

**FOSTERING FINANCIAL LITERACY: THE DETERMINANTS
OF THE USER'S BEHAVIOR OF THE BRANCHLESS BANKING
SERVICE**

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CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final of my dissertation entitled "FOSTERING FINANCIAL LITERACY: THE DETERMINANTS OF THE USER'S BEHAVIOR OF THE BRANCHLESS BANKING SERVICE". The work of this dissertation has not been submitted previously for conferral of any degrees nor has it been proposed and presented as part of requirements for any other academic purposes. The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature use are cited in the reference section of this dissertation.

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REPORT OF RESEARCH COMMITTEE

Ms. Sabina Thing has defended research proposal entitled “FOSTERING FINANCIAL LITERACY: THE DETERMINANTS OF THE USER’S BEHAVIOR OF THE BRANCHLESS BANKING SERVICE” successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Assistant Professor Durga Datt Pathak and submit the dissertation for evaluation and viva voce examination.

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We, the undersigned, have examined the dissertation entitled “FOSTERING FINANCIAL LITERACY: THE DETERMINANTS OF THE USER’S BEHAVIOR OF THE BRANCHLESS BANKING SERVICE” presented by Sabina Thing candidate for the degree of Master of Business Studies (MBS Semester) and conducted the Viva voce examination of the candidate. We hereby certify that the dissertation is worthy of acceptance.

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Sabina Thing

Student

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ABBREVIATIONS

ACB	=	Accessibility
FL	=	Financial Literacy
N	=	Sample Size
PEOU	=	Perceived Ease of Use
PR	=	Perceived Risk
R	=	Correlation Coefficient
RBP	=	Risk Bearing Propensity
Std. Dev.	=	Standard Deviation
UBBB	=	Users' Behavior in Branchless Banking
VIF	=	Variance Inflation Factor

ABSTRACT

Adoptability of branchless banking depends on knowledge, and attitudes of banking institutions customers. As digital financial services continue to grow, understanding the factors that influence their adoption is crucial for improving financial inclusion. Therefore, this study examines the determinants of user behavior in adopting branchless banking services, focusing on the role of financial literacy, accessibility, perceived ease of use, and perceived risk in the Kathmandu Valley. A descriptive and explanatory research design was employed. This study adopted non-probability purposive sampling design and used 385 sample for the study. The findings reveal that financial literacy significantly influences users' behavior, while accessibility and perceived ease of use also play vital roles in the adoption of branchless banking services. Also, perceived risk was found to negatively impact users' intention to engage with such services. The study suggests that enhancing financial literacy programs, improving accessibility, and reducing perceived risks are key to promoting the widespread adoption of branchless banking services. Policymakers and financial service providers should collaborate to improve digital infrastructure, simplify user experiences, and address security concerns to foster financial inclusion.

Keywords: Accessibility, branchless banking, financial literacy, Nepal

CHAPTER I

INTRODUCTION

1.1 Background of the Study

The rapid progress of technology has transformed several sectors (Litvinenko, 2020) including the financial industry. Among the major changes is the introduction of branchless banking services, which use digital platforms to provide financial services without traditional physical bank branches (Borges et al., 2020). This transformation attempts to improve financial inclusion by making banking services accessible, inexpensive, and efficient to underserved and unbanked communities (Adelaja et al., 2024), particularly in developing countries. Financial literacy is the capacity to understand and apply various financial products and services. It includes an understanding of budgeting, savings, investing, borrowing, and risk management. In the context of branchless banking, financial literacy is very important. Individuals who lack a good understanding of financial principles may struggle to navigate the digital banking world (Ediagbonya & Tioluwani, 2023) resulting in inefficient use of services and significant financial hazards.

Branchless banking refers to various services, including mobile banking, internet banking (Harahap et al., 2020), and the use of agents or booths to complete financial transactions. These services have considerable benefits, such as convenience, lower transaction costs, and greater reach, making them an important instrument for fostering financial inclusion. However, the effective usage of branchless banking services is determined by users' financial knowledge and behavior towards these services (Ashraf, 2023).

Understanding the determinants of user behavior in branchless banking services is essential for designing effective interventions to foster financial literacy. Several factors influence users' behavior, including demographic characteristics, socio-economic status, cultural influences, technological proficiency, trust in the financial system, and perceived usefulness and ease of use of the banking platforms (Manrai et al., 2021). These determinants collectively shape users' attitudes, preferences, and engagement with branchless banking services (Nel & Boshoff, 2021). Previous research

has highlighted the importance of financial literacy in enhancing financial well-being and promoting sustainable economic development. However, there is a need for more comprehensive studies that examine the interplay between financial literacy and user behavior in the context of branchless banking. Addressing this gap is crucial for developing targeted strategies to enhance financial literacy and optimize the use of branchless banking services. Thus, this study is significant to develop knowledge for the behavioral finance, also these insights are very helpful for policy and managerial implication in financial sectors.

The purpose of this study is to look into the factors that influence user behavior in branchless banking services, as well as the role that financial literacy plays in molding those behaviors. The research aims to provide significant insights into policymaking, financial education programs, and the design of branchless banking services by identifying key factors impacting user behavior and investigating the influence of financial literacy. Finally, the purpose is to improve financial literacy and encourage the effective use of branchless banking services, hence promoting financial inclusion and economic empowerment in underprivileged populations.

1.2 Problem Statement

Behavior of customers of branchless banking is influenced by different factors. Financial literacy plays key role to determine behavior aspect of branchless banking users (Chege & Njeru, 2016). Chaudhry et al. (2016) found that service quality, system quality, reputation, and perceived credibility positively affect users' trust in branchless banking in Pakistan, while perceived financial cost has a significant negative effect, and structural assurance did not significantly influence trust. Assefa (2023) found that the adoption of branchless banking systems is influenced by facilitating conditions and sociocultural factors, with the former directly affecting trust and leading to system adoption, while the impact of sociocultural factors on perceived usefulness is greater than on perceived ease of use.

The integration of technology into financial services has catalyzed the emergence of branchless banking, a transformative innovation that aims to enhance financial inclusion by providing banking services without the need for physical bank branches. Suhaimi et al. (2018) found that the perceived ease of use and the amount of information significantly influence the acceptance of branchless digital banking among Generation

Y in Malaysia. Despite its potential benefits, the success of branchless banking hinges on the financial literacy and behavior of its users. Financial literacy, defined as the ability to make informed and effective financial decisions, is crucial in determining how users interact with and benefit from branchless banking services. Kurila et al. (2016) found that while message framing did not directly influence technology acceptance variables, it affected the relationship between usage intentions and UTAUT variables, with gender moderating the impact of performance expectancy on usage intentions in the control group.

Despite significant advancements in branchless banking, many users, particularly in developing countries like Nepal, struggle to adopt and utilize these services fully. Branchless banking, which includes services such as mobile banking, agent banking, and digital wallets, aims to promote financial inclusion by reaching underserved populations in remote and rural areas. However, the actual user adoption and consistent utilization of these services remain limited due to various factors, including a lack of financial literacy, trust issues, and technological barriers. One of the important challenges lies in the varying levels of financial literacy among potential users. Inadequate knowledge of financial services, poor understanding of digital transactions, and lack of awareness about the benefits and risks of branchless banking significantly impact users' behavior.

Empirical studies have shown that financial literacy positively influences the adoption and effective use of financial services, including branchless banking. For instance, Malinda et al. (2018) shows that financial literacy and work engagement significantly and positively affect financial performance directly. In other words, the higher the financial literacy and work engagement with the bank, the higher the financial performance and vice-versa. Individuals with higher financial literacy are more likely to engage in proactive financial behaviors, such as saving, investing, and prudent borrowing. Financial literacy is a significant determinant of financial inclusion, with financially literate individuals being more likely to utilize formal financial services. Similarly, Damayanti and Supramono (2020) suggests that the two key factors; perceived ease of use and perceived usefulness significantly influence the user's attitudes and behavior along with social and affective factors that influence the intention to use SABBS (Smart Act Branchless Banking Service) which improves financial literacy among users. Saputra and Supangkat (2017) found that the use of financial technology in branchless banking models is crucial for expanding banking services to

rural areas in Indonesia, where limited infrastructure and vast geography present significant challenges. The study emphasizes the need for IT risk management and secure information technology architectures to ensure effective service delivery.

However, despite the established link between financial literacy and user behavior, there is a paucity of research exploring this relationship in the context of branchless banking services. This gap is particularly pronounced in developing countries, where branchless banking has the potential to enhance financial inclusion significantly but faces challenges due to varying levels of financial literacy among the population. The previous studies often do not delve into how financial literacy specifically interacts with the determinants to influence user behavior. Understanding this interaction is crucial for designing effective interventions to foster financial literacy and improve the adoption and utilization of branchless banking services.

In Nepal, Gaire (2023) found that internet banking tools, including mobile banking, automated teller machines (ATM), and point of sales (POS), have a significant positive impact on client satisfaction in Nepalese commercial banks, particularly in the Surkhet region. Khanal (2023) found that e-banking services, particularly convenience and privacy/security, have a significant positive impact on customer awareness in Nepalese commercial banks, with accessibility and reliability also playing crucial roles in enhancing awareness. Mastran (2021) found that while e-banking offers opportunities for banks in Nepal to stay competitive, reduce transaction costs, and enhance customer service, challenges such as non-familiarity with technology, internet connectivity issues, and concerns over security and privacy negatively impact customer adoption. Maharjan and Shakya (2015) found that the current manual process of social security cash transfer in Nepal is inefficient and prone to errors, prompting the need for a system architecture that digitizes the process and implements branchless banking to reach the rural, unbanked population.

Karki et al. (2024) found that perceived risk has a significantly negative relationship with mobile banking (m-banking) adoption, while relative advantages strongly promote adoption; however, trust showed a negligible impact and convenience was not statistically significant in the context of Nepal. Shrestha et al. (2020) found that understanding customer attitudes, particularly in terms of trust, perceived risk, and ease of use, is important for the acceptance or rejection of internet banking technology in Pokhara, Nepal, which serves as an essential knowledge base for financial institutions. Maharjan and Shakya (2015) found that local government employees are highly

interested and eager to adopt branchless banking technology for social cash transfers, ensuring that real beneficiaries experience good governance and access to banking facilities.

While branchless banking services are expanding, a considerable portion of the population lacks the knowledge and confidence to use these services effectively. This gap in financial literacy leads to limited user engagement, underutilization of services, and challenges in achieving the intended goal of financial inclusion. Other factors, such as trust in the system, ease of access, and socio-economic status, further compound these issues, influencing user behavior negatively. Without addressing these challenges, the true potential of branchless banking services in Nepal will remain unrealized, leaving many excluded from formal financial systems. Based on the above discussion and research gap following research questions have been raised:

- i) What is the level of financial literacy among users of branchless banking services in Kathmandu Valley, and how does it influence their behavior?
- ii) How do accessibility, perceived ease of use, and perceived risk relate to each other in affecting users' behavior in branchless banking services?
- iii) To what extent do financial literacy, accessibility, perceived ease of use, and perceived risk impact the adoption and use of branchless banking services among users?

1.3 Objectives of the Study

General objective of this study is to analyze the determinants of user behavior in branchless banking services, with a particular focus on the role of financial literacy.

This study has following specific objectives:

- i) To assess the level of financial literacy and its influence on users' behavior in branchless banking services in Kathmandu Valley.
- ii) To analyze the relationship between accessibility, perceived ease of use, and perceived risk, and how these factors collectively impact users' behavior in branchless banking.
- iii) To evaluate the influence of financial literacy, accessibility, perceived ease of use, and perceived risk on the overall adoption and use of branchless banking services among users.

1.4 Rationale of the Study

The rationale rooted in the important role that financial literacy plays in the effective adoption and utilization of branchless banking services. Branchless banking, encompassing mobile banking, internet banking, and agent banking, represents a significant innovation aimed at enhancing financial inclusion, especially in underserved and unbanked populations. However, the success of these services is intricately linked to users' understanding and financial literacy.

In summary, this study is driven by the need to understand and enhance the role of financial literacy in the adoption and effective use of branchless banking services. It aims to provide evidence-based recommendations to improve financial inclusion and economic empowerment, thereby addressing an important issue in the realm of financial services and economic development.

1.5 Limitations of the Study

The study acknowledges several limitations that may affect the interpretation and applicability of its findings. Some of its limitations are listed below:

- i) The research was conducted with a relatively small sample size of 384 participants using a purposive sampling technique, which may limit the generalizability of the findings. As the sample was confined to users in Kathmandu Valley, the results may not fully represent the diverse behaviors and financial literacy levels of branchless banking users across other regions of Nepal.
- ii) Financial literacy is a multi-dimensional concept that is inherently challenging to measure accurately. While standardized tools and surveys were employed to assess financial literacy, they may not have captured the full spectrum of users' knowledge, attitudes, and behaviors related to branchless banking. Furthermore, some respondents might have misinterpreted certain questions, which could impact the reliability of the data collected.

CHAPTER II

LITERATURE REVIEW

This chapter presents conceptual review, theoretical review, empirical review, and research gaps. The conceptual review contains fundamental definitions and concepts that serve as a framework for the study. The theoretical review examined hypotheses that underpin the research framework. The Empirical Review synthesizes findings from prior investigations, detecting trends and patterns. Finally, the Research Gap identifies areas that require additional investigation, emphasizing the study's distinctive contribution to the current literature. This systematic method places the research within a broader academic perspective.

2.1 Theoretical Review

A theoretical review is a detailed examination of the existing theories and concepts that are relevant to the topic of a research study. It provides a framework for understanding the research problem and helps in identifying the key variables or factors that will be explored in the study. By reviewing the established theories, the researcher can explain the relationships between these variables and how they influence the subject of the research. The theoretical framework for understanding user behavior in branchless banking services draws from several established models, including the Behavioral Economics Theory, Technology Acceptance Model (TAM), and Financial Literacy Theory.

2.1.1 Behavioral Economics Theory

Behavioral economic theory originated in the mid-20th century as a response to the limitations of traditional economic models, which assumed that individuals are always rational and make decisions purely to maximize utility (Hosseini, 2003). Pioneers like Herbert Simon introduced the concept of "bounded rationality," suggesting that cognitive limitations influence decision-making (Kalantari, 2010). In the late 1970s and early 1980s, psychologists Daniel Kahneman and Amos Tversky's work on prospect theory further challenged the classical view, showing that people often make irrational decisions influenced by biases, emotions, and heuristics (Tversky & Kahneman, 1992).

This laid the foundation for modern behavioral economics, integrating insights from psychology into economic theory.

Behavioral economics offers insights into the psychological and cognitive factors influencing financial decision-making, which is central to understanding how individuals interact with branchless banking. In their work on financial behavior, researchers have noted that financial literacy alone does not drive financial behavior; rather, factors such as biases, heuristics, and emotional responses play a key role. Behavioral economics theory suggests that individuals often do not act rationally in financial contexts, and this is particularly evident in low-income populations where financial literacy levels are low (Baddeley, 2018).

For instance, Mothey et al. (2024) highlighted the role of emotional factors, such as fear of losing money or a distrust of digital platforms, which can deter users from fully engaging with branchless banking services despite their financial literacy. Their findings underscore the necessity of integrating behavioral economics insights into financial literacy campaigns to ensure that individuals not only understand financial concepts but also trust and adopt digital financial services. Similarly, Supramono et al. (2020) likely highlight that individuals react more strongly to potential losses than equivalent gains, especially in financial decision-making. Furthermore, Rinky D. Bhatia (2014) in India demonstrated that individuals prefer to stick with familiar options, even if a change could provide better financial outcomes. These studies collectively illustrate how cognitive biases influence decision-making, validating key principles of behavioral economics.

2.1.2 Technology Acceptance Model (TAM)

The Technology Acceptance Model (TAM) was developed by Fred Davis in 1989 as an extension of the Theory of Reasoned Action (TRA), a theory used to predict human behavior based on attitudes and intentions. Davis designed TAM to explain how users come to accept and use technology (Davis, 1989). It has since become one of the most widely applied models to study the adoption of various information systems and technologies, including online banking and mobile financial services like branchless banking. TAM is particularly valuable because it highlights the psychological factors influencing user behavior and technology adoption (Lala, 2014).

The Technology Acceptance Model (TAM) provides a framework to understand users' acceptance of technology, which is important in the case of branchless banking. According to TAM, two key factors—perceived usefulness and perceived ease of use—determine whether users will adopt a technology. In the context of branchless banking, perceived usefulness relates to users' belief that the service will improve their financial management, while perceived ease of use pertains to how easily users can navigate and utilize these platforms (Davis et al., 2024).

Several studies, including those by Supramono et al. (2020), have applied TAM to explain the adoption of branchless banking services. They found that financial literacy enhances users' perceptions of both usefulness and ease of use, which in turn drives adoption. Financially literate users are more likely to recognize the benefits of branchless banking, such as the ability to make transactions without visiting a physical bank, which increases their likelihood of using these services. In a study on mobile banking adoption in rural Kenya, Mutahar et al. (2022) found that perceived usefulness was the strongest predictor of users' behavioral intention to adopt mobile banking. Users adopted branchless banking because they found it beneficial for conducting transactions without needing to visit physical banks. In the context of Nepal, this factor can similarly influence users, as branchless banking provides rural populations with access to financial services without the need for travel, saving time and effort.

Similarly, Malinda. et al. (2018) found that financial literacy and work engagement significantly and positively affect financial performance directly. In other words, the higher the financial literacy and work engagement with the bank, the higher the financial performance and vice-versa. Individuals with higher financial literacy are more likely to engage in proactive financial behaviors, such as saving, investing, and prudent borrowing.

2.1.3 Financial Capability Theory

Financial Capability Theory emerged as an evolution of traditional financial literacy models, emphasizing not only knowledge but also the ability to apply financial skills effectively in real-world situations (Xiao et al., 2022). Initially developed by Elaine Kempson, Sharon Collard, and Nick Moore in 2005 through research sponsored by the UK Financial Services Authority, the theory focuses on individuals' abilities to manage their financial resources effectively and make informed decisions. Financial capability

expands beyond simply understanding financial products, involving access, attitudes, behavior, and contextual factors like socio-economic status and financial environments. It is widely applied in research on financial inclusion, particularly in developing economies, as it takes into account structural barriers to accessing financial services (Lučić et al., 2023).

Financial capability theory goes beyond basic financial literacy to include the skills and attitudes necessary for effective financial decision-making. This theory emphasizes that financial literacy is a combination of knowledge, skills, and behavior that enables individuals to manage their financial resources effectively. Financial Capability is determined by two main components: Ability to act and Opportunity to act. It posits that financial capability is built through a combination of personal skills and external factors, such as access to appropriate financial products and services (Çera, et al., 2021). Nuryakin et al. (2017) used financial capability theory to analyze how users in Indonesia adopted branchless banking services. Their study demonstrated that financially capable users, who possess both the knowledge and the confidence to use digital financial services, are more likely to adopt and continue using branchless banking platforms. The study also identified gaps in capability, particularly among rural and underserved populations, where financial literacy levels tend to be lower.

Malinda et al. (2018) expanded the concept of financial literacy to account for users' ability to understand the risks and benefits associated with digital financial services. Their work in Indonesia revealed that users who lacked an understanding of online financial services were more prone to fraud, financial mismanagement, and technical errors, highlighting the need for more comprehensive financial literacy education that addresses the digital component of financial services. Kesa (2021) showed the importance of financial resilience, where individuals with better financial capabilities are more likely to withstand economic shocks. These studies collectively demonstrate how knowledge, access, and behavior shape financial capability, supporting the theory.

2.2 Conceptual Review

The concept of branchless banking has evolved significantly over time, adapting to technological advancements and varying regional needs. Initially, branchless banking emerged from the development of telebanking and basic digital services (Mutarindwa et al., 2024), gradually expanding to include a broader range of digital and physical

service points. Branchless Banking began to emerge in the late 1990s and early 2000s, largely driven by the rapid spread of mobile technology and the Internet (Effiyaldi et al., 2024).

2.2.1 Branchless Banking in Nepal

In Nepal, Everest Bank Limited (EBL) was the first bank to introduce branchless banking in 2011. Branchless banking in Nepal is a key breakthrough in the country's financial system, enabling banking services to reach rural and underserved areas without needing a physical presence (Nepal, 2023). This concept employs technology, specifically mobile and internet platforms, to deliver basic financial services like deposits, withdrawals, money transfers, and bill payments. The primary objective of branchless banking in Nepal is to enhance financial inclusion by reaching out to the unbanked population, which is responsible for a significant proportion of the country's demographic (Regmi et al., 2024). In the current scenario, there is a growing adoption of branchless banking in Nepal with the need for continued improvements in user education and technological infrastructure.

The impact of branchless banking in Nepal has been significant, especially in areas where traditional banking services are difficult to access. It has eliminated the disparity between rural and urban financial services, allowing individuals and small businesses in rural areas to engage in the formal economy. This innovation has not only increased the bank client base, but it has also empowered communities by providing them the tools they require to more effectively oversee their finances (Mishra, 2023). Despite challenges such as inadequate digital literacy and infrastructure constraints, branchless banking continues to expand in Nepal, fueled by technological developments and increasing demand for accessible financial services (Pant, 2016).

2.3 Empirical Review

This section includes empirical review is a summary and analysis of previous studies based on real-world data or observations.

Castro-Valencia et al. (2024) in Mexico explored how branchless banking services could improve financial literacy among marginalized populations. Their research used a longitudinal design to track changes in financial literacy and behavior over time, finding that users who adopted branchless banking services became more financially

literate as they gained experience with the platforms. This finding suggests a cyclical relationship where financial literacy improves through usage, further encouraging users to engage with digital financial services.

The relationship between financial literacy and branchless banking has also been widely studied. Mothey et al. (2024) conducted research on the impact of financial literacy programs on the adoption of branchless banking services in rural India. Their study, which used a mixed-methods approach combining surveys and focus group discussions, found that financial literacy programs significantly increased users' understanding of digital financial services and their willingness to adopt branchless banking.

Shewale and Laturkar (2023) conducted a study on the role of financial literacy in promoting digital financial inclusion in India. The study focused on users from underprivileged backgrounds, revealed that financial literacy was a crucial determinant of users' ability to navigate digital financial services. The study employed a quasi-experimental design, comparing the financial behaviors of users who had participated in financial literacy programs with those who had not. The results showed that users who received financial literacy training were more likely to save, invest, and engage with digital banking platforms.

Malik (2023) conducted a study in Berlin, Germany, focusing on how financial literacy influences the adoption of digital financial services in a highly developed economy. The research used a quantitative approach, surveying 1,000 users of branchless banking services. The study found that even in a country with high levels of financial literacy, users' trust in digital financial systems and concerns about privacy and security significantly impacted their willingness to adopt branchless banking. Malik's study highlighted the importance of addressing security concerns alongside financial literacy to promote the widespread adoption of digital financial services. Rini

Zahid et al. (2021) conducted a study on the barriers to adopting branchless banking. Their mixed-methods research found that low financial literacy, combined with a lack of digital literacy, was a significant barrier to the adoption of branchless banking services. Zahid's study highlighted the need for integrated financial and digital literacy programs to ensure that users not only understand basic financial concepts but also feel confident using digital platforms.

Rachmawati et al. (2020) focused on the role of financial literacy in promoting branchless banking among women in Indonesia. Their qualitative study, based on in-depth interviews with 100 female users of branchless banking services, revealed that

financial literacy significantly improved women's confidence in managing household finances and using digital banking tools. However, the study also identified challenges such as limited access to mobile phones and the Internet, which impeded the broader adoption of branchless banking among women.

Nuryakin et al. (2017) examined the determinants of branchless banking usage in both urban and rural Indonesia. Their study found that trust in digital financial services, in addition to financial literacy, played a significant role in influencing users' behavior. The research methodology included both surveys and interviews with branchless banking users. Their findings suggested that financial literacy campaigns should also focus on building trust in digital financial systems, particularly in regions where internet penetration and digital infrastructure are low.

2.4 Government Policies and Regulatory Frameworks

Government policy plays an important role in promoting financial literacy and the adoption of branchless banking services. In Indonesia, the government has introduced several initiatives aimed at improving financial literacy and promoting digital financial inclusion.

Kesa (2021) analyzed the effectiveness of these policies, concluding that while government-backed financial literacy programs have increased awareness of branchless banking services, there remains a significant gap in actual adoption, particularly in rural areas where digital infrastructure is lacking.

Calderone et al. (2018) examined how government regulations have shaped the landscape of branchless banking and financial inclusion. Their research found that while financial literacy programs have been effective in increasing awareness of branchless banking, challenges such as limited internet access, low levels of digital literacy, and distrust in banking institutions have hindered adoption. Sarr's study suggested that government policies should focus not only on financial literacy but also on improving digital infrastructure and addressing trust issues to promote broader adoption of branchless banking.

The role of financial literacy in promoting financial inclusion has also been explored in other regions.

Purwono and Yasin (2018) studied the impact of financial literacy campaigns on branchless banking adoption in rural Indonesia, finding that financial literacy was a

significant predictor of adoption, especially when combined with government initiatives aimed at improving digital infrastructure.

Table 1

Review Matrix

S. N	Authors	Research Objectives	Variables	Methodology	Findings	Gap
1)	Supramono et al. (2020), Indonesia	i) To Examine the determinants of the Smart Act Branchless Banking Service (SABBS) users' behaviors. ii) To reduce the research gap on the determinants of financial inclusion based on a behavioral approach.	Dependent: User behavior of SABBS (Smart Act Branchless Banking System) Independent: Perceived ease of use (PEOU), perceived usefulness (PU), Social and affective factors, Repeated behavior Moderating: Facilitating conditions	i) Research Design: Explanatory ii) Population sample: SABBS users in kudos Regency, Indonesia iii) Sample size: 200 respondents iv) Sampling: Purposive v) Data: Survey Data vi) Tool: Smart-PLS vii) Tested Theory: Theory of Interpersonal Behavior (TIB), Theory of Technology Acceptance Model (TAM)	i) The perceived ease of use and perceived usefulness influence the users' attitudes along with social and affective factors influence the intention to use SABBS ii) The attitudes along with social and affective factors influence the intention to use SABBS iii) The repetitive behaviors carried out in the past affect habits. iv) The intention and habit would determine whether the user would consider SABSS as a non-cash transaction medium, where the user did not need to go to the bank but it could be done through agents appointed.	i) Future researchers may expand the scope of the sample, not only from users but also from respondents who have not used SABBS
2)	Chaikal Nuryakin et al. (2017), Indonesia	i) To access inclusivity of the program, including access to, usage of, and quality of both LKD and Laku Pandai services as well as challenges faced by agents and opportunities for agent network expansion.	Dependent: User behavior of branchless banking, Financial Literacy Independent: Agent quality and training, program inclusiveness, profitability and sustainability for agents,	i) Research Design: Cross-sectional ii) Population: Two provinces, Nanggroe Aceh Darussalam (NAD) and Nusa Tenggara Barat (NTB) iii) Sample	i) The bank experienced challenges in hiring agents located farther from their location. ii) Agents need to travel considerable distance and spent considerable amount of money when they need to	i) The study regarding investments in awareness effort, education, training, and monitoring are needed. ii) There are different

S. N	Author s	Research Objectives	Variables	Methodology	Findings	Gap
		<p>ii) To shed some lights on potential problems that might hinder financial service inclusion despite high rate of growth in number of LKD and Laku Pandai agents.</p> <p>iii) To explore challenges faced by agents that potentially affect their effectiveness.</p> <p>iv) To investigate the potential for agent network expansion through recruiting more grocery stores and cellphone prepaid credit store owners.</p>	<p>infrastructure and technology</p> <p><u>Moderating:</u> Digital literacy, regulatory support</p>	<p>Size: 240 Business owners (154 agents and 92 non-agents) and 444 users (230 LKD users and 214 Laku Pandai users)</p> <p>iv) Sampling: Purposive</p> <p>v) Data: Survey data, Secondary data from SUSENAS and PODES</p> <p>vi) Tool: Structured interview</p>	<p>visit their partner bank/agency to solve their problems.</p> <p>iii) LKD and Laku Pandai are not inclusive enough (still have not target people) and is still an additional service by banks.</p> <p>iv) The number of users opening an account is increasing.</p>	<p>barriers for individual s and business entities in becoming agents. Further study should consider the efforts to recruit them and to promote financial inclusion with such difference s.</p>
3)	Shelfi Malinda et al. (2018), Indonesia	<p>i) To analyze the direct effects of financial literacy and work engagement on agents' performance in the implementation of a branchless banking strategy.</p> <p>ii) To analyze the indirect effect of financial literacy on an agent's performance if work engagement becomes a mediating variable.</p>	<p><u>Dependent:</u> Agent's performance</p> <p><u>Independent:</u> Financial literacy</p> <p><u>Moderating:</u> Work engagement</p>	<p>i) Research Design: Exploratory</p> <p>ii) Population sample: Agents in Palembang,</p> <p>iii) Sample size: Of 106 questionnaire s distributed only 85 questionnaire s were returned and processed.</p> <p>iv) Sampling: Purposive</p> <p>v) Data: Survey Data, Secondary data (sourced from agents and from banks)</p> <p>vi) Tool: Partial Least</p>	<p>i) Financial literacy and work engagement significantly and positively affect the agent's financial performance directly. In other words, the higher the financial literacy and work engagement with the bank, the higher the agent's financial performance.</p> <p>ii) Financial literacy has a negative effect on work engagement and financial performance indirectly through the</p>	<p>i) The study must be replicated at the country level</p> <p>ii) The researcher s should use additional data in the form of secondary data.</p>

S. N	Authors	Research Objectives	Variables	Methodology	Findings	Gap
				Square (PLS) - (SEM) Structured Equation Modeling with Smart PLS V.3.0	agent's work engagement.	
				vii) Tested Theory: Financial literacy and work engagement theory		
4)	Albert Mothey et al. (2024), India	i) To examine the level of awareness of digital banking services among customers in the East district of Sikkim. ii) To examine the factors affecting the intention to use Digital Banking services in Sikkim. iii) To investigate the initiatives taken by various financial institutions and governments.	<u>Dependent:</u> User behavior toward branchless banking <u>Independent:</u> Perception of security, level of awareness, convenience and accessibility, technological infrastructure, perceived usefulness <u>Moderating:</u> Financial literacy, government initiatives,	i) Research Design: Descriptive and Analytical ii) Population: Banking customers of the East district of Sikkim iii) Sample Size: 170 respondents, from which 150 were considered as fully valid responses iv) Sampling: Convenience (non-probabilistic technique) v) Data: Well-constructed self-structured questionnaire	i) There has been increased digital banking in recent times as reflected in the country ii) It has been seen that digital banks provide more diverse outlets in terms of loans and a wide spectrum of banking services iii) The majority of respondents agree that e-banking is more secure than traditional banking which clearly indicates that the customers feel that digital banking is secure. iv) The majority of respondents stated that e-banking offers more options for digital transactions and are time-saving and less costly.	i) The sample size may be increased to enhance the results of the study ii) Studies regarding digital banking services in other districts may provide a wider outlook towards the digital banking services portfolio of the whole state of Sikkim
5)	Dr. Shewale Yaswant Bhojraj	i) To understand and analyze the concept of branchless banking. ii) To understand and	<u>Dependent:</u> Usage of digital banking services by customers, <u>Independent:</u> Customer satisfaction	i) Research Design: Descriptive cross-sectional ii) Population:	i) The ratio of male respondents is higher than female respondents and most of the	i) The study needs to take into consideration, the demograp

S. N	Authors	Research Objectives	Variables	Methodology	Findings	Gap
	(2023), India	study the extent of awareness & use of Digital Banking in a contemporary banking environment iii) To importantly examine the penetration of banking correspondents along with various services offered by them iv) To research and analyze the different digital banking services offered by the private and public sector banks. v) To investigate the use of digital banking services by the customers.	<u>Independent:</u> Customer awareness, education qualification, demographic factors, technology access, trust in technology <u>Moderating:</u> Parameters of banking services, government initiatives	Bank account holders in Thane, Raigad and Palghar district of Maharashtra, India iii) Sample Size: 150 respondents iv) Sampling: Stratified v) Data: Primary data (Survey, Observation, Experiment) and secondary data (Internet, Books, Journals, etc.) vi) Tool: SPSS (Statistical Package for Social Science) version 12.0, Chi-square Test, One-way ANOVA vii) Tested Theory: SMAC (Social, mobile, Analytic and cloud Model)	branchless services transactions are still done by the males. ii) The proportion of postgraduate & graduate respondents is higher than that of undergraduate and postgraduate & above respondents. iii) There is a strong association between the educational qualification of customers and the use of digital banking services. iv) There is a strong association between the parameters of banking services & their usage by the customers.	hic variables such as education, age, level of income, occupation, and location of the innovative banking users.
6)	Alberto - Merced Castro-Valencia et al. (2024), Mexico	i) To analyze the factors that determine the level of financial literacy in Mexican adults. ii) To fully understand the specific provisions and clauses of financial contracts	<u>Dependent:</u> Financial literacy index <u>Independent:</u> Age, gender, income level, employment status, marital status, number of dependents of the individual, geographic location <u>Moderating:</u> Social and cultural	i) Research Design: Descriptive ii) Population: The six regions; Northwest, Northeast, West & Bajio, Cd.de Mexico, Central, South & Eastern, and South region iii) Sample	i) The age, marital status, education, number of dependents and income level in the central and southern regions were positively associated with the financial literacy index; while men and having jobs were negatively associated. ii) There is a	i) The research should provide information about how people make financial decisions, what factors influence those decisions, and how

S. N	Author s	Research Objectives	Variables	Methodology	Findings	Gap
			factors, access to financial information	Size: 12,444 observations iv) Data: Secondary; National Survey of Financial Inclusion (ENIF) 2018 v) Tool: Ordinary Least Square (OLS) Model, Multiple Linear Regression Model vi) Tested Theory: Theory on consumer behavior, economic psychology, and financial education	direct correlation between the financial literacy and the economic well-being of individuals highlighting the importance of improving education in the area to boost financial development and reduce economic insecurity.	advisors can communicate more effectively with their clients.
7)	Rini Rachmawati et al. (2020), Indonesia	i) To analyze the development model of agent-based branchless banking services. ii) To identify branchless banking services through agents and customers, particularly in areas where previously identified research was high density areas for agents.	Dependent: Adoption of branchless banking services Independent: Trust factors, technology readiness, accessibility, customer experience Moderating: Financial literacy, risk perception, personal interaction preference	i) Research Design: Descriptive ii) Population: Kulon Progo Regency as a representation of rural areas, the City of Yogyakarta, and the suburbs covered by sub districts located in Sleman Regency which is a suburb of Yogyakarta City. iii) Sample Size: iv) Sampling: Convenience sampling v) Data: Primary data observation, Structured	i) The level of utilization of branchless banking in urban, suburban, and rural areas was inversely proportional to the presence of ATMs and banks in each region. However, the field shows that the number of agents and customers in urban, peripheral and rural areas experienced a decrease which was indicated by the presence of customers and agents who were no longer operating because they had been replaced with	i) The development of branchless banking services is more directed at locations in rural areas taking into account accessible locations. But in general, the recommendation for the location of the new agent is to be around the customer density that is not yet in the existing agent

S. N	Author s	Research Objectives	Variables	Methodology	Findings	Gap
				interviews of both agents and customers	start-ups such as Bukalapak which offered the same services as bank agents namely to pay credit, electricity and others.	density and in locations other than the first priority which has high accessibility.
8)	Ktut Silvanita Mangan i et al. (2019), Indonesia	<p>i) To provide an overview of the implementation of the BB program in rural areas.</p> <p>ii) To portray the implementation of the BB program, whether it leads to the objectives of the inclusive financial strategy, related to the implementation of agent selection and monitoring activities as well as transactions conducted by micro-small business households at BB agent.</p>	<p><u>Dependent:</u> Adoption and utilization of branchless banking services</p> <p><u>Independent:</u> Trust and confidence in BB agents, accessibility to BB services, transaction preferences, technological familiarity</p> <p><u>Moderating:</u> Financial literacy, regulatory support, cultural and societal norms</p>	<p>i) Research Design: Descriptive</p> <p>ii) Population: BB agents and business households involved in the BB program in Bogor districts, at 13 sub-districts.</p> <p>iii) Sample Size: 32 BB agents from 27 villages and 97 business households</p> <p>iv) Sampling: Purposive</p> <p>v) Data: Primary data in the form of cross-section data.</p> <p>vi) Tool: Interview techniques using questionnaire s</p>	<p>i) BB program has been running in accordance with the program objectives, namely, reaching the community in rural areas.</p> <p>ii) The number of transactions conducted by business households through agents is still very minimal, and most of which are in the form of transactions related to non-food expenditures, such as electricity payments, transfers to families, and top-up cell phone credit while transactions in the form of savings and cash withdrawals are still rare which shows that the implementation of BB program is not yet related to production activities.</p>	<p>i) Further research should be carried out to analyze the behavior of business households around the BB agents that are not yet involved in the program.</p>

S. N	Author s	Research Objectives	Variables	Methodology	Findings	Gap
9)	Rinky D Bhatia (2014), India	<p>i) To understand the awareness levels and perception of customers for mobile banking in the state of Gujarat.</p> <p>ii) To identify the factors that play a major role in creating awareness among customers for a newly launched product.</p> <p>iii) To know the reasons for the slow adoption of mobile banking.</p> <p>iv) To know a bank's point of view and their perceptions regarding branchless banking.</p>	<p>Dependent: Behavioral intention</p> <p>Independent: Awareness, adoption triggers, mobile self-efficacy, adoption inhibitors, and behavioral intention</p>	<p>i) Research Design: Exploratory, descriptive, explanatory, cross-sectional</p> <p>ii) Population: Users of mobile banking</p> <p>iii) Sample Size: Out of 1000 questionnaires, 728 filled questionnaires were collected and 712 were used with a response rate of 85.5%</p> <p>iv) Sampling: Convenience sampling</p> <p>v) Data: Quantitative data from the survey using a structured questionnaire</p> <p>vi) Tool: SPSS (Statistical Package for Social Sciences) version 12.0, Structural Equation Modeling (SEM)</p> <p>vii) Tested Theory: Theory of adoption, Technology Acceptance Model (TAM), Decomposed Theory of Planned Behavior (DTPB), and</p>	<p>i) There is a positive correlation between awareness, relative advantage, usefulness, social influence, mobile self-efficacy, and ease of use.</p> <p>ii) The respondents are quite aware of mobile banking which significantly affects the adoption rate of mobile banking.</p> <p>iii) A strong correlation exists between mobile self-efficacy and adoption rate.</p> <p>iv) Customers perceive ease of use is directly correlated to customers' intention to adopt mobile banking applications.</p> <p>v) The economic factor is negatively related to the adoption rate</p> <p>vi) Factors like social influence and perceived usefulness have a positive relation to the adoption of mobile banking.</p> <p>vii) The rural areas are still left out in the scrutiny of mobile banking awareness and adoption levels.</p> <p>viii) The demographic</p>	<p>i) Further research should be carried out on the technicalities and functionalities of the model.</p> <p>ii) The empirical study can be done on the supply side of mobile banking aspect that is banker's point of view, their technical hurdles.</p> <p>iii) Further tests can be carried out on the service quality dimension s in mobile banking.</p> <p>iv) The research can be extended by finding the relationship between banker's point of view and customer's satisfaction level in serving the channelization.</p> <p>v) Lastly, the research has not highlighted the monetary</p>

S. N	Authors	Research Objectives	Variables	Methodology	Findings	Gap
				Unified Theory of Acceptance and Use of Technology (UTAUT)	variables indicate that gender does affect the adoption rate of mobile banking.	aspects; hence further potential of research resides in the cost aspect of mobile banking.
10)	Muhammad Zahid et al. (2017), Pakistan	i) To examine the Strength, Weakness, Opportunities, and Threats (SWOT) of BB and recommend some strategies to overcome the identified challenges and make the avenue more profitable specifically in Pakistan. ii) To elaborate the SWOT analysis of branchless banking in Pakistan which will further explain the concept of potential opportunities and hidden challenges in branchless banking with a special reference to Pakistan.	<u>Dependent:</u> Adoption of new technologies, customers loyalty <u>Independent:</u> Security, privacy and trust, cost and affordability, education level, social influence <u>Moderating:</u> Regulatory changes, technological advancements, socio-economic factors	i) Research Design: Exploratory ii) Population: People of Pakistan iii) Sample Size: iv) Sampling: v) Data: Secondary data extracted from literature and various reports on branchless banking vi) Tool: SWOT analysis	i) New players in the field of branchless banking in the country have shown a tremendous growth. ii) BB accounts are gradually being accepted and have grown almost three times in a single year from December 2014 to December 2015. iii) The study do not only indicate the significant growth, but also hint the satisfaction and trust of millions unbanked customers in the BB system of the country.	i) The future research may individually examine other factors such as trust, security, privacy, legal requirements and demographic factors which may affect the adoption of branchless banking in Pakistan.
11)	Deni Daniel Kesa (2021), Indonesia	i) To increase product diversification in Laku Pandai associated with the potential for sustainable financial inclusion in the village of Taruma Jaya.	<u>Dependent:</u> User behavior, financial literacy <u>Independent:</u> Community involvement, product diversification, innovation and alignment, financial access and education,	i) Research Design: Descriptive ii) Population: Taruma Jaya Village area, Kertasari sub-district, Bandung Regency iii) Sample Size: 109 residents and	i) Almost all variables have a significant impact on financial inclusion. ii) The mean scores for Laku Pandai partnerships with universities, industry, and government	i) Future research needs to elaborate on how the technology acceptance model from Laku Pandai will affect trust and awareness

S. N	Author s	Research Objectives	Variables	Methodology	Findings	Gap
			community-based training, communication facilities, interaction with stakeholders Moderating: Local customs and social structure, socio-economic conditions	15 BUMdes officials iv) Sampling: Purposive v) Data: Quantitative data using primary questionnaire s, Depth interview data vi) Tool: SPSS package program vii) Tested Theory: Learning Theory, Theory of Maloney	enables all stakeholders to engage and generate creativity and collaborate to engage in research projects with academics. iii) The absolute values skewness and curtosis are less than 2 which means they are appropriate in terms of normality.	of innovative mindset.
12	Leopold Sarr et al. (2012), India	i) To explore the uptake of branchless banking in one of the largest BC programs in the world, FINO which currently has over 48 million activated savings accounts across India. ii) To present the results of a randomized financial literacy training program offered to FINO clients on the transaction activities in their (no-frills) savings account.	Dependent: Account usage Independent: Financial literacy training, baseline financial literacy, familiarity and trust in technology Moderating: Incentives, Bandhu engagement	i) Research Design: Descriptive ii) Population: Bandhus of Varanasi and Azamgarh iii) Sample Size: 15 clients per each of the 200 bandhus iv) Sampling: Cluster v) Data: Questionnaire data vi) Tool: Windows Mobile 6.5 operating system	i) The financial education can increase usage of no-frills savings accounts and consequently could go a long way in improving financial inclusion for the poor. ii) The lack of business knowledge is unlikely to be the major constraint for new businesses. iii) The financial literacy treatment has been effective in increasing deposits for FINO female clients. iv) Measures of per-capita expenditure and competency in numeracy do not have any heterogeneous effects on treatment.	i) Further study, given FINO's mandate to expand access and use of financial services to the poor, an effective financial literacy training, coupled with adequate incentives for the bandhus could influence savings behavior, and hence, improve the financial welfare of low-income families.

S. N	Authors	Research Objectives	Variables	Methodology	Findings	Gap
13)	Mohammad Zeqi Yasin (2018), Indonesia	i) To estimate banking efficiency in Indonesia, thus explain the urgency of branchless banking implementation and its transmission toward strengthening financial infrastructure based on efficiency calculation indicator.	<u>Dependent:</u> Banking efficiency <u>Independent:</u> Financial literacy, access to financial services, technological infrastructure, government initiatives <u>Moderating:</u> Economic conditions, geographical location, institutional support	i) Research Design: Descriptive ii) Population : Conventional banks and sharia banks iii) Sample Size: 18 banks iv) Data: Quantitative data with non-parametric approach, secondary data v) Tool: Data Envelopment Analysis (DEA)	i) The transmission quality of financial infrastructure starts from the empirical condition of banks in Indonesia as one of the financial institutions. ii) Banking has technical efficiency problems that are not yet optimal (inefficient). iii) The bank have applied a pretty good technology, so it has a condition of technological progress.	i) The further study should consider the existence of the benefit of the parties which will increase the participation of various banks in the implementation of branchless banking in Indonesia so that the alternative availability of financial institutions will be more diverse.
14)	Saqib Malik (2023), Berlin Germany	i) To evaluate the function and importance of promotional strategies in branchless banking (BB) to capture a sizable portion of untargeted and undressed branchless banking volume in Germany. ii) To determine importance of Branchless Banking in Berlin, Germany, to alleviate pressure on traditional banking practices. iii) To confirm	<u>Dependent:</u> Branchless banking adoption <u>Independent:</u> Promotional strategies such as Below-the-line (BTL) and Above-the-line (ATL) marketing, Technology adoption (ICT use) <u>Moderating:</u> Customer awareness, financial literacy	i) Research Design: Descriptive and Non-Descriptive ii) Population: Resident of Berlin, Germany iii) Sample Size: 250 respondents iv) Sampling: Snowball Sampling (non-probability sampling) v) Data: Google survey and questionnaires vi) Tool: SPSS Version 20, Likert's	i) Reaching out to customers for products and services were impossible without aggressive promotion. Advertising methods have profoundly affected branch offices and have increased public awareness. ii) Due to the increase in consumption, the percentage of the general population that should have channels of banks without branches have doubled.	i) Further research should be carried out for improving BTL and ATL's marketing strategies as they have good relationship with non-branch banks and can benefit the public with financial inclusion

S. N	Author s	Research Objectives	Variables	Methodology	Findings	Gap
		the role and importance of marketing strategies in non-branch banks to capture the bulk of non-targeted branchless banking in Germany and ensure that the growth of this sector is not ignored.		five-point scale, cronbach alpha (CA), average variance extracted (AVE), composite reliability (CR),	iii) The data analysis reveals a strong correlation between below-and-line sales efforts, as well as non-branch banks; as a result, both assumptions were confirmed and approved.	

2.5 Research Gap

Based on the theoretical and empirical assessment, it is clear that, while the literature on financial literacy and branchless banking is rich, important gaps remain, which this study seeks to fill. Bhatia (2014) discovered a huge knowledge gap regarding mobile banking use, particularly in rural areas, implying that demographic factors such as gender have a significant impact on adoption rates. This study intends to widen the focus beyond rural communities to include urban users, who have received very little attention in previous research. Few researches have looked at how financial literacy, digital literacy, and trust affect branchless banking acceptance. Shewale (2023) emphasizes the importance of demographic characteristics and customer knowledge when analyzing digital banking adoption. Furthermore, Alberto-Merced Castro-Valencia et al. (2024) discovered that age, gender, and income level are important factors in determining financial literacy, but these characteristics have not been adequately considered in the investigation of branchless banking adoption.

This study aims to fill these gaps by concentrating on both rural and urban customers, as well as users and non-users of the Smart Act Branchless Banking Service (SABBS), and investigating the relationship between financial literacy and other important characteristics like technological competence and trust. Furthermore, this study will look into additional factors that may influence branchless banking adoption, such as security, privacy, legal requirements, and socioeconomic conditions, which are consistent with the findings of Zahid et al. (2017), who emphasized the importance of security and privacy in fostering customer trust in branchless banking systems.

This research emphasizes the importance of specialized financial literacy programs that address potential users' unique requirements, as well as regulations that improve digital access and lower obstacles. This study intends to contribute to continuing efforts to increase financial inclusion through branchless banking services, particularly in developing countries, by establishing a solid understanding of the factors of user behavior. The literature examined shows that, while financial literacy is important in determining user behavior toward branchless banking services, other factors such as digital literacy, trust, and socioeconomic situations also have a substantial impact on adoption patterns. Furthermore, Mangani et al. (2019) argue that government policies and regulatory frameworks are important in fostering financial literacy and digital financial inclusion. They investigated the effect of regulatory support in increasing the adoption of branchless banking in rural areas. This chapter highlights a research gap in the combined study of financial literacy, digital literacy, and trust in branchless banking adoption. The following chapters will expand on these findings to investigate the factors of user behavior in branchless banking in greater depth.

This review underscores the importance of targeted financial literacy programs that address the specific needs of potential users, alongside policies that enhance digital access and reduce barriers. By building a robust understanding of the determinants of user behavior, this study aims to contribute to the ongoing efforts to improve financial inclusion through branchless banking services, particularly in developing regions.

CHAPTER III

RESEARCH METHODOLOGY

This chapter provides an overview of the research design, which serves as the framework for addressing the study's goals and hypotheses. The population and sampling design are then discussed, including the target demographic and the reason for the chosen sampling strategy. Following that, the chapter delves into the nature and sources of data collecting, including the procedures used to gather useful information for analysis. The next part explains the analytic methodologies, focusing on the statistical techniques and tools used to properly analyze the data. Finally, the study methodology is offered, together with a clear characterization of essential variables, resulting in an organized approach to analyzing user behavior in the context of branchless financial services. This chapter presents a thorough framework for the study by methodically addressing these components, resulting in robust and trustworthy findings that contribute to a better understanding of financial literacy in branchless banking.

3.1 Research Design

This study employed descriptive and explanatory research designs aimed at understanding the determinants of users' behavior toward branchless banking services and their relationship with financial literacy. The descriptive aspect focuses on capturing the current state of users' financial literacy level, demographics, users' behavior, and branchless banking usage. By describing these characteristics, the study will establish a clear understanding of the current landscape. The explanatory aspect focuses on identifying and understanding the cause-and-effect relationships between financial literacy and the determinants of users' behavior in adopting and using branchless banking services. This will help identify the key determinants that influence users' adoption and usage patterns, providing insights into how financial literacy fosters better engagement with branchless banking services.

3.2 Population and Sample, and Sampling Design

The study targeted all the users in Kathmandu Valley who have access to and are potential users of branchless banking services, representing diverse demographic backgrounds and levels of financial literacy. As of 2024 there are approximately 320749 (Investopaper, 2024) branchless banking users in Nepal, actual Kathmandu population is unknown. In general, the rise in mobile and digital banking services shows a clear shift towards branchless banking solutions throughout Nepal, especially in urban centers like Kathmandu. In this case, rule of thumb is more appropriate to determine sample size. According to Haire et al. (2019), the minimum sample size to calculate a regression should be ten times of items. Therefore, there are 20 items in a questionnaire and required sample size equals to 200. For robustness this study used 385 sample of the study.

A structured research questionnaire was distributed to 385 respondents through purposive sampling to ensure representation across different demographic and social factors such as age, income levels, education, geographic location, characteristics, knowledge, and experience. Purposive sampling is a non-probability sampling method where subjects are selected based on purposiveness. The structured questionnaire contained multiple choice questions, yes/no response questions, and Likert scale (ranging from 1 = strongly disagree to 5 = strongly agree) questions and open questions based on the conceptual framework of the study.

3.3 Nature and Sources of Data

This thesis primarily relies on primary data collected directly from users of branchless banking services in Kathmandu Valley. The data were gathered through structured questionnaires distributed to a sample population of users who actively engage with mobile banking, agent-based banking, or other branchless services. These surveys aim to capture users' financial literacy levels, their experiences, perceptions, and behaviors in using branchless banking services. Respondents were approached through the google form questionnaire survey methodology. The primary data provides knowledge into the determinants of user behavior, such as ease of use, trust, and accessibility, directly relevant to the research objectives.

3.3.1 Instrument of Data Collection

The study used a structured questionnaire as the primary instrument for data collection, comprising several sections to gather relevant information on users' financial literacy, behaviors, and attitudes toward branchless banking services. The questionnaire collected demographic information in section A such as age, gender, education level, income. In section B Financial literacy was assessed using five statements adapted from Stella et al. (2020), focusing on the respondents' understanding of financial concepts and their ability to make informed decisions regarding branchless banking services. Accessibility, as a important factor, was measured through three statements based on Khater et al. (2016), which explored how easily users could access branchless banking services. Users' behavior in branchless banking was evaluated with five statements developed by Ashraf (2023), designed to capture the various dimensions of user engagement with these services. Additionally, perceived ease of use was gauged using four statements derived from Chau and Lai (2003), which aimed to assess users' perceptions of how straightforward and user-friendly the branchless banking platform is. Lastly, perceived risk was measured through three statements adapted from Aprilia (2021), addressing users' concerns and apprehensions regarding the safety and reliability of branchless banking transactions. Together, these instruments provided a comprehensive framework for understanding the determinants of users' behavior in branchless banking services.

Table 2

Measurement of Variables

Variables	Items	Sources	Expected sign
Users' Behavior in Branchless Banking (UBBB)	5	Ashraf (2023)	Positive
Financial Literacy (FL)	5	Stella et al. (2020)	Positive
Accessibility (ACB)	3	Khater et al. (2016)	Positive
Perceived Ease of Use (PEOU)	4	Chau and Lai (2003)	Positive
Perceived Risk (PR)	3	Aprilia (2021)	Negative

3.4 Methods of Data Analysis

The collected data were analyzed using both descriptive statistics and regression analysis techniques.

3.4.1 Descriptive Analysis

Quantitative data collected was analyzed using descriptive statistics to summarize the demographic characteristics and financial literacy levels of participants. Descriptive statistics, such as mean, median, mode, and standard deviation, were used to summarize the demographic characteristics of the respondents, their financial literacy levels, and branchless banking usage patterns.

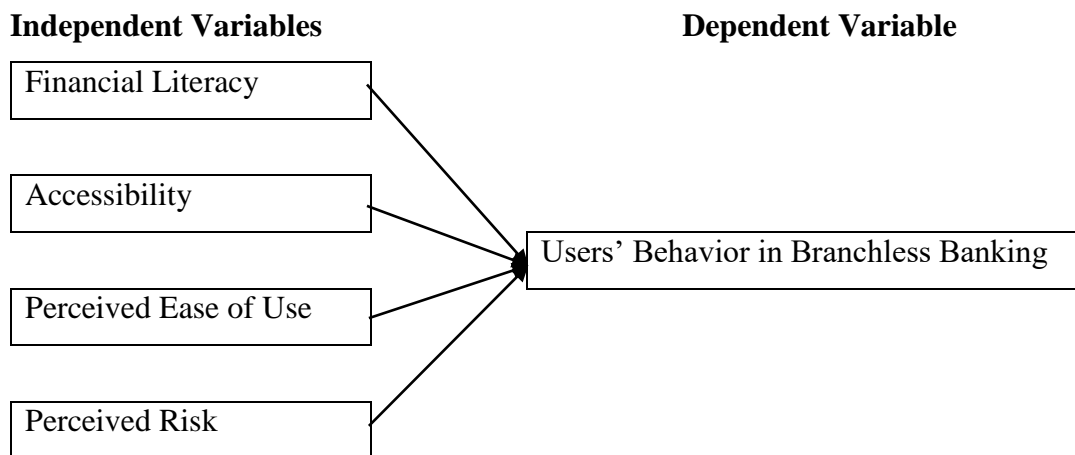
3.4.2 Correlation and Regression analysis

Regression analysis was employed to assess the relationship between users' financial literacy and their behavior toward branchless banking. This helps in identifying which variables, such as trust, accessibility, or income, significantly influence users' adoption and usage of branchless banking services. Correlation analysis was used to examine the strength and direction of relationships between financial literacy and other factors influencing user behavior.

Statistical software packages like SPSS (Statistical Package for the Social Sciences) was used for data analysis. These tools facilitate rigorous statistical testing and interpretation of findings.

3.5 Research Framework and Definition of Variables

This section outlines the research framework that underpins the study, identifying the key variables that influence users' behavior in branchless banking. The independent variables include financial literacy, accessibility, perceived ease of use, and perceived risk, all of which play a crucial role in shaping how users interact with branchless banking services. The dependent variable, users' behavior in branchless banking, serves as the focal point for examining the relationships among these variables.

Figure 1 *Research Framework*

Definition of Variables

- i) **Financial Literacy:** Financial literacy refers to the knowledge and understanding of financial concepts and skills that enable individuals to make informed and effective decisions regarding their financial resources. This includes the ability to comprehend financial statements, manage personal finances, understand credit, and make investment decisions. In the context of branchless banking, higher financial literacy is expected to enhance users' confidence and capability in utilizing digital financial services.
- ii) **Accessibility:** Accessibility pertains to the ease with which users can access branchless banking services. This encompasses the availability of technology (such as mobile phones and internet connectivity), the proximity of service points, and the convenience of using digital platforms. Greater accessibility is likely to facilitate higher adoption rates and usage of branchless banking among potential users.
- iii) **Perceived Ease of Use:** Perceived ease of use is defined as the degree to which an individual believes that using branchless banking services will be free from effort. If users find the technology intuitive and straightforward, they are more likely to embrace it. This variable plays a significant role in determining user satisfaction and ongoing engagement with branchless banking services.
- iv) **Perceived Risk:** Perceived risk refers to the subjective assessment of the potential negative outcomes associated with using branchless banking

services. This can include concerns about security, privacy, and the reliability of the service. Higher perceived risk may lead to hesitation or avoidance in using branchless banking, impacting overall user behavior.

- v) **Users' Behavior in Branchless Banking:** This dependent variable encompasses the actions and decisions of individuals in relation to branchless banking services. It includes aspects such as frequency of use, types of transactions conducted, and overall satisfaction with the services. Understanding users' behavior is crucial for evaluating the effectiveness and acceptance of branchless banking solutions in the target demographic.

3.6 Validity Results

The study's validity results offer valuable information about how well the research instrument assesses the variables and intended constructs being studied. This section looks at the validity of the research tool used in the study. The degree to which the research instrument's items accurately represent the field of interest is determined by content validity. The degree to which the research instrument correlates with an external criterion, such as a gold standard or established measure, is assessed by criterion validity. The degree to which the research instrument accurately assesses the theoretical constructs it is intended to evaluate is analyzed by means of construct validity.

Table 3 *Cronbach's Alpha*

Variables	Number of Items	Cronbach's Alpha
Financial Literacy	5	0.896
Accessibility	3	0.813
Perceived Ease of Use	4	0.870
Perceived Risk	3	0.815
Users' Behavior in Branchless Banking	5	0.896
Total	20	0.953

Table 3 exhibit high reliability, with values exceeding the acceptable threshold of 0.7. Notably, Financial Literacy and Users' Behavior demonstrate the strongest internal consistency, each with a Cronbach's Alpha of 0.896. Similarly, Perceived Ease of Use

shows robust reliability with a value of 0.870, while Accessibility and Perceived Risk also reflect solid consistency with alpha values of 0.813 and 0.815, respectively. The overall reliability for the 20 items across all variables is excellent, with a Cronbach's Alpha of 0.953, confirming that the measurement tools used in the study are reliable for assessing the determinants of users' behavior in branchless banking services.

CHAPTER IV

RESULT AND DISCUSSION

This chapter presents the results of the analysis conducted to explore the factors influencing users' behavior toward branchless banking services in Kathmandu Valley. The study focuses on the dependent variable, Users' Behavior in Branchless Banking, and its relationship with the independent variables: Financial Literacy, Accessibility, Perceived Ease of Use, and Perceived Risk. The chapter begins with an overview of the demographic characteristics of the respondents, providing context to the data collected. Subsequently, a descriptive analysis highlights the level of financial literacy among users and their perceptions of branchless banking services. The relationships between the variables are examined through correlation analysis, followed by regression analysis to evaluate the impact of each independent variable on users' behavior. Hypothesis testing is then conducted to determine the significance of the proposed relationships. The major findings are summarized, leading to a discussion of their implications in light of the study's objectives and existing literature.

4.1 Results

The results show the analysis of the data collected, focusing on the demographic profile of the respondents and the relationships between key variables. The findings are organized into the following subsections:

Demographics of the study

This subsection presents an overview of the demographic characteristics of the respondents. The sample consisted of a diverse group of participants, with both male, female and others. The gender distribution helps in examining whether there are any significant differences in entrepreneurial intention between male and female graduates.

Table 4

Gender

Gender groups	Frequency	Percent
Male	204	53.0
Female	178	46.2
Others	3	.8
Total	385	100.0

Table 4 presents the gender distribution of the respondents, highlighting the representation of different gender groups in the study. The majority of the respondents are male, accounting for 53.0% of the total sample, while female respondents constitute 46.2%. A small proportion, 0.8%, identify as others, ensuring inclusivity in the demographic profile. The total sample size is 385, reflecting a balanced gender representation that contributes to the reliability of the study's findings on users' behavior in branchless banking services.

Table 5

Age

Age groups	Frequency	Percent
Under 18	48	12.5
18-34 Years	199	51.7
35 to 44 Years	102	26.5
45 and above	36	9.4
Total	385	100.0

Table 5 presents the age distribution of the respondents, showcasing their representation across various age groups. The largest proportion of respondents, 51.7%, falls within the 18–34 years age group, indicating that young adults form the primary users of branchless banking services. This is followed by the 35–44 years age group, which accounts for 26.5% of the sample. Respondents aged under 18 represent 12.5%, while those aged 45 and above constitute 9.4% of the total. The diverse age distribution among the 385 respondents provides a comprehensive perspective on the behavioral dynamics of different age groups in branchless banking services.

Table 6

Academic qualification

Academic qualification	Frequency	Percent
SLC	79	20.5
+2 Level Pass	128	33.2
Bachelor's Degree	111	28.8
Master's degree or higher	67	17.4
Total	385	100.0

Table 6 presents the distribution of participants based on their academic qualifications, highlighting the educational background of the respondents. The largest group,

representing 33.2% of the sample, comprises individuals with a +2 level pass qualification. This is followed by respondents holding a Bachelor's Degree, accounting for 28.8% of the total. Participants with an SLC qualification make up 20.5%, while those with a Master's degree or higher constitute 17.4%. The total sample size of 385 ensures a diverse representation of educational attainment, offering insights into how academic qualifications influence users' behavior in branchless banking services.

Table 7

Monthly Income

Income Level	Frequency	Percent
Below Rs.25,000	118	30.6
Between Rs. 25,000 to Rs. 100,000	193	50.1
Between Rs. 100,000 to Rs. 500,000	66	17.1
Rs. 500,000 and above	8	2.1
Total	400	100.0

Table 7 presents the distribution of participants based on their monthly income levels, providing insights into the economic backgrounds of the respondents. The majority, 50.1%, have an income between Rs. 25,000 and Rs. 100,000, indicating a significant representation of middle-income earners. This is followed by 30.6% of respondents earning below Rs. 25,000, reflecting the inclusion of lower-income groups in the study. Participants with incomes between Rs. 100,000 and Rs. 500,000 make up 17.1%, while those earning Rs. 500,000 and above constitute a smaller proportion at 2.1%. The total sample size of 400 ensures a diverse income representation, facilitating an in-depth understanding of how financial behavior in branchless banking is influenced by economic factors.

Descriptive Analysis

This section is summary of the variables under study, offering look into the general trends and characteristics within the data. This subsection highlights the descriptive statistics for the study's variables, including Financial Literacy, Accessibility, Perceived Ease of Use, and Perceived Risk. Key trends and patterns in the data are

summarized, offering an initial understanding of how these factors influence users' behavior toward branchless banking.

Table 8

Descriptive Statistics

Table 8 provides a summary of the descriptive statistics for the key variables in the study, including Financial Literacy (FL), Accessibility (ACB), Perceived Ease of Use

Variables	N	Minimum	Maximum	Mean	Std. Deviation
FL	385	1.00	5.00	3.8452	.74968
ACB	385	1.00	5.00	3.7669	.70191
PEOU	385	1.00	5.00	3.7071	.74090
PR	385	1.00	5.00	3.7151	.71977
UBBB	385	1.00	5.00	3.7216	.69998

(PEOU), Perceived Risk (PR), and Users' Behavior in Branchless Banking (UBBB).

The analysis is based on responses from 385 participants, with all variables measured on a scale ranging from 1.00 to 5.00. The mean values indicate that respondents generally rated all variables positively, with Financial Literacy having the highest mean score (3.8452), suggesting a relatively strong level of financial awareness among users. This is followed closely by Accessibility (3.7669), Users' Behavior (3.7216), Perceived Risk (3.7151), and Perceived Ease of Use (3.7071). The standard deviations for all variables are below 1.00, reflecting moderate variability in respondents' perceptions and behaviors. These findings highlight consistent responses across the sample while providing a foundational understanding of the central tendencies and dispersion in the data. This information serves as a basis for further analysis of the relationships and impacts of these variables on users' behavior in branchless banking.

Correlation Results

This section presents the correlation results, which examine the relationships between the independent variables (Financial Literacy, Accessibility, Perceived Ease of Use, Perceived Risk) and the dependent variable (Users' Behavior). This analysis identifies the strength and direction of the relationships, providing insights into the interconnections among the variables.

Table 9

Correlations

	FL	ACB	PEOU	PR	UBBB
FL	1				
ACB	.679**	1			
PEOU	.729**	.673**	1		
PR	.611**	.660**	.647**	1	
UBBB	.632**	.731**	.665**	.612**	1

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

Table 9 shows correlation between FL and ACB is strong (0.679), suggesting that higher FL is associated with greater ACB. Similarly, FL shows a strong positive correlation with PEOU (0.729) and PR (0.611), indicating that users with higher FL tend to find branchless banking services easier to use and are more aware of the associated risks. ACB and PEOU also have a strong positive correlation (0.673), suggesting that greater ACB is linked to higher PEOU. The correlation between PR and UBBB (0.612) suggests that users who perceive higher risks still tend to use branchless banking services. The strongest correlation is between ACB and UBBB (0.731), indicating that greater ACB is strongly associated with increased UBBB. These findings highlight the significant relationships between FL, ACB, PEOU, PR, and UBBB, which are key factors in the adoption and usage of branchless banking services.

Regression Analysis

Regression analysis evaluates the impact of the independent variables on users' behavior toward branchless banking. The results reveal the extent to which each factor influences the adoption and usage of branchless banking services. The regression model's coefficients and significance levels are reported to assess the predictive power of the independent variables.

Table 10

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.776	.602	.598	.44404

- a. Predictors: (Constant), FL, ACB, PEOU, PR.
- b. Dependent Variable: UBBB

Table 10 presents the model summary for the regression analysis, which examines the relationship between the independent variables (FL, ACB, PEOU, PR) and the dependent variable (UBBB). The R value of 0.776 indicates a strong positive relationship between the predictors and UBBB. The R Square value of 0.602 means that approximately 60.2% of the variance in UBBB can be explained by the independent variables. The Adjusted R Square value of 0.598 accounts for the number of predictors in the model, showing that the model still explains a substantial portion of the variance, even when adjusted for the number of predictors. The Std. Error of the Estimate is 0.44404, reflecting the average distance between the observed values and the predicted values. This model indicates that the selected predictors have a strong explanatory power for users' behavior in branchless banking services.

Table 11

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	113.228	4	28.307	143.568	.000 ^b
	Residual	74.923	380	.197		
	Total	188.151	384			

a. Dependent Variable: UBBB

b. Predictors: (Constant), FL, ACB, PEOU, PR

Table 11 presents the ANOVA results for the regression model examining the relationship between the independent variables (FL, ACB, PEOU, PR) and the dependent variable (UBBB). The Regression Sum of Squares is 113.228, with 4 degrees of freedom, and the Mean Square is 28.307. The F-value of 143.568 is highly significant, with a p-value of 0.000, indicating that the regression model as a whole is statistically significant. This suggests that the independent variables collectively have a significant impact on UBBB. The Residual Sum of Squares is 74.923, with 380 degrees of freedom, and the Mean Square for residuals is 0.197. The Total Sum of Squares is 188.151, with a total of 384 degrees of freedom. These results confirm that the model is valid and provides strong evidence for the relationship between the predictors and users' behavior in branchless banking services.

Table 12

Coefficients

Model		Unstandardized		Standardized	t	Sig.	Collinearity	
		Coefficients		Coefficients			Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.517	.138		3.752	.000		
	FL	.097	.048	.104	2.020	.044	.395	2.529
	ACB	.431	.050	.432	8.634	.000	.419	2.389
	PEOU	.207	.050	.219	4.175	.000	.382	2.621
	PR	.119	.045	.123	2.623	.009	.480	2.082

Dependent Variable: UBBB

Note: FL = Financial Literacy, ACB = Accessibility, PEOU = Perceived Ease of Use, PR = Perceived Risk, UBBB = User's Behavior of Branchless Banking

Table 12 presents the coefficients for the regression model examining the influence of Financial Literacy, Accessibility, Perceived Ease of Use, and Perceived Risk on Users' Behavior in Branchless Banking. The unstandardized coefficients (B) indicate the change in Users' Behavior in Branchless Banking for each one-unit change in the corresponding independent variable, while the standardized coefficients (Beta) reflect the relative importance of each predictor in the model.

The Constant term is 0.517, which represents the baseline level of Users' Behavior in Branchless Banking when all the independent variables are zero. Among the predictors, Accessibility has the strongest influence on Users' Behavior in Branchless Banking, with an unstandardized coefficient of 0.431 and a standardized beta of 0.432. This indicates that an increase in Accessibility is associated with a significant increase in Users' Behavior in Branchless Banking. The p-value for Accessibility is 0.000, confirming its highly significant impact on Users' Behavior in Branchless Banking.

Next, Perceived Ease of Use also has a substantial effect on Users' Behavior in Branchless Banking, with an unstandardized coefficient of 0.207 and a standardized beta of 0.219. This suggests that as users find branchless banking services easier to use, their behavior toward these services improves. The p-value of 0.000 further indicates that Perceived Ease of Use is a significant predictor of Users' Behavior in Branchless Banking. Perceived Risk has an unstandardized coefficient of 0.119 and a standardized beta of 0.123, suggesting that perceived risk also plays a role in influencing Users' Behavior in Branchless Banking. A higher perception of risk is associated with a higher

level of Users' Behavior in Branchless Banking, and the p-value of 0.009 indicates that this relationship is statistically significant.

Finally, Financial Literacy has an unstandardized coefficient of 0.097 and a standardized beta of 0.104, indicating that an increase in financial literacy leads to an improvement in users' behavior toward branchless banking services. The p-value for Financial Literacy is 0.044, which means that it also significantly influences Users' Behavior in Branchless Banking, though its effect is smaller compared to the other variables. The collinearity statistics reveal that there are no issues with multicollinearity. All the variance inflation factors (VIF) are below 3, and the tolerance values are above 0.1, suggesting that the independent variables are not highly correlated with each other. Overall, the findings suggest that Financial Literacy, Accessibility, Perceived Ease of Use, and Perceived Risk all have significant and positive effects on Users' Behavior in Branchless Banking, with Accessibility showing the most substantial impact.

Major Findings

This subsection summarizes the key findings of the analysis, highlighting the significant relationships and the most influential factors affecting users' behavior. The implications of these findings are briefly noted, paving the way for the discussion in subsequent sections. The study has following major findings:

- The Cronbach's Alpha values for all variables (Financial Literacy, Accessibility, Perceived Ease of Use, Perceived Risk, and Users' Behavior in Branchless Banking) are above 0.7, indicating that the measurement scales used in the study are reliable.
- The study sample comprises 53% male, 46.2% female, and 0.8% others (gender distribution).
- The majority of participants are aged 18 to 34 years (51.7%), followed by 35 to 44 years (26.5%), and a smaller percentage is under 18 years (12.5%) or over 45 years (9.4%).
- Regarding academic qualifications, 33.2% of respondents have completed +2 Level, 28.8% hold a Bachelor's Degree, and 17.4% have a Master's Degree or higher.

- 50.1% of respondents have a monthly income between Rs. 25,000 to Rs. 100,000, with a smaller proportion earning above Rs. 100,000 or below Rs. 25,000.
- The mean values of all variables (Financial Literacy, Accessibility, Perceived Ease of Use, Perceived Risk, and Users' Behavior in Branchless Banking) are above 3, indicating that the participants generally have a positive outlook on these factors.
- The standard deviations are relatively low, suggesting that the responses were consistent across the participants.
- All independent variables (Financial Literacy, Accessibility, Perceived Ease of Use, and Perceived Risk) have a positive and significant correlation with Users' Behavior in Branchless Banking, with the correlation coefficients ranging from 0.611 to 0.729.
- The strongest correlation is between Perceived Ease of Use and Financial Literacy (0.729), indicating that these two variables are closely related.
- Accessibility and Perceived Ease of Use also show a strong correlation (0.673), suggesting that users who find branchless banking more accessible also find it easier to use.
- The R-squared value of 0.602 indicates that 60.2% of the variance in Users' Behavior in Branchless Banking is explained by the model, which includes the independent variables.
- The regression model is statistically significant (p-value = 0.000), as shown in the ANOVA table, confirming the model's ability to explain users' behavior in branchless banking.
- Accessibility has the highest impact on Users' Behavior in Branchless Banking, with a standardized beta coefficient of 0.432, followed by Perceived Ease of Use (0.219) and Perceived Risk (0.123).
- Financial Literacy also has a positive impact on Users' Behavior in Branchless Banking, with a standardized beta coefficient of 0.104.
- All independent variables are statistically significant at the 0.01 level (p-values ≤ 0.044), confirming their importance in influencing Users' Behavior in Branchless Banking.

- These findings highlight that Accessibility, Perceived Ease of Use, Perceived Risk, and Financial Literacy are significant determinants of Users' Behavior in Branchless Banking. Among these, Accessibility shows the strongest influence, followed by Perceived Ease of Use.

4.2 Discussion

This study presents several key findings that contribute to understanding the factors influencing users' behavior in branchless banking. First, the reliability of the measurement scales is confirmed, as indicated by Cronbach's Alpha values exceeding 0.7 for all variables (Financial Literacy, Accessibility, Perceived Ease of Use, Perceived Risk, and Users' Behavior in Branchless Banking). The study sample consists of 53% male, 46.2% female, and 0.8% other participants, with the majority of respondents being aged between 18 and 34 years (51.7%), followed by those aged 35 to 44 years (26.5%). In terms of education, most participants have completed a +2 Level (33.2%), while 28.8% hold a Bachelor's Degree, and 17.4% have a Master's Degree or higher. Regarding income, 50.1% of respondents earn between Rs. 25,000 to Rs. 100,000 monthly.

The study also finds that the mean values of all variables are above 3, suggesting that participants generally hold positive views regarding financial literacy, accessibility, perceived ease of use, perceived risk, and users' behavior in branchless banking. With low standard deviations, the study indicates that responses were consistent across participants. The correlation analysis reveals significant positive relationships between all independent variables and users' behavior in branchless banking, with correlation coefficients ranging from 0.611 to 0.729. The strongest correlation is observed between perceived ease of use and financial literacy (0.729), highlighting a close relationship between these two factors. Additionally, accessibility and perceived ease of use also show a strong correlation (0.673), suggesting that users who find branchless banking more accessible also find it easier to use.

In terms of model fit, the R-squared value of 0.602 indicates that 60.2% of the variance in users' behavior is explained by the independent variables. The regression model is statistically significant (p -value = 0.000), confirming its effectiveness in explaining users' behavior. Accessibility emerges as the most influential factor, with a standardized beta coefficient of 0.432, followed by perceived ease of use (0.219) and perceived risk

(0.123). Financial literacy also has a positive but smaller impact (standardized beta coefficient of 0.104). All independent variables are statistically significant at the 0.01 level (p -values ≤ 0.044), emphasizing their importance in shaping users' behavior in branchless banking. These findings underscore that accessibility is the strongest determinant, followed by perceived ease of use, in influencing users' behavior in branchless banking.

The findings from the current study align with and extend several previous studies on financial literacy and its influence on the adoption and usage of branchless banking services. The study supports the notion that financial literacy plays a critical role in shaping users' behaviors in adopting digital financial services. This is consistent with the work of Mothey et al. (2024), who found that financial literacy programs significantly enhanced users' understanding of digital financial services and fostered their willingness to adopt branchless banking in rural India. The present study similarly found that financial literacy had a positive and statistically significant impact on users' behavior in branchless banking, with a moderate effect size (Beta = 0.104). This finding reinforces the idea that when users are financially literate, they are more equipped to navigate digital platforms and are likely to engage with branchless banking services.

The findings of this study align with several established theories, including the Theory of Planned Behavior, the Technology Acceptance Model, and the Diffusion of Innovation Theory, all of which highlight the critical role of financial literacy and accessibility in the adoption of branchless banking services. Financial literacy enhances users' perceived ease of use and relative advantage of digital financial platforms, making them more likely to adopt such services. Additionally, the Trust Theory underscores the importance of addressing security and privacy concerns to build trust, which significantly impacts adoption. Overall, these theoretical frameworks help explain how financial literacy, along with accessibility and trust, drives the adoption of digital financial services like branchless banking.

Moreover, the study contributes to the literature by confirming the cyclical relationship between financial literacy and usage of branchless banking services, as suggested by Castro-Valencia et al. (2024). Castro-Valencia et al. found that the adoption of branchless banking led to increased financial literacy among marginalized populations. Similarly, the current study implies that as users engage more with branchless banking services, their financial literacy improves, which further encourages usage. This cyclical relationship is crucial, particularly in the context of improving financial

inclusion among underserved populations. Accessibility emerged as the strongest determinant of users' behavior in branchless banking, which contrasts somewhat with Malik's (2023) findings. Malik's study in Germany, a more developed economy, found that security and privacy concerns were significant barriers to the adoption of branchless banking, despite high levels of financial literacy. In contrast, the present study highlights the paramount importance of accessibility, which might reflect the different challenges faced in developing economies where digital infrastructure and mobile phone penetration are more limited. While Malik emphasizes the need to address security concerns, the present study suggests that in less developed settings, improving accessibility—such as mobile network coverage and internet access—is a primary factor to encourage branchless banking adoption. Furthermore, the Perceived Ease of Use variable also showed significant positive effects, echoing the findings of Zahid et al. (2021), who argued that low financial literacy, combined with lack of digital literacy, served as significant barriers to branchless banking adoption. The present study reinforces the importance of not only providing financial literacy but also digital literacy programs to increase users' confidence and competence in using digital platforms. As Zahid et al. (2021) suggest, integrated literacy programs that address both financial and digital knowledge can empower users to confidently adopt digital financial services.

The study also validates the role of Perceived Risk as a determinant of users' behavior, which aligns with the findings of Malik (2023), who emphasized that trust in digital financial services, along with concerns about privacy and security, significantly influences the adoption of digital banking services. In this context, the study underlines the need for digital platforms to build trust among users, particularly in developing economies where digital infrastructure may be less robust, and users may be more wary of digital financial systems. Interestingly, the current study also finds that government policies and regulatory frameworks, as noted by Kesa (2021) and Purwono and Yasin (2018), play a crucial role in supporting financial literacy and the adoption of branchless banking services. Kesa's research highlighted that government-backed financial literacy programs have increased awareness of branchless banking services, but barriers such as low adoption rates, especially in rural areas, persist. This is echoed in the present study's finding that financial literacy is vital, but without complementary improvements in accessibility (e.g., mobile network coverage and digital literacy), the full benefits of branchless banking cannot be realized. Thus, there is a need for holistic government

policies that integrate digital infrastructure development with financial literacy campaigns.

In contrast to studies like Shewale and Laturkar (2023) and Rachmawati et al. (2020), which focused on underprivileged users in India and Indonesia respectively, the present study demonstrates that financial literacy, when combined with digital literacy, can have a transformative effect on the adoption of branchless banking among users from diverse demographic backgrounds. The present study found that financial literacy alone was not sufficient to ensure widespread adoption; it needed to be coupled with improvements in digital accessibility and efforts to reduce perceived risks. Finally, the study reinforces the importance of building trust and addressing privacy concerns, as mentioned by Nuryakin et al. (2017). They found that trust in digital financial services was key to adoption, particularly in regions with low digital infrastructure. While the present study did not explicitly focus on trust, the significant impact of perceived risk highlights that building user trust should be an essential part of strategies aimed at promoting branchless banking services.

CHAPTER V

SUMMARY AND CONCLUSION

This chapter summarizes key findings of the research, providing a comprehensive overview of the results and their relevance in the context of branchless banking adoption. It highlights the role of financial literacy, accessibility, perceived ease of use, and perceived risk in shaping users' behavior towards digital financial services. The chapter also discusses the implications of these findings for policy makers, financial institutions, and future research. By synthesizing the research outcomes, the chapter aims to offer insights into how branchless banking services can be better integrated into financial inclusion strategies, particularly in developing economies. Finally, the study's limitations are acknowledged, and recommendations for future studies are presented to further explore this evolving field.

5.1 Summary

Because of the rapid expansion of digital financial services, particularly branchless banking, these services have become a significant means of assisting individuals in developing nations like Nepal in gaining access to financial resources. An increasing number of individuals do not have convenient access to conventional banking infrastructure; hence, branchless banking services are an excellent approach for individuals to manage their financial resources. Nevertheless, a great number of individuals do not make use of these services because they are not very knowledgeable about finances, the services are difficult to get, people believe that they are difficult to use, and they are scared of the dangers involved. It is necessary for policymakers, financial institutions, and service providers to have an understanding of these elements in order to enhance digital financial inclusion and make the most of the services offered by branchless banking.

Through the use of this research, the authors aimed to discover the factors that lead individuals in the Kathmandu Valley to accept and make use of branchless banking services. To be more specific, the research intended to evaluate the overall adoption of these services, as well as examine the degree of financial literacy and its influence on the behavior of users, analyze the ways in which accessibility, perceived ease of use, and perceived risk together influence the decisions that users make, and assess the

overall financial literacy of users. We need to find out what variables impact these factors so that we can better create and promote these services. The objective for this study is because branchless banking is becoming increasingly significant for providing disadvantaged populations with greater access to money, and we need to find out what factors affect these aspects.

The primary objective of the research was to investigate the factors that influence individuals in the Kathmandu Valley to make use of or not make use of branchless banking services. The purpose of this study was to investigate the ways in which people's financial awareness and other variables shape their decision to accept and make use of these services. The purpose of this research was to get a deeper understanding of these links by employing both observational and explanatory research approaches. In order to ensure that a wide range of demographic and socioeconomic parameters, including age, income levels, education level, and geographic area, were included in the survey, a structured questionnaire was given to 385 respondents who were selected by the process of purposive sampling.

Those respondents who had higher levels of financial literacy exhibited stronger adoption and usage of branchless banking services, according to the findings, which indicated that financial literacy plays a crucial role in determining the behavior of users. Furthermore, it was shown that accessibility, perceived simplicity of use, and perceived danger are significant elements that impact the desire of consumers to accept these services. It was found through both regression and association studies that these parameters have a significant impact on the manner in which individuals utilize branchless banking in general.

In conclusion, this study provides us with valuable information on the factors that motivate individuals in the Kathmandu Valley to utilize branchless banking services. Specifically, it highlights the significance of expanding financial literacy, enhancing service accessibility, and addressing concerns regarding ease of use and perceived dangers in order to encourage a wider use of branchless banking services. These findings are important for policymakers, financial institutions, and other stakeholders in Nepal who are striving to guarantee the success of digital financial services and promote financial inclusion in the country. Future research could explore the role of government policies and digital infrastructure in further enhancing the adoption and usage of branchless banking services.

5.2 Conclusion

The primary purpose of this research was to assess the level of financial literacy and its influence on users' behavior in branchless banking services in Kathmandu Valley. The findings revealed that financial literacy significantly affects users' behavior toward adopting and using branchless banking services. Respondents with higher levels of financial literacy were more likely to engage with digital banking platforms and make informed financial decisions. These findings suggest that financial literacy is a crucial determinant in the successful adoption of branchless banking, highlighting the need for targeted financial education programs to improve users' understanding and confidence in using digital financial services.

Also, this study analyzes the relationship between accessibility, perceived ease of use, and perceived risk, and how these factors collectively impact users' behavior in branchless banking. The findings demonstrated that accessibility, perceived ease of use, and perceived risk all significantly influenced users' decisions to adopt branchless banking services. Improved accessibility, user-friendly interfaces, and reduced concerns about risks were found to encourage users to embrace branchless banking. These results underscore the importance of addressing these factors to enhance the overall user experience and encourage greater adoption of branchless banking services in Kathmandu Valley.

This study aimed to evaluate the influence of financial literacy, accessibility, perceived ease of use, and perceived risk on the overall adoption and use of branchless banking services among users. The findings confirmed that all four factors—financial literacy, accessibility, perceived ease of use, and perceived risk—play a significant role in shaping users' behavior toward branchless banking. Specifically, financial literacy and accessibility had the strongest influence on adoption, while concerns about perceived risks also played a critical role in shaping users' decisions. This highlights the need for a holistic approach, focusing on enhancing financial literacy, improving service accessibility, simplifying user interfaces, and addressing risk concerns to foster broader adoption of branchless banking services in Nepal.

5.3 Implications

The findings of this study have several key implications for managers, policymakers, and future researchers, particularly in the context of fostering financial literacy and encouraging the adoption of branchless banking services.

Managers of banking services should focus on enhancing financial literacy among their users. By providing accessible financial education programs and simplifying the usage of digital platforms, managers can improve customer engagement and adoption rates. Moreover, addressing perceived risks, such as concerns about security and privacy, should be a priority. Ensuring that services are easy to use and widely accessible will help mitigate barriers to adoption, especially among less financially literate and digitally inexperienced users. By focusing on these factors, managers can strengthen customer trust and expand the user base of branchless banking services.

Policymakers have a crucial role in fostering an environment conducive to the growth of branchless banking services. It is important for them to support and implement nationwide financial literacy campaigns, particularly targeting marginalized communities and those with limited access to traditional banking. Policymakers should also focus on improving digital infrastructure, ensuring greater accessibility for remote or rural populations. Regulatory frameworks should emphasize security measures to address users' concerns regarding perceived risks, fostering trust in digital financial systems. By creating a supportive policy environment, policymakers can encourage the widespread adoption of branchless banking services, promoting financial inclusion.

Future researchers are encouraged to build on the findings of this study by exploring the long-term effects of financial literacy programs on the continued use and behavior of branchless banking users. Additionally, it would be valuable to investigate the impact of mobile technology innovations and the role of user experience design in shaping user behavior. Researchers should also consider conducting comparative studies across different regions to understand how cultural, economic, and infrastructural factors influence the adoption of branchless banking services. This will contribute to a more comprehensive understanding of the factors influencing users' behavior and the barriers to financial inclusion through digital banking platforms.

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APPENDIX

(Sample Questionnaires)

Dear Branchless Banking Users,

Ref: Mobile Banking Users, Internet Banking Users

Thank you for your willingness to take part in this important research study. Your perceptions and experiences are invaluable to understanding the determinants of users' behavior in branchless banking services. This study aims to foster financial literacy and improve banking services in our community.

Your responses will be kept confidential and will only be used for research purposes. I appreciate your time and contributions to this research effort.

Warm regards,

Sabina Thing

Student

Section A

Demographic Information

1. Age
 - Under 18
 - 18-34
 - 35-44
 - 45 and above
2. What is your gender?
 - Male
 - Female
 - Others
3. What is your highest level of education?
 - SLC/SEE
 - + 2 Level pass
 - Bachelor's Degree
 - Master's degree or higher
4. What is your monthly income range?
 - Below Rs.25,000

- Between Rs. 25,000 to Rs. 100,000
- Between Rs. 100,000 to Rs. 500,000
- Rs. 500,000 and above

Section B

Please read the following instructions carefully and tick (✓) on the appropriate option.

Instruction: 1. Strongly Disagree (SD) 2. Disagree (D) 3. Neutral (SLD) 4. Agree (A) 5. Strongly Agree (SA)

	Statements	SD	D	N	A	SA
	Financial Literacy	1	2	3	4	5
1	I understand basic financial concepts such as interest rates and inflation.					
2	I can analyze financial products and services to make informed decisions					
3	I am aware of my financial rights and responsibilities.					
4	I can effectively create and manage a personal budget.					
5	I understand the implications of financial decisions on my future.					
	Accessibility					
1	I have easy access to branchless banking services through my mobile device.					
2	I find it convenient to access branchless banking services from my location.					
3	The availability of branchless banking services meets my financial needs.					
	Perceived Ease of Use					
1	I find branchless banking services easy to use.					
2	I feel comfortable navigating branchless banking applications.					
3	Learning to use branchless banking services is straightforward for me.					
4	I believe that using branchless banking saves me time compared to traditional banking.					

	Perceived Risk						
1	I am concerned about the security of my personal information when using branchless banking services.						
2	I worry about potential financial losses while using branchless banking.						
3	I believe that branchless banking services may expose me to fraud.						
	Users' Behavior in Branchless Banking						
1	I regularly use branchless banking services for my financial transactions.						
2	I prefer branchless banking over traditional banking due to its convenience.						
3	I feel confident in using branchless banking services for my financial needs.						
4	I recommend branchless banking services to my friends and family.						
5	My overall satisfaction with branchless banking influences my continued usage.						

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