customers' attitudes toward online banking, emphasizing the variables that affect online banking usage. In Sri Lanka, the number of people using the internet is rising quickly. In both urban and rural Sri Lanka, the study will be done among bank customers using both qualitative and quantitative research approaches. To achieve the study's objectives, a convenience sample of 390 bank customers both those who bank online and those who do not was used to collect complete responses. According to the study's findings, fewer people in rural areas than in metropolitan areas use online banking. The results also demonstrate that respondents' adoption of e-banking is significantly influenced by their perceptions of the service's value, simplicity of use, and awareness. The study anticipates that perceived risk and trust, internet knowledge and accessibility, and perceived cost will all have a moderate impact on the results. Multi-linear regression analysis was employed in this study to ascertain how customer perception affected Sri Lankans' adoption of e-banking. The results show that understanding of the internet, perceived cost, awareness of the service, and internet availability all significantly improve customer perception.

Customers' perceptions and satisfaction with Yemeni e-banking services and their level of quality were investigated by Qasabah & Siddiq (2021). This quantitative descriptive study aims to gauge Yemeni consumers' perceptions of and contentment with e-banking services and their level of satisfaction with them. 454 respondents were selected for the sample from the Yemeni bank customer base that offers online banking services. The researchers' questionnaire served as the data-gathering method. According to the survey, Yemeni customers have a moderate degree of perception and happiness with e-banking services and both the overall and component quality of these services are moderate.

### 2.3.2 Review of Nepalese Studies

The study conducted by Khatri and Dhungel (2013) examined how customers perceive online banking. noted that the majority of bank clients utilize the internet and have some awareness of the online banking services their banks provide, the study found that the primary reason why e-banking is underutilized in Nepal is a lack of sufficient knowledge about the process, advantages, and security of the service.

Banstola (2018) investigated the potential and difficulties of online banking in Nepal. Primary data served as the study's foundation, and an exploratory and descriptive research approach was also used. A qualitative method was thought to be appropriate given the exploratory nature of the research to obtain insight into the problem in the minds of potential users of e-banking. Descriptive research was used in the later section of the study to assess the effectiveness of Nepalese banks in offering banking services and products via electronic channels, as well as their prospects going forward. Based on a sample of five banks chosen using sample random sampling, the study included one hundred observations from four of Nepal's largest cities. According to the report, ATMs are the most commonly used electronic delivery method for banking services in Nepal. However, very few users make use of Internet banking services, and Nepalese banks use e-banking for both convenience and customer retention. Furthermore, it was shown that there was a high association between e-banking use and customer age and education levels, but not between e-banking use and customer wage, marital status, or gender.

Customer perceptions of e-banking service adoption in Kathmandu were investigated by Sthapit (2019). This study examines the relationship, particularly for business school students, between the use of e-banking services and the perceptions that students have of those services. In this study, the adoption of e-banking is explained by perceived risk and the Technology Acceptance Model (TAM). This study assesses the perceived risks, perceived usefulness, and perceived ease of use of e-banking services among consumers. The study comprised primary data from 159 business school students who were successfully polled using a standardized questionnaire. It was based on both descriptive and causal research methodologies. The study found that consumer perceptions of the benefits, ease of use, and hazards associated with e-banking services influence their adoption and utilization. It achieved this by applying regression, correlation, t-tests, and descriptive statistics.

Customer satisfaction with the online banking services provided by Nepal SBI bank was investigated by Pradhan (2019). Finding out how satisfied customers were with Nepal SBI bank's e-banking services was the study's primary goal. For the study, 75 employees of the bank served as respondents. A descriptive research approach was selected for the investigation. The primary data source for the study was its primary source. 75 Nepal SBI bank clients who are sample respondents were provided with a standard questionnaire. Statistics tools were used to analyze the data that was collected. Consumers who use online banking services are satisfied with the products they use, the website's design, security and privacy, perceived cost, responsiveness, and computer self-efficacy, according to the study's findings. The study found that specific features of e-banking services were positively correlated with consumer satisfaction.

Shrestha et al. (2020) study in Pokhara examined customers' attitudes toward online banking services. This study is being conducted to investigate consumer attitudes toward online banking. Using a stratified sampling technique, the study uses a descriptive research approach to examine eight of the leading commercial banks. A total of 200 responses make up the sample size, with 25 clients drawn from each of the eight banks that were chosen. Customers of Internet banking services are asked a predetermined set of questions about demographic characteristics either in person or by visiting their location, and the information is gathered accordingly. In order to present the study's findings, a reliability test utilizing Cronbach's alpha is conducted and data is processed using inferential statistics. This research offers information on the state of online banking today and supports banks with increased marketing, communication, mass customization, cost savings, and product innovation.

## **2.4 Research Gap**

Perceived cost, perceived utility, perceived simplicity of usage, and perceived trustworthiness were among the independent variables whose effects were investigated about the dependent variable of e-banking adoption and use. A review of earlier research reveals that a variety of factors influence consumers' perceptions about the uptake of online banking. This study examined how consumers see the use of e-banking and numerous research have looked into what influences consumers' perceptions of online banking. Even though e-banking is becoming more and more popular in Nepali financial institutions, and banks are implementing similar innovations, customer adoption rates have remained low, and using e-banking hasn't

significantly improved customer satisfaction with the services provided. In fact, research suggests that despite this growing interest, there haven't been any noteworthy studies that have examined how customers view e-banking. Technology adoption has brought about a new phenomenon in the banking industry that many clients have not yet embraced. The purpose of this survey is to find out how Chitwan's consumers feel about the use of online banking.

## CHAPTER III

### RESEARCH METHODOLOGY

This chapter which is organized into five sections, so describes the technique used in this study. Section 1 outlines the study's design and plan; Section 2 addresses the type and source of the data; Section 3 discusses the population and sample as well as the banks that were chosen; Section 4 explains the study's time frame and empirical models; and Section 5 concludes with the analysis plan.

#### **3.1 Research Design**

Descriptive research designs were used in this study. The descriptive research design was chosen to gather sufficient information about the attitudes of Chitwan's customers regarding the adoption of e-banking. The influence of the independent variables perceived utility, perceived ease of use, perceived trust, and perceived cost on the dependent variable adoption of e-banking was investigated using a causal approach. 214 observations were used to characterize the type of data that the commercial banks had. Also, a casual comparative research design was employed in this study to determine the cause-and-effect link between the consumers' perceptions of Chitwan's e-banking adoption.

#### **3.2 Population and Sample Size**

The population size included 9 commercial banks of Nepal operating their operation. For the analysis of customers' perception of e-banking services, a structured questionnaire was distributed to about 400 respondents from 9 commercial banks in Chitwan, out of them 297 questionnaires were collected, from where 214 respondents were use able for the study.

**Table 1**

*List of Commercial Banks Selected for the Study along with the Number of Observations*

S.n	Name of Bank	Observation
1	Nepal bank Limited	23
2	Agriculture Development Bank	17
3	Rastriya Banijya Bank Limited	25
4	Nabil Bank Limited	19
5	NMB Bank Limited	22
6	Nepal SBI Bank Limited	17
7	Nepal Investment Mega Bank	16
8	Global IME Bank Limited	29
9	NIC Asia Bank Limited	46
Total		214

### **3.3 Method of Data Analysis**

Analysis was using inferential and descriptive statistical tools. Inferential statistical tools (percentage analysis, correlation and regression analysis) were used to analyses the data and to test the hypotheses of the study whereas Mean, median, standard deviation maximum and minimum were analyzed from the descriptive analysis tool. The data is analyzed using Statistical Packages for Social Scientists (SPSS 26) software, and Microsoft- Excel.

#### **3.3.1 Descriptive Analysis**

Descriptive statistics provide meaningful descriptions and summaries of data, making it more usable for analysis. Descriptive statistics are significant because they allow for more meaningful data presentation and interpretation. This study uses mean, standard deviation, minimum, and maximum to describe and analyze data.

#### **3.3.2 Inferential Analysis**

Inferential statistics use sample data to generalize populations. It is used to determine the strength of the association between the independent and dependent variables.

Inferential analysis, including the independent sample t-test and one-way ANOVA, were performed. ANOVA is used to compare means from three or more groups.

### 3.3.3 Correlation Analysis

Data will be analyzed using Pearson's correlation to determine the relationship between e-banking services.

### 3.3.4 Regression Analysis

Regression analysis uses statistical methods to estimate the relationship between a dependent variable and one or more independent variables. Regression analysis will result in a linear model with e-banking as the dependent variable and perceived utility, ease of use, trust, and cost as the independent variables. The regression analysis looks at the relationship between the dependent and independent variables to see which one better predicts the value of the dependent variable. This analysis computed the coefficients of a predictive linear equation containing one or more independent variables. It develops a model that best describes the value of different variables in assessing the use of e-banking services. This analysis will be performed on banks' selection scores at significant levels, where  $P < 0.05$ .

Using the perceived utility, perceived ease of use, perceived trust, and perceived cost as independent variables (PU, PEOU, PT, PC), and the use of e-banking services as the dependent variable, the model is constructed as follows:

$$AEB = \beta_0 + \beta_1 PU + \beta_2 PEU + \beta_3 PT + \beta_4 PC + i.e$$

Where,

AEB refers to the adoption and use of e-banking.

$\beta_0$  represents the regression constant.

PU = perceived usefulness.

PEU = perceived ease of use.

PT = Perceived Trust.

PC = perceived cost.

i.e = Random Error

### 3.4 Reliability and Validity

Numerous academic works were examined to ensure reliability. The questionnaire was developed by consulting a variety of scholarly works that have been previously reviewed. The survey was designed to address the goals of the investigation. Along with an open-ended question, it had a Likert scale. The argument based on the findings of earlier studies was supported by the literature review. For the literature review, both published and unpublished journals were consulted. Cronbach Alpha Reliability verification was used for internal consistency of the instrument in the study as well as the validity of the data for further analysis from the primary source.

**Table 2**

*The Cronbach's Alpha reliability of Perceived Usefulness, Perceived Ease of Use, Perceived Trust, and Perceived Cost*

S.n	Variable	Cronbach's Alpha	Remarks
1	Perceived Usefulness	0.784	Good
2	Perceived Ease of Use	0.777	Good
3	Perceived Trust	0.811	Good
4	Perceived Cost	0.796	Good

Table 2 presents that the Results of Cronbach's Alpha reliability test showed all the variables (Perceived Usefulness, Perceived Ease of Use, Perceived Trust, and Perceived Cost) are above acceptability reliable. A coefficient of Cronbach's alpha greater than 0.60 is typically seen as indicative of reliability, the components in the questionnaire have all been inferred to be trustworthy. In this case, Cronbach's alpha values Perceived Usefulness Perceived Usefulness, Perceived Ease of Use, Perceived Trust, and Perceived Cost varied from 0.784, 0.777, 0.811, and 0.796, respectively.

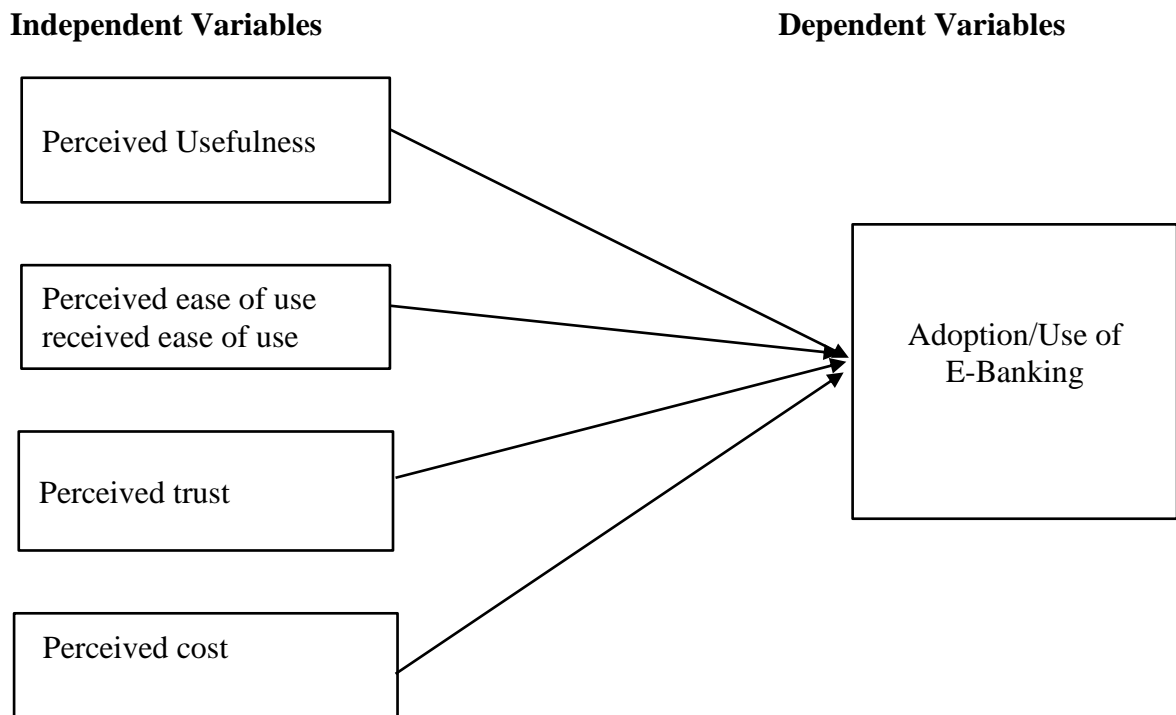
### 3.5. Research Framework

The study's conceptual framework provides a methodical explanation of the link between the independent and dependent variables to understand how customers in Nepalese commercial banks perceive e-banking. It aids in identifying and defining the study problem's emphasis and objective. Based on the goal of the study and the review of relevant literature, the conceptual framework that follows is developed to specify the primary focus and extent of variables considered. Perceived cost,

perceived ease of use, perceived utility, and perceived trust are the independent factors, and customers' judgments of the adoption of e-banking are the dependent variables. This relationship is further explained by the schematic representation in the figure below.

**Figure 5**

*Diagrammatic Representation of Chitwan Customers' Perceptions Regarding the Adoption of E-banking*



The conceptual framework for this study is shown in this section, along with information on the variables that were employed and their relationships, all of which will be examined using statistical methods. In this study, the dependent variable is the consumers' evaluation of Chitwan's e-banking usage. The independent variables included in the study were perceived utility, perceived trustworthiness, perceived ease of use, and perceived risk. The link between dependent and independent variables is further explained in Figure 3. conceptual framework.

**3.6 Operational Definitions of the Variables**

This section deals with the operational definitions of the variables that were used in this study. Finding out how Chitwan's customers view the adoption of e-banking is

the aim of the study. The study's dependent variable is the use of e-banking by customers, whereas the independent variables are perceived cost, perceived ease of use, perceived usefulness, and perceived trust. The meanings of these variables and their discussions are given below:

### **3.6.1 Adoption/ Use of E-banking**

According to Davis (1998), consumers' perceptions regarding online banking may have an impact on their intentions to utilize it. Positive consumer sentiments increase the likelihood of internet banking adoption, and vice versa. Researchers, internet service providers, and bank managers must comprehend the elements influencing the uptake of online banking. Academic research on the factors influencing the uptake of electronic banking services has focused particularly on Internet banking adoption in recent years (Davis et al., 1989). The overall trust that customers had in the service provider was greatly influenced by the quality of the e-service offered by web-based services. Thus, it stands to reason that a customer's experiences with online banking could impact how they view and anticipate traditional banking services (Mittal and Gera, 2012)

### **3.6.2 Perceived Usefulness**

The perceived utility is the belief that utilizing new technology would enhance one's performance (Davis, 1989). When most consumers choose whether or not to utilize online banking, their perception of its usefulness takes precedence over other factors. Customers will use e-banking far more frequently if they find it comfortable (Xiao et al, 2017). E-banking has a favorable correlation with customers' perceived utility. As a result, banks should actively advertise the many advantages of online banking, as this will increase the number of people who sign up for these services (Yadav, 2016). The use of e-banking is significantly influenced by perceived utility. Managers should increase the system's usefulness on the banking website in order to attract more clients. Not all services are available on the websites of the majority of banks in Sri Lanka. Customers of certain banks are limited to using them for fund transfers and balance checks. Their clients will become less inclined to use the online banking service as a result (Goonetilake, 2011).

### **3.6.3 Perceived Ease of Use**

Nethanathan and Shanmugathas (2018) found that consumers embracing cutting-edge technology products and services are motivated, among other things, by their ease of use. If customers find the product or services difficult to utilize, they won't. Customers favored banks that created the most user-friendly and straightforward websites. Consumers do not intend to utilize e-banking services if the banking website is more complex and challenging to use. The degree to which customers find innovation easy to adopt determines whether they will accept it or reject it. Technological innovations, like electronic banking, should be user-friendly and convenient, and users' initial encounters with the service should be remarkable (Zarook, 2010). Similarly, the degree of E-banking use was positively correlated with the perceived ease of use (Goonetilake, 2011).

### **3.6.4 Perceived Trust**

Omotayo (2020) discovered that perceived trust plays a crucial role in the utilization of online transactions due to the inherent hazards involved. One hypothesis is that the main reason older individuals use online banking so little is because they don't trust the service. Elder customers may not believe that Internet banking is dependable because human mistakes or system failures might lead to transaction problems. However, they are aware of their security on these platforms. Older people should be concerned about their safety in some way because of the potential losses connected to it. Thus, offering a dependable and efficient platform ought to boost customers' faith and assurance in utilizing online banking. Empirical research indicates that the most important factor impacting e-banking is trust. The study found that the banking industry should develop stronger security protection measures and a set of standard operating procedures for potentially harmful assaults to ease consumer concerns about the security of the Internet and online banking (Lin et al., 2020). Ibrahim, Sudi, and Warsame's (2018) research indicates that customers' adoption of online banking is influenced by the security and privacy of online banking transactions. The application of Internet banking services by will not be permitted in the absence of adequate security and privacy measures.

### **3.6.5 Perceived Cost**

The adoption of e-banking is associated with two sorts of costs. First, there are normal computer and internet-related expenses, and then there are bank fees. In comparison to other options, new technologies would be reasonably priced for clients who utilize them. Customers won't accept the technology if it doesn't work that way (Premarathne and Gunatilake, 2016). The association between the cost element and the adoption of E-banking was disclosed by Aliyu and Tasmin (2012). Customers only embrace new technologies that are reasonably priced, they discovered. Customers who use e-banking understand the costs involved and find them to be reasonable. It is found that consumers' decisions to support or reject online banking depend on how much they believe it will cost them. It would make customers pause before paying for any services. From the perspective of the client, online banking offers no advantages over conventional banking. According to Zarook (2010), they are hesitant to pay for these services.

## CHAPTER-IV

### RESULTS AND DISCUSSION

There are five sections in this chapter. In the first section, data analysis and the outcomes of the questionnaire survey are covered. Descriptive statistics are covered in the second section, correlation analysis in the third section, regression analysis in the fourth, and the closing thoughts and results obtained from primary data in the final section, which concludes this chapter.

#### 4.1 Results

##### 4.1.1 Demographic Profile of Respondents

Table 3 shows the respondent's age which attempts to explore consumer perceptions regarding the acceptance of e-banking services. From this study the majority of respondents, 51.9%, were aged between 20–30 years, followed by those in the 31–40 age bracket at 23.2%, then 11.2% aged between 41 and 50, and 7.9% below the age of 30. Meanwhile, those above 50 comprised 5.6%. The demographic with nearly all ranges assures a good mix because almost all ages were portrayed. Thus, the findings equally captured all people's views, not leaving out anyone, since a majority of the respondents had indeed attained the age of maturity expected.

**Table 3**

*Distribution by Age group*

<b>Age Group</b>	<b>Frequency</b>	<b>Percent</b>	<b>Mean</b>	<b>Std</b>
<20	17	7.9		
20-30	111	51.9		
31-40	50	23.4	2.55	0.986
41-50	24	11.2		
Above 50	12	5.6		
Total	214	100.0		

Source: Primary data, 2024

**Table 4***Distribution by Gender*

<b>Gender</b>	<b>Frequency</b>	<b>Percent</b>	<b>Mean</b>	<b>Std</b>
Male	95	44.4		
Female	119	55.8	1.56	0.498
Total	214	100.0		

Source: Primary data, 2024

According to Table 4, among 214 respondents 55.8% were female and 44.4% were male. This revealed that there were more men than women among the responders. The answers to the questionnaires, where there were more male respondents than female respondents, support this. More importantly, it demonstrates that gender bias has not been introduced into the data.

**Table 5***Distribution by Education Qualification*

<b>Education Qualification</b>	<b>Frequency</b>	<b>Percent</b>	<b>Mean</b>	<b>Sd</b>
SLC/SEE	17	8		
+2	72	33.6		
Bachelors	110	51.4	2.57	0.739
Masters	15	7.0		
Total	214	100		

Source: Primary data, 2024

Table 5 indicated that 8% of respondents are SLC/SEE members, 33.6% are +2 holders, 51.4% are bachelor's degree holders, and 7% are postgraduate holders, suggesting the respondents with a certain level of education, which would allow them to reliably read, comprehend, and interpret questionnaires. Because it was thought that the data was trustworthy, it was analyzed and results were presented.

**Table 6***Distribution of Respondents by Occupations*

<b>Occupations</b>	<b>Frequency</b>	<b>Percent</b>	<b>Mean</b>	<b>Std</b>
Government Service	25	11.7		
Private Employee	45	21		
Self Employed	31	14.5	2.91	1.109
Student	91	42.5		
Other	32	10.3		
Total	214	100.0		

Source: Primary data, 2024

Table 6 shows the distribution of respondents by occupation. Of the 214 respondents, 11.7% work for the government, 21% are employed by a private company, 14.5% are self-employed, 42.5% are students, and 10.3% are other. Pupils outnumber other occupational groups in percentage terms.

**Table 7***Distribution of respondents by Account access to the Internet*

<b>Account access to the internet</b>	<b>Frequency</b>	<b>Percent</b>	<b>Mean</b>	<b>Std</b>
Yes	205	95.8		
No	9	4.2	1.04	0.20
Total	214	100.0		1

Source: Primary data, 2024

Table 7 Out of the total respondents 214, 95.8% of respondents have their account accessing the Internet and 4.2% of respondents have accounts that weren't accessing the Internet. This means there is a higher number of accounts with access to the internet.

**Table 8***Distribution of Respondents by Financial Information Available and Managed*

<b>Financial Information is available and managed over the internet</b>	<b>Frequency</b>	<b>Percent</b>	<b>Mean</b>	<b>Std</b>
Highly Secure	38	17.8		
Secure	157	73.4		
Unsecured	18	8.4	1.92	0.524
Highly Unsecure	1	0.4		

Total	214	100.0
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Source: Primary data, 2024

Among 214 respondents, Table 8 reveals that 17.8% of respondents feel Highly secure about the financial information they could access and manage online, 73.4% feel secure about it, 8.4% were insecure and just 0.4% had highly insecure financial information from the internet.

**Table 9**

*Distribution of Respondents by E-banking Services*

E-banking Services	Response									
	Least Preferred		Occasionally Preferred		Preferred		Most preferred		Total	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
ATM/ Debit Card	11	5.1	22	10.3	65	30.4	116	54.2	214	100.0
Credit Card	110	51.4	73	34.1	22	10.3	9	4.2	214	100.0
Mobile Banking	12	5.6	17	7.9	67	31.3	118	55.1	214	100.0
Internet Banking	43	20.1	58	27.1	62	29	51	23.8	214	100.0

Source: Primary data, 2024

The opinions of the participants on online banking services are represented in Table 9, and the responses provided are as follows. According to the ATM presentation, 100% of the respondents preferred that particular ATM. Given that respondents to the survey all agreed that ATMs are a common E-banking service, this indicated that users use them frequently. We can bank virtually anytime thanks to electronic terminals called ATMs. To move money between accounts, make deposits, or withdraw cash. It thereby makes banking more convenient. 54.2% of respondents overall said that they favored ATMs.

Credit card is another type of E-banking service. Among all the respondents 51.4% least preferred credit cards, 34.1% occasionally preferred, and 10.3% preferred credit cards which shows customers generally less preferred credit cards.

Mobile banking is another type of E-banking service. Presentation on Mobile banking shows that all the respondents 100% preferred mobile banking. This makes mobile

banking is most frequently used e-banking service by customers. An additional category of E-banking services is internet banking. 20.1% least preferred, 27.1% occasionally preferred, 29% preferred, and 23.8% most preferred internet banking, according to a presentation on the subject. which indicates that users are utilizing online banking more often.

#### 4.1.2 Descriptive Analysis

It explains descriptive analysis of the frequency, mean, standard deviation, minimum, and maximum of the questions asked to respondents. Questions with the Likert scale were administered to the respondents to find the interrelationship between dependent and independent variables. The Likert five-scale was employed in the analysis. A table and graphic are included with the descriptive analysis to make it easier to grasp the factors.

**Table 10**

*Descriptive Analysis of Perceived Usefulness*

Statements (1 to 5)	1	2	3	4	5	Total	Mean	SD
Available all times 24hrs/day, 7 days a week	12	18	39	15	70	214	3.81	1.149
Relevant and accurate information	5	16	49	94	50	214	3.79	0.964
Easy to get access to all the financial information	3	17	51	87	56	214	3.82	0.957
Speed to login and logout of the bank website is fast	4	20	70	13	47	214	3.65	0.985
Facilitates online shopping	8	9	68	78	51	214	3.72	0.995
Responsive demo and advertisement	14	34	86	62	18	214	3.17	1.012
Provides information with care and attention	8	20	54	101	31	214	3.59	0.973
<b>Perceived Usefulness</b>							<b>3.65</b>	<b>1.027</b>

Source: Primary data, 2024

Table 10 shows how the respondents answered to perceived usefulness. The asked statements were rated, according to the scale from 1, 2, 3, 4 and 5 strongly disagree, disagree, neutral, agree and strongly agree respectively. Accessible to all the financial

information Available all times 24hrs/day, 7 days a week Relevant and accurate information Facilitates online shopping Speed to login/logout of the bank website gives immediate information with care and attention Responsive demo and advertisement, with a mean value of 3.82, 3.81, 3.79, 3.72, 3.65, 3.59 and 3.17, respectively. The arithmetic collective averages approach consensus with a mean value of 3.65.

**Table 11**

*Descriptive Analysis of Perceived Ease of Use*

<b>Statements (1 to 5)</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Total</b>	<b>Mean</b>	<b>SD</b>
Service systems are easy to use	7	7	42	97	61	214	3.93	0.951
Systems are clear and understandable	7	16	44	100	47	214	3.77	0.984
ATM locations are reachable	12	40	69	64	29	214	3.27	1.088
Facilitates investment planning	21	42	79	54	18	214	3.03	1.087
The user login of the bank is properly designed.	4	14	57	108	31	214	3.69	0.866
The e-banking service is user-friendly.	20	15	38	88	53	214	3.65	1.196
The bank handles complaints and solves problems quickly through live chat service	59	52	55	32	16	214	2.50	1.248
Perceived ease of use							3.41	1.162

Source: Primary data, 2024

The Table 11 shows the respondents' responses regarding the Perceived Ease of use. The customers rated the statements from 1 to 5 (1= strongly disagree, 2= disagree, 3= Neutral, 4= agree, 5= strongly agree). The majority agreed to six out of the seven statements posed, while disagreed to one, which gave a mean score of 2.50 upon polling. The respondents provided personal information to the bank while disagreeing with the complaint that the institution takes up and resolves in time through live chat service. Ease of use Perceived, Service systems are easy to use, Systems are clear and understandable, User login of the bank is well designed, The e-banking service is user-friendly, ATM locations are accessible, Investment planning is easy, Complaint-

handling, the bank solves problems quickly through the live chat service with mean value 3, 93, 3.77, 3.69, 3.65, 3.27, 3.03 and 2.50, respectively. The overall averages become near to agree with the mean value of 3.41.

**Table 12**

*Descriptive Analysis of Perceived Trust*

S.n	Statements (1 to 5)	1	2	3	4	5	Total	Mean	SD
1	E-banking business is safe for transactions	21	12	63	80	38	214	3.48	1.145
2	E-banking service of the bank suggests to form strong passwords.	1	10	32	109	62	214	4.03	0.819
3	Session timeouts occurred on bank's website after some time.	3	14	54	97	46	214	3.79	0.903
4	Bank sends messages and emails during transaction to alert or notify.	3	15	36	102	58	214	3.92	0.918
5	High degree of trust in e-banking services	19	21	73	70	31	214	3.34	1.118
6	Secured when performing transactions through electronic bank.	22	23	54	84	31	214	3.37	1.167
	Perceived Trust							3.65	1.054

Source: Primary data, 2024

Table 12 shows the responses given by respondents regarding perceived trust. The customers rated the statements from 1, 2, 3, 4 and 5 (1= strongly disagree, 2= disagree, 3= Neutral, 4= agree, 5= strongly agree). Out of six statements the respondents nearly agreed on all statements. Perceived trust with the mean values of 3.48, 4.03, 3.79, 3.92, 3.34, and 3.37 respectively. Overall average goes near to agree with the mean value of 3.65.

**Table 13***Descriptive Analysis of Perceived Cost*

<b>S.n</b>	<b>Statements (1 to 5)</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Total</b>	<b>Mean</b>	<b>SD</b>
1	Satisfied with the e-banking service charges	31	45	59	56	23	214	2.98	1.220
2	E-banking makes it cheaper to conduct banking transactions	18	46	57	72	21	214	3.15	1.124
3	Compared with cost, quality of the e-banking service received is appropriate?	13	37	70	71	23	214	3.25	1.058
4	Would you recommend people to use online banking service	4	14	45	103	48	214	3.83	0.916
Perceived Cost								3.30	1.129

Source: Primary data, 2024

Table 13 shows the responses given by respondents regarding the perceived cost. The customers rated the statements from 1 to 5 (1=strongly disagree, 2=disagree, 3=Neutral, 4=agree, 5=strongly agree). From four statements, the respondents were near in Neutral on all statements. Perceived cost with the mean value of 2.98, 3.15, 3.25, and 3.83 respectively. The overall average becomes near to agree with the mean value of 3.30.

**Table 14***Descriptive Analysis of the use of E-Banking Services*

<b>S.n</b>	<b>Statements</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Total</b>	<b>Mean</b>	<b>SD</b>
1	ATM/Debit cards	9	18	38	73	76	214	3.88	1.113
2	Credit Cards	104	34	37	26	13	214	2.11	1.299
3	Mobile Banking	2	8	30	88	86	214	4.16	0.868
4	Internet Banking	42	39	60	43	30	214	2.91	2.82
5	Electronic Payment System	51	46	44	37	36	214	3.88	1.113
Use of e-banking services								2.82	1.458

Source: Primary data, 2024

Table 14 shows the responses given by respondents regarding the perceived cost. The customers rates statements from 1 to 5 (1 = Never, 2 = Seldom, 3 often, 4 =Almost Always, 5 = Always). Out of five statements identified the respondents almost always use ATMs, never/ seldom use credit cards, almost always use mobile banking, and seldom use internet banking and electronic payment systems. The overall averages of use of e-banking services become near often with a mean value of 2.82.

#### 4.1.3 Correlation Analysis

**Table 15**

*Relationship between Independent variables and Dependent Variables*

Model	Perceived Usefulness	Perceived Ease of use	Perceived Trust	Perceived Cost	Adoption/use of E-banking
Perceived Usefulness	1				
Perceived Ease of Use	.643**	1			
Perceived Trust	.595**	.741**	1		
Perceived Cost	.479**	.571**	.570**	1	
Adoption/use of E-banking	.345**	.294**	.391**	.316**	1

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

Source: Primary data, 2024

There is a positive relation between perceived usefulness and the adoption of e-banking. This would suggest that as the user perceives that e-banking is useful, their likelihood of adopting these services is increased. The correlation is positive but relatively weaker compared to perceived usefulness. That would mean that while ease of use does contribute toward the adoption of e-banking, it might not be as influential as perceived usefulness. This means that perceived trust is more strongly associated with the adoption of e-banking. This suggests that the role of trust in the digital banking setting

is important in a way that when users feel secure, they will embrace the e-banking service. In this case, the association is positive, though it shows a weaker association

as compared to trust and usefulness. This therefore implies that though the perceived cost might be a reason for adoption, it is not the major concern as far as the user is concerned in using e-banking. The high value of the correlation, therefore, suggests that users who find e-banking easy to use are likely to trust the system more. This is a fair positive relationship and it goes to explain that with increasing trust, perceived costs are likely viewed positively. Here again, a moderate correlation suggests ease of use might reduce concerns about costs.

#### 4.1.4 Regression analysis

The regression analysis model has been applied in determining the relationship between the independent variables that is perceived usefulness, perceived ease of use, perceived trust, and perceived cost, and dependent variables use of e-banking.

**Table 16**

*Regression Coefficient of Independent Variables with Adoption of E-banking*

Dependent Variable: Adoption of e-banking

Variables	Coefficient	t-statistics	P-value	Collinearity statistics
				VIF
Constant	1.419	4.831	0.000	
Usefulness	0.213	2.151	0.033	1.828
Ease of use	-0.126	-1.104	0.271	2.701
Trust	0.315	3.006	0.003	2.483
Cost	0.114	1.573	0.117	1.622
<hr/>				
R <sup>2</sup> - 0.185				
F-value - 11.826				
P-value - 0.000				

Source: Appendix

Table 16 shows the regression coefficients of independent variables such as perceived usefulness, perceived ease of use, perceived trust and perceived cost significantly impact with adoption/use of e-banking services provided by Nepalese commercial bank in Chitwan.

The regression coefficient of perceived usefulness is 0.213 indicating that there is a positive relationship between perceived usefulness and the adoption/use of e-banking services. The p-value of perceived usefulness is lower than the significance level that

is 0.05 so it signifies that there is a significant relationship between perceived usefulness and the adoption of e-banking.

The regression coefficient of perceived ease of use is -0.13 which indicates a negative relationship between perceived ease of use with adoption/use of e-banking service. The p-value of perceived ease of use is greater than the significance level which is  $P > 0.05$  so it signifies that there is no significant relationship between perceived ease of use and adoption of e-banking.

The regression coefficient of perceived trust is 0.315 indicating that there is a positive relationship between perceived trust and adoption/use of e-banking service. The p-value is 0.003 so it signifies that there is a significant relationship between perceived trust and the adoption of e-banking.

The regression coefficient of perceived cost is 0.114 indicating that there is a negative relationship between perceived cost and adoption/use of e-banking service. The p-value of perceived cost is higher than the significance level that is 0.05 so it signifies that there is no significant relationship between perceived cost and the adoption of e-banking.

Further, the variance inflation is performed to support the validity of the regression result. As per the rule, a VIF exceeding 4 requires further investigation, and exceeding 10 indicates the sign of serious multi-collinearity requiring correlation or changes in variables. The result of the data analysis shows that the VIF of all independent variables is less than 4 so there is no requirement of any changes and the data are valid for analysis.

**Table 17***Effect of Independent Variable on Adoption of E-banking*

Variable/Model	Model-1	Model-2	Model-3	Model-4
Constant	1.818	2.176	1.772	2.342
Perceived usefulness	0.40			
Perceived Ease of use		0.328		
Perceived Trust			0.416	
Perceived Cost				0.288
R <sup>2</sup>	0.119	0.087	0.153	0.100
F-value	28.581	20.092	38.305	23.550
P-value	0.000	0.000	0.000	0.000

According to Table 17 shows that the coefficient of perceived usefulness, Perceived ease of use, Perceived trust, and Perceived cost has a positive impact on the adoption of e-banking in Nepalese Commercial Bank in Chitwan district. The coefficients of PU, PEOU, PT, and PC are 0.40, 0.328, 0.416, and 0.288 respectively. Based on empirical evidence, Perceived trust has the most significant impact on the adoption of e-banking with R<sup>2</sup> value, 0.153 followed by perceived usefulness 0.119, Perceived cost 0.100, and Ease of use 0.087.

#### **4.2 Discussion**

E-banking benefits both customers and the bank. The banking industry has the potential to gain more competitive advantages, increase market share, strengthen its market position, and increase profitability. This service allows them to complete their transaction more quickly and without wasting time, saving them time. Because of its sophistication, this technology has the potential to leave a positive impression on consumers. This rapidly evolving technology can meet consumer demands more quickly (Aladwani, 2006).

The purpose of the study is to investigate the customers' perception towards the adoption/use of e-banking services provided by banks. Through the study, the status/knowledge of the bank customers regarding e-banking services is revealed and the

relationship between customer's perception of e-banking and adoption of e-banking is also revealed. Based on the analysis, the perception of customers towards e-banking of commercial banks of Nepal depends upon different variables analysed above. The analysis has helped to fulfill the objective of the research. The results obtained from the correlation analysis and regression analysis are represented to show the relation and the strength of the adoption of e-banking with perceived usefulness, perceived ease of use, perceived trust, and perceived cost.

Based on the questionnaire survey, the majority of the respondents/customers were the youth of age between 20-30 age, female, bachelor graduates, and students (as a profession). They had easy access to the internet and had secure financial information available and managed over the internet. Among the e-banking services provided by the financial institution (bank), most of the respondents preferred mobile banking followed by ATM/debit cards, and the least preferred credit card followed by inter-banking.

The results from the correlation matrix indicate a strong association of the independent variables with the adoption of e-banking. Both perceived ease of use and perceived trust are highly related and are considered the most critical to fostering user confidence and willingness to adopt the services of e-banking. Perceived usefulness remains an important determinant that affirms the TAM theory, which states that perceived usefulness and perceived ease of use have a meaningful impact on users' intentions to adopt technology. Notably, perceived trust shows the importance of creating a secure and trusted digital environment by any financial institution in improving user adoption rates. The correlation matrix allows insight into the dynamics that drive the adoption of e-banking services. Such an understanding will help financial institutions seek ways in which to develop strategies likely to improve user perceptions of usefulness, ease of use, trust, and cost-effectiveness to increase the rate of adoption.

The model summary table indicates an R-value of 0.430 and an R<sup>2</sup> value of 0.185, suggesting that approximately 18.5% of the variance in the dependent variable can be explained by the independent variables, which include perceived usefulness, perceived ease of use, perceived trust, and perceived cost. This relatively low R<sup>2</sup> value indicates that while the model captures some of the factors influencing Internet

banking adoption in Nepal, there remains a substantial portion of variance that is unexplained, suggesting the potential influence of additional variables not included in the model. In the context of banking in Nepal, the findings align with previous studies that emphasize the importance of perceived usefulness and perceived ease of use as critical determinants of technology adoption in financial services. For instance, found that a higher  $R^2$  value signifies a model's substantial explanatory power, which contrasts with the findings here, indicating that the model may need refinement to better capture the nuances of Internet banking adoption in Nepal (Singh & Sharma, 2020). Similarly, found that technology and service quality factors explained a much higher variance (79%) in user intention to adopt Internet banking, reinforcing the notion that additional factors or a more comprehensive model may be necessary to fully understand the dynamics at play in the Nepalese context (Rahi & Ghani, 2019). Moreover, the significance of perceived ease of use is echoed in the literature, where it has been shown to have a positive relationship with Internet banking usage (Sabbir et al., 2020). This is particularly relevant in Nepal, where users may be seeking more straightforward and accessible banking solutions. The role of perceived trust is also critical, as studies indicate that trust significantly influences users' intentions to adopt mobile banking services (Cudjoe et al., 2015). In a developing country context like Nepal, where concerns about security and reliability are paramount, enhancing perceived trust could be vital for increasing adoption rates. The adjusted  $R^2$  value of 0.169 further suggests that the model's explanatory power diminishes when accounting for the number of predictors, indicating potential overfitting or the need for more relevant variables. This is consistent with findings from other studies that emphasize the necessity of including a broader range of factors, such as perceived security and privacy, which have been shown to significantly impact user acceptance of banking technologies (Giovanis et al., 2012). While the model provides a foundational understanding of the factors influencing Internet banking adoption in Nepal, the relatively low  $R^2$  values suggest that further research is warranted. Future studies could explore additional variables such as perceived security, cultural influences, and user demographics to enhance the model's explanatory power and provide deeper insights into the adoption of Internet banking services in Nepal.

The regression analysis results presented in the context of e-banking adoption in Nepal reveal significant insights into the factors influencing customer behavior

towards adopting electronic banking services. The analysis consists of four models, each progressively incorporating additional variables, and highlights the importance of perceived usefulness, perceived ease of use, perceived trust, and perceived cost. All models showed a strong positive relationship with e-banking adoption. The coefficients of PU, PEOU, PT, and PC are 0.40, 0.328, 0.416, and 0.288 respectively. This shows that perceived trust has the most significant impact on the adoption of e-banking followed by perceived usefulness, perceived ease of use, and perceived cost whereas Subedi & Tamang (2023) reported that Perceived ease of use has the most significant impact on the adoption of online banking followed by Perceived usefulness and perceived trust. The regression analysis highlights the complex interplay of perceived usefulness, ease of use, trust, and cost in influencing e-banking adoption in Nepal. The findings suggest that while perceived trust and usefulness are significant predictors, perceived ease of use and cost may not be as critical in this context. As the banking sector in Nepal continues to evolve, financial institutions need to focus on enhancing the perceived benefits and trustworthiness of their e-banking services to foster greater adoption among customers.

## **CHAPTER-V**

### **SUMMARY AND CONCLUSIONS**

#### **5.1 Summary**

With the advancement of information and communication technology, the banking sector is subject to technological change and is adopting new technology-based service options to remain competitive. E-banking is one of the latest technologies adopted by banks. The research aims to find the different factors that differentiate customer with high intention to embrace e-banking in Nepal.

This study used a descriptive and causal-comparative research approach. The descriptive study design was used to acquire facts and adequate information about customers' perceptions of e-banking uptake in Chitwan. It explains the actual situations and facts. A causal design is used to investigate the effect of independent variables such as perceived utility, perceived ease of use, perceived trust, and perceived cost on the dependent variable of e-banking adoption. To characterize the nature of data from commercial banks, which consists of 214 observations. The study also employed a casual comparative research approach to determine the cause-and-effect link between customer views of e-banking uptake in Chitwan. The study looks precisely at the relationship between perceived utility, perceived ease of use, perceived trust, perceived cost, and e-banking uptake.

The study has been conducted under the primary source of data and responses have been collected from the commercial banks. The population size includes 9 commercial banks of Nepal operating their operation. For the analysis of customer's perception of e-banking services, a structured questionnaire was distributed to the respondents of 9 commercial banks in Chitwan, and a sample of 214 respondents was collected. The researcher distributed a questionnaire to 400 respondents out of which 297 were returned the filled questionnaire out of which 83 were in unusable condition. Therefore, this study is based on the response of 214.

The study is based on primary data collected from nine commercial banks in Chitwan. All data were obtained from respondents using a standardized questionnaire, and 400 questionnaires were delivered. Data were collected using random and convenience

sampling methods. Only 214 of the 400 respondents from the 9 commercial banks provided data. The report is based on replies from Chitwan's commercial bank clients.

This study investigated the data using both descriptive and inferential statistical methods. Mean, median, standard deviation, minimum, and maximum are examples of descriptive analytic tools employed. Similarly, this study used inferential statistical tools to evaluate the data and assess the study's hypotheses, such as percentage analysis, correlation, and regression model ANOVA tables. The causal relationship between the dependent and independent variables has been determined and studied. The data is evaluated with SPSS software and Microsoft Excel.

To verify trustworthiness, several literature were evaluated. The questionnaire was created after many researchers studied the literature. The questionnaire was designed to address the study's aims. It combines a Likert scale with open-ended questions. Furthermore, to collect valid and trustworthy data, the questionnaire was designed with ease and understandability in mind, eliminating ambiguous terms so that respondents may answer the questions without being confused.

## **5.2 Conclusions**

According to the overall survey, e-banking services include credit cards, ATMs, internet, mobile, and electronic payment systems. Nonetheless, due to its efficiency and user-friendliness, customers tend to choose mobile and ATM banking more. Because of security concerns, credit cards and electronic payment methods are typically not particularly popular in Chitwan. The research findings indicate that the adoption of e-banking in Chitwan is positively impacted by perceived usefulness. This suggests that e-banking usage is increasing as perceived usefulness. e-banking adoption is negatively impacted by ease of use.

The study found that the adoption of e-banking is positively impacted by perceived trust. This suggests that the adoption of e-banking will expand as its perceived usefulness increases. The adoption of e-banking is negatively impacted by perceived cost. Nonetheless, the respondents said that the bank might draw in more clients if it did a better job of educating people and marketing its online banking.

### 5.3 Implication

The following Implications are made to enhance the efficacy of the online banking services that commercial banks offer to their customers.

- i. Banks will likely consider the cost and lower the fees they impose on client accounts. Lower bank costs will encourage a great number of clients to adopt online banking.
- ii. Banks should install more ATMs, particularly in public areas where a large number of people are expected to visit promptly.
- iii. E-banking should be easy for customers to access in terms of approach, convenience, availability, comprehension, and appropriateness. When utilizing e-banking for transactions, consumers shouldn't require the assistance of an expert. Additionally, it must be appropriate for all clientele; especially those who have physical disabilities.
- iv. The bank should promote and educate clients about its e-banking offerings to draw in additional business.
- v. E-security is a major problem for both the banking and e-commerce industries. Encrypted software installation, customer identity card verification systems, frequent password changes, test question examination, and the use of mixed passwords, such as alphanumeric characters, are just a few of the security measures that can be implemented when using e-banking services.
- vi. Technology is advancing in a way that is enhancing the performance, services, and efficiency of the banking industry. As a result, all banks must adopt this strategy and offer E-Banking services to their clients to draw in new business and retain existing clients.
- vii. Guarantee the dependability of the network, the bank should hire knowledgeable staff with greater network administration expertise. Clients must get training to utilize the service successfully and efficiently.

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## Part: B Perception towards E-Banking Services

### 10. Perceived Usefulness

1 = Strongly disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly agree

Statements	1	2	3	4	5
Available all times 24hrs/day, 7 days a week					
Relevant and accurate information					
Easy to get access to all the financial information					
Speed to login and logout of the bank website is fast					
Facilitates online shopping					
Responsive demo and advertisement					
Provides information with care and attention					

### 11. Perceived Ease of Use

1 = Strongly disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly agree

Statements	1	2	3	4	5
Service systems are easy to use					
Systems are clear and understandable					
ATM locations are reachable					
Facilitates investment planning					
User login of the bank is properly designed.					
The e-banking service is user friendly.					
The bank handles complain and solves problem quickly through live chat service					

### 12. Perceived Trust

1 = Strongly disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly agree

Statements	1	2	3	4	5
E-banking is safe for business transactions					
The e-banking service of bank suggest for creation of strong password.					
Session timeouts occurred in the bank's website after some times.					
The bank sends messages and email during every transaction to alert or notify.					
High degree of trust on e-banking services					
Secured when performing transaction through electronic bank.					

**13. Perceived Cost**

1 = Strongly disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly agree

Statements	1	2	3	4	5
Satisfied with the e-banking service charges					
E-banking is a cheaper way to conduct banking transactions					
When compared with the cost, do you think the quality of E-banking service that you received is appropriate					
Would you recommend other people to use the online banking service offered by the bank					

**14. How often do you adopt/use the following e-banking services while doing your banking transactions?**

1=Never 2=Seldom 3=Often 4=Almost Always 5= Always,

e-banking services	1	2	3	4	5
ATM/Debit cards					
Credit Cards					
Mobile Banking					
Internet Banking					
Electronic Payment System					

**15. Suggestions for the improvement of E-Banking services**

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Thanks again for your cooperation!

## APPENDIX-II

### Raw Data of Questionnaire Survey

#### Pearson Correlation Coefficients

#### Correlations

		Usefulness	Ease	Trust	Cost	Adoption
Usefulness	Pearson Correlation	1	.643**	.595**	.479**	.345**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	214	214	214	214	214
Ease	Pearson Correlation	.643**	1	.741**	.571**	.294**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	214	214	214	214	214
Trust	Pearson Correlation	.595**	.741**	1	.570**	.391**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	214	214	214	214	214
Cost	Pearson Correlation	.479**	.571**	.570**	1	.316**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	214	214	214	214	214
Adoption	Pearson Correlation	.345**	.294**	.391**	.316**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	214	214	214	214	214

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

## APPENDIX-III

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.430 <sup>a</sup>	.185	.169	.710	.185	11.826	4	209	.000

a. Predictors: (Constant), Cost, Usefulness, Trust, Ease

### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	23.875	4	5.969	11.826	.000 <sup>b</sup>
	Residual	105.482	209	.505		
	Total	129.357	213			

a. Dependent Variable: Adoption

b. Predictors: (Constant), Cost, Usefulness, Trust, Ease

### Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error				Lower Bound	Upper Bound	Tolerance	VIF
1 (Constant)	1.419	.294		4.831	.000	.840	1.997		
Usefulness	.213	.099	.182	2.151	.033	.018	.408	.547	1.828
Ease	-.126	.115	-.113	1.104	.271	-.352	.099	.370	2.701
Trust	.315	.105	.296	3.006	.003	.108	.521	.403	2.483
Cost	.114	.073	.125	1.573	.117	-.029	.257	.616	1.622

a. Dependent Variable: Adoption

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
						F Change	df1	df2	
1	.345 <sup>a</sup>	.119	.115	.733	.119	28.581	1	212	.000

a. Predictors: (Constant), Usefulness

### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.368	1	15.368	28.581	.000 <sup>b</sup>
	Residual	113.989	212	.538		
	Total	129.357	213			

a. Dependent Variable: Adoption

b. Predictors: (Constant), Usefulness

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error				Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	1.818	.281		6.477	.000	1.264	2.371		
	Usefulness	.404	.076	.345	5.346	.000	.255	.553	1.000	1.000

a. Dependent Variable: Adoption

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
						F Change	df1	df2	
1	.294 <sup>a</sup>	.087	.082	.747	.087	20.092	1	212	.000

a. Predictors: (Constant), Ease

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.198	1	11.198	20.092	.000 <sup>b</sup>
	Residual	118.158	212	.557		
	Total	129.357	213			

a. Dependent Variable: Adoption

b. Predictors: (Constant), Ease

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	2.176	.255		8.547	.000	1.674	2.678		
	Ease	.328	.073	.294	4.482	.000	.184	.473	1.000	1.000

a. Dependent Variable: Adoption

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
						F Change	df1	df2	
1	.391 <sup>a</sup>	.153	.149	.719	.153	38.305	1	212	.000

a. Predictors: (Constant), Trust

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	19.796	1	19.796	38.305	.000 <sup>b</sup>
	Residual	109.561	212	.517		
	Total	129.357	213			

a. Dependent Variable: Adoption

b. Predictors: (Constant), Trust

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	1.772	.251		7.065	.000	1.277	2.266		
	Trust	.416	.067	.391	6.189	.000	.284	.549	1.000	1.000

a. Dependent Variable: Adoption

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			
						F Change	df1	df2	Sig. F Change
1	.316 <sup>a</sup>	.100	.096	.741	.100	23.550	1	212	.000

a. Predictors: (Constant), Cost

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.933	1	12.933	23.550	.000 <sup>b</sup>
	Residual	116.424	212	.549		
	Total	129.357	213			

a. Dependent Variable: Adoption

b. Predictors: (Constant), Cost

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	2.342	.203		11.559	.000	1.942	2.741		
	Cost	.288	.059	.316	4.853	.000	.171	.405	1.000	1.000

a. Dependent Variable: Adoption

# CUSTOMER'S PERCEPTION TOWARDS THE ADOPTION OF E...

By: Anita Thapa

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The study was conducted to investigate the perception of customers of the Chitwan district towards

**the adoption of e-banking. The study** assesses **customer perception towards e-banking services in terms of** **perceived usefulness, ease of use** , perceived trust, **and perceived** 4

cost. The primary data were collected from 214 customers of 9 commercial banks through the structured questionnaire. Collected data were analyzed by descriptive, pearson,s correlation and regression analysis. There were positive relation between perceived usefulness and e-banking. This would suggest that as the user perceives that e-banking is useful, their likelihood of adopting these services is increased. The result showed that the adoption of e-banking positive relation with

**perceived usefulness, ease of use, perceived trust, and perceived cost. The** regression coefficients **of** 2

Perceived usefulness, Perceived ease of use, Perceived trust and Perceived are 0.40, 0.328, 0.416, and 0.288 respectively, indicating a positive relationship with

**the adoption /use of e- banking** services. **Perceived trust has** the most **significant** impact **on the** **adoption of e- banking** 6

followed by perceived usefulness, perceived ease of use, and perceived cost with a p<0.01 significant level. The regression analysis highlights the complex interplay of perceived usefulness, ease of use, trust, and cost in influencing e-banking adoption in Nepal. Thus, e-banking helps access banking services and conduct transactions at any time and from any location, eliminating the need to visit a physical bank branch or follow traditional banking hours. Keywords: Customer perception,

**perceived usefulness, perceived ease of use, perceived trust, perceived cost** 2

CHAPTER I INTRODUCTION 1.1 Background of Study The rapid expansion of internet since the 1990s has transformed businesses, impacting services, products, and communication. (Shih & Fang, 2006) the user-friendly interface and role in information dissemination, awareness building, and attitude shaping as driving factors for its growth. Technological advances have transformed customer engagement, particularly in the service sector, such as banking, resulting in significant changes in how banks interact with customers.