

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Internet banking services have become an added feature in the banking sector. Internet banking or online banking allows customers to conduct financial transactions on a secure website. Nepalese financial sector internet banking is not the new concept and this aspect of modern banking already gripped the financial institutions as they decided to leave manual transaction and commenced their business with the use of computers. The following terms all refer to one form or another of electronic banking: personal computer (PC) banking, internet banking, virtual banking, online banking, home banking, remote electronic banking and phone-banking. Credit goes to internet that provided ultimate ease to the customers at their door step. Online banking allows people to perform all the banking related activities such as money transfer, past transactional information, cash withdrawals, and deposits etc. with a just one click of a mouse. Clients can easily check the account balance every day just by visiting the website of their bank. This provides the place and time utility to people provided if one has internet access. Online banking eliminates unnecessary waste, which an organization incurs in the form of office supplies. This facet has also helped in meeting the social concerns. However, using internet for money transaction is never been free from risk.

In recent years, developments in information technology and the subsequent evolution of internet banking have fundamentally changed the ways in which banks implement their business and consumers conduct their everyone banking activities (Sayar and Wolfe:2007, Eriksson et al.:2008). Internet banking allows

customers to conduct a wide range of banking transactions electronically via the bank's web site- anytime and anywhere, faster and with lower fees compared to using traditional, real-world bank branches. However, despite the continuing increase in the number of internet users and despite all the apparent advantages of internet banking for customers, in many countries the growth rate of internet users who adopt internet banking has not risen as strongly as expected (White and Nteli: 2004). The concept of attitude can be considered a key factor in most costumers' behavior (Ajzen: 1991). Based on Venkatesh's definition of attitude toward using technology (Venkatesh et al.:2003) attitude toward internet banking is defined as an individual's overall affective reaction to using the internet for his/her banking activities.

According to Arunachalam and Sivasubramanian (2007), internet banking is where a customer can access his or her bank account via the internet using personal computer (PC) or mobile phone and web-browser. Ongkasuwan and Tantichattanon (2002) defined internet banking service as banking service that allows customers to access and perform financial transactions on their bank accounts from their web enabled computers with Internet connection to banks' web sites any time they wish, Internet banking service also enables bank customers to perform transactions such as transfer and payments, access of latest balance, statement viewing, account detail viewing, customization, print, downloading of statements and obtaining of a history statement on all accounts linked to the bank's customers' Auto Bank (ATMs). According to Musiime and Ramadan (2011), internet banking includes the system that enables financial institution customers, individuals or businesses, access accounts, transact business, or obtain information on financial products and services on public or private network including Internet. Internet banking is the act of conducting financial intermediation on the Internet. It is that process whereby the customer is able to access, control and use his/her account over the Internet. Since the mid-1990s, there has been a fundamental shift in banking delivery channels toward using self-service channels such as electronic banking, mainly the use of

automated teller machines (ATMs) and internet banking. According to Qureshi et al.: (2008), clients shifted from traditional banking to online system. The core reason of this transfer is perceived usefulness, perceived ease of use, security and privacy provided by online banking. Despite the fact that the internet has an ever-growing importance in the banking sector because of the advantages it brings to both the entities and their customers, not all the financial entities that have adopted e-banking have been successful, often because of an inadequate website design and other factors as well (Ortega et al.: 2007). Banks have traditionally been in the forefront of harnessing technology to improve their products, services and efficiency. They have, over a long time, been using electronic and services. The delivery channels include direct dial- up connections, private networks, public networks etc. and the devices include telephone, Personal Computers (PCs) including the Automated Teller Machines, etc. With the popularity of PCs, easy access to Internet and World Wide Web (www), Internet is increasingly used by banks as a channel for receiving instructions and delivering their products and services to their customers. This form of banking is generally referred to Internet Banking. From the perspective of more than traditional banking services delivered through an electronic communication backbone, via, Internet.

Nepal Bank Limited (Government Sector Bank) was the first bank of Nepal which was established in 1937. After the evolution of Joint Venture Bank in Nepal, e-banking slowly have taken its pace. Nepal Arab Bank Limited (now NABIL Bank), was first Joint Venture Bank which was established in 1984. E-banking system came in Nepal by the introduction of the Credit Cards in early 1990 by NABIL Bank. First ISP was established in 1994 by Mercantile Office Systems after that first ATM was launched by Himalayan Bank Limited in 1995; Tele-Banking facility was introduced in 1997 by Himalayan Bank Limited, Internet-Banking was first introduced by Kumari Bank Limited in 2002. Laxmi Bank Limited was the first bank to introduce SMS-Banking (or Mobile Banking) in Nepal in the year 2004.

Research shows that banks are using this service only because of their own convenience and retaining their existing customers (Banstola: 2007) Today. Internet banking services are the major customer banking preference and increasing number of financial institutions are offering Internet banking. Financial institutions can take advantage of the Internet technology to offer cost-effective banking solutions. However, Internet banking has not been widely used in Nepalese commercial banks. Therefore, marketers of banks and financial institutions need to make an effort to understand the factors which lead to the adoption of Internet banking.

Thus it is important to study about costumers' attitudes towards internet banking adoption. To find out what factors affect the costumers' behavior to use new technologies. In Nepal, there is lack of adequate study on internet banking. This study will focus on the attitude and demographic characteristics of internet banking users towards using internet banking. The findings obtained from this study will be helpful for the financial institutions to understand the costumers' expectations, because internet banking provides banks with an increased customer base, cost saving, mass customization, product innovation, improved marketing and communication.

1.2 Statement of the Problem

Customers' attitudes and motives have by far been more widely studied by Akinci et al.: (2004) suggested among the fundamental factors, customers' buying behavior and financial security factors attracted considerable attention from researchers probing the behavior of bank customers and their relationship with these institutions. The consumer research also lacks empirical evidence about how consumer behavior, attitude, motivation affect consumer acceptance of online banking Karjaluoto et al. : (2002). Given these predispositions, the study looked at consumer behavior, attitude and motivation. In addition, this study aims to find

out the demographic factors of the internet banking user and its effect on consumer attitudes.

Consumers' motives also predetermine their attitudes and behaviors towards different banking technologies. Barczak et al.: (1997) studies consumers' motives in the use of technological-based banking services and found motivational clusters for people's money management philosophies: security conscious, maximizes, instant gratification, and hassle avoiders. These four motivational segments had different attitudes and behaviors' towards different banking technologies. With regard to new technology acceptance, unless the specific need of a consumer is fulfilled, consumers may not be prepared to change from present familiar ways of operating financial transactions (Sathye :1999). In the context of online, mobile banking and traditional retail branches, whether consumers would adopt new technology-based delivery channels depends on their attitudes towards each of these channels. Research showed that consumers are not generally predisposed to change their behavior radically and adopt widespread usage of telephone and online banking. (Thornton and White: 200) noted that changes in the use of delivery channels would occur as the population matures as knowledge, confidence and computer usage increases. Therefore he study focuses on issues such as perceived risk, perceived usefulness, and perceived ease of use of banking online for the customers' adoption in Nepalese context.

The prior experience with computers and technologies and attitudes towards computers influence both attitudes towards online banking and actual behaviors Karjaluoto et al.: (2002). Their study revealed among these factors, prior computer experience had a significant impact on online banking usage while positive personal banking experience seemed to have had an effect on both attitudes and usage and satisfied customers tend to keep up with their current delivery channel. Various studies showed attitudes towards electronic banking and actual behaviors were also influenced by factors such as satisfaction/dissatisfaction with current banking services, reference groups, i.e.

influence from families and others and computer attitudes these would strongly affect attitudes and behaviors towards online banking. The study has looked at how attitudes, motivations and behaviors influenced electronic banking adoption. Next, it looked at the drivers of attitudes and motives towards online banking through demographic factors.

Several converging reference domains and theories suggest numerous potential influences on consumer adoption of internet banking including theories of consumer behavior in mass media choice and use, gratification theories, innovation diffusion, technology acceptance, online consumer behavior, online service adoption, service switching cost and the adoption of internet banking (Lichtenstein and Williamson :2006). Eriksson et al.: (2005) found that customers' attitude are significant factor affecting customer behaviors in accepting or rejecting technology. It was found that the relationship between attitude towards using and usage was significant. Customers' attitude is a significant factor affecting customer behaviors in accepting or rejecting technology Davis et al.:(1989).

This study addresses the issue to identify customer attitude and usage of online financial services or the internet banking services. The focus on this study is to identify the common internet banking adoption dimension underpinnings such as Perceived ease of use, Perceived usefulness and Perceived risk, towards consumer behavior. This study will also look whether all dimensions mentioned contribute equally or differentially towards the internet banking usage.

The financial market in Nepal is becoming more competitive with the advancement of information technology. As competition grows, Banks are coming up with new product innovation and better facilities. The technology has helped to attract potential customer along with retaining the existing ones. For some customers the response and efficiency of the service providers would be of greatest importance while for others security and privacy issues might be more

important. On the other hand, what matters most for some customers' is the website design and ease of use. In reality, customers have different expectations and requirements. They deem different aspects of the service. Against these backdrops, this study seeks to analyze, identify, examine, determine and assess the factors influencing the usage of internet banking in context of Nepalese Commercial banks. The research questions of the study are:

1. Do the demographic (age, gender, level of education, income and occupation) factors affect for using internet of Pokhareli customers of commercial banks?
2. How customers' attitude is related with perceived usefulness?
3. What is the perceived risk on doing banking activities through the internet?
4. What are the influencing factors for perceive ease of use while using internet banking services?
5. What are the needs of internet banking system of Nepalese commercial banks from customer's perspective?

1.3 Objectives of the Study

This study attempts to ascertain the demographic characteristics of users of internet banking and their attitudes towards internet banking services. The general objective of the study is to examine perceived ease of use, perceived risk, and perceived usefulness the specific objectives are as follows:

1. To analyze the demographic characteristics of internet banking users of banks.

2. To identify the customers' attitudes towards internet banking services in terms of perceived usefulness of commercial banks.
3. To analyze the customers' attitudes towards internet banking services in terms of perceived risk of commercial banks.
4. To analyze customers' attitudes towards internet banking services in terms of ease of use of commercial banks.
5. To assess the need of internet banking service.

1.4 Significance of the Study

The emergence of new banking technology has created highly competitive market and competitive market conditions, which have a critical impact upon consumer behavior. Internet banking providers must, therefore, attempt to better understand their customers and their attitudes towards technology in general. Despite of the advantages of using internet banking services, still customer hesitate to use online financial services for a variety of reasons. This unwillingness has resulted in inconvenience associated with writing and mailing checks, spending time to stop at a branch and consulting to get financial information with bankers.

On the other hand, by using online financial services, customer can conduct fast and convenient financial transaction activities and obtain their account information the limitation of office hour or a need to visit the bank office. Therefore it is important to understand what factors affect the adoption of online financial services among customers so that banks can facilitate customer to use these facilities specially located in Pokhara Valley. This study aims to identify several attitudinal variables that influence the adoption of online financial services by customers of Pokhara Valley. It will be meaningful for financial institutions to understand customers' acceptance and preferences regarding online financial services.

The finding will focus on the Nepalese perspective and the output will be generalized in whole commercial banks and other financial institutions. So that research will be helpful for policymakers, other commercial banks and many customers too. This study is aimed to identify the customer's attitudes to adopt online financial services and also to know about demographics characteristic of user of internet banking services in context with Nepalese commercial banks.

Attitudes are one of the fundamental factors influencing customers' buying behavior and have therefore, attracted considerable attention from researchers probing the behavior of bank customers and their relationship with these institutions. This study will fulfill the research gap of customer general perception of internet banking activities in Pokhara Valley. This study is useful for future research, academic and other, who are interested in this field. This study can be useful for bankers while formulating internet banking internet banking policy to their customers too.

Main barriers to online banking were the perception of risks, computer and technological skills and traditional cash-carry banking culture. The barriers to mobile banking adoption were lack of awareness and understanding of the benefits provided by mobile banking. Therefore the study will be conducted with the aim of indentifying the types of customers' attitudes toward internet banking and various demographic characteristics of internet banking user. Internet banking is becoming popular because of convenience and flexibility. The study will explore the major factors responsible for internet banking based on respondents' attitudes towards internet banking. This research study is an attempt to investigate the effects of perceived usefulness, perceived ease of use and perceived risk on acceptance of online banking in Nepalese commercial bank.

1.5 Operational Definitions and Assumptions

This sections deal with major assumptions of this study, as the study is based on customers' attitude towards internet banking, some factors related with customers attitude are mentioned here with are as follows:

a. Demographic factors

The demographic factor of the customers are age, gender, income level, highest level of education and occupation which are taken in the study, we know that demographic factors includes various other factors such as religion and marital status but in this study above mentioned factors are only included. The study has been done with limited volume of population sample and findings of the study cannot be fully generalized as more rigorous study is needed with initial reference from this study.

b. Customers' attitude

Consumers' attitude refers to the fundamental factors that influences one's buying behavior towards internet banking usage, (Fishbein and Ajzen: 1975). This study defines the customer attitude as one of the fundamental factors influencing consumers buying behavior basically the behavior of bank customers and their relationship with these institutions. Attitude toward internet banking is defined as an individual's overall. Affective reaction to using the internet for his/her banks activities (Fishbein and Ajzen: 1975), argued that attitude towards behavior is made up to beliefs about engaging in the behavior and the associated evaluation of the belief. They defined attitude as an individual's positive and negative feelings (evaluative affect) about performing the target behavior. The attitude theory suggests that the more favorable attitude a person has towards a given product or service, the more likely that person is to buy or use the product or service (Ajzen and Fishbein: 1980). Customers' attitude leads to perceived risk reduction which

builds confidence and creates a striking influence on user willingness to engage in online exchanges of money and personal sensitive information thus leading to internet banking adoption. This study tried to explain the attitudes towards internet banking by using questionnaire method with five-point Likert scale measure.

c. Perceived risk

Consumer Perceived Risk (PR) has been widely dealt with in the literature and has been shown to influence consumer behavior to varying degrees and in varying contexts. Here in this study perceived risk is defined in terms of the consumer's perceptions of the uncertainty and potential adverse consequences of buying a product or service argued that perceived risk as an important factor influencing online consumer behavior. This is because in the online environment, criminal acts can be performed with extremely high speed, and without any physical contact. For the perceived risk factors various questions are prepared regarding customer privacy, confidentiality rules and regulations.

d. Perceived usefulness

Perceived Usefulness (PU) is defined as the degree to which a prospective user believes that using a particular system would enhance his or her job performance. A system high in perceived usefulness, in turn, is one for which a user believes in the existence of a positive use-performance relationship. The perceived usefulness of something is its ability to provide a means-end relationship or to provide a rationale upon which to make decisions. The perception of usefulness is formed in interaction with other individuals and a system. The perceived usefulness of the knowledge a person gains depends on how that knowledge can be applied in a particular decision-making situation. This study tries to explain that perceived usefulness has a strong influence over the customer's usage of an application. The relationship between customer attitude and perceived usefulness is measured with

the help of five-point likert scale. Various factors used for perceived usefulness includes easier way using internet services, greater control over financial details, convenient way of managing finance of customers, fast service, more banking activities from internet banking and an easy way to conduct banking transactions.

e. Perceived ease of use

Perceived Ease of Use (PEOU) refers to the degree to which a prospective user believes that using a particular system would be free of effort. All else being equal, an application perceived to be easier to use than another is more likely to be accepted by users. PEOU in terms of on-line service can be considered the first feeling or expected by users. PEOU in terms of on-line service can be considered the first feeling or expectation established for further continued on-line transaction. Perceived ease of use explains the user's perception of the amount of effort required to utilize the system or the extent to which a user believes that using a particular system will be effortless (Davis et al.: 1989). Here for this study various factors which are included are increment in productivity, enhances effectiveness of utilizing banking services, flexibility in interaction with financial institution and customers.

1.6 Organization of the Study

This study is divided into five chapters:

Chapter I	Introduction
Chapter II	Review of Literatures
Chapter III	Research Methodology
Chapter IV	Presentation and Analysis of Data
Chapter V	Summary, Conclusion and Recommendations

CHATER II

REVIEW OF LITERATURE

This chapter intends to set the theoretical framework of the study by introducing the main areas needed to create the basis of the analysis shaping the say towards the main purpose. Thus it begins with a short description of attitude of customer and variables like internet banking is a process of finding uncovered facts on research topic. For the purpose of finding various researches related o internet banking were reviewed. It is separated into two parts they are theoretical / conceptual and research reviews.

For this study relevant literatures have been reviewed from books, journals, magazines, published ad unpublished articles and so on. Reports of previous researches and dissertations have been reviewed during the study. Relevant literatures are also cited from related websites. This chapter presents and outline of the literature reviewed during this study.

2.1 Conceptual/Theoretical Review

The research study is based on the following theoretical framework. The core constructs of the framework are adapted from Technology Acceptance Model (TAM) by Davis (1989), an influential research model in the information systems field.

2.1.1 Development of Internet Banking Service

Establishment of first Joint Venture Bank, Nepal Arab Bank Limited (now NABIL Bank), in 1984 was the first step towards internet banking in Nepal it introduced Credit Cards in Nepal in early 1990. Establishment of first ISP in 1994 (Mercantile Office Systems). Automated Teller machine (ATM) was first introduced by another Joint Venture Bank, Himalayan Bank Ltd. in 1995. Himalayan Bank Limited was also the first bank to introduce Tele-Banking (Telephone Banking in Nepal in 1997. Formulation of IT Policy in 2000 in Nepal. Internet Banking was first introduced by Kumari Bank Limited in 2002. Laxmi Bank Limited was the first bank to introduce SMS-Banking (or Mobile Banking) in Nepal in the year 2004. Electronic Transaction and Digital Signature Act (revised in 2005, yet to be brought in practice).The channels in e-Banking available in Nepal are Automated Teller Machines (ATM), Point of Sales (POS), Telephone Banking (Tele Banking), Internet Banking, Mobile Banking (SMS Banking). Currently Nepalese customer are enabled Cash Withdrawal, Balance Inquiry from in POS Terminals customer can do financial transaction via Cards, Cash is debited from the client's accounts, from Tele-banking customer can do the account status check, balance inquiry, similar to Tele-Banking SMS banking facilities is there from Internet Banking customer are having fund transfer within accounts (within the bank), Get balance statement online and pay bills online. All these type of facilities re available in cities but not in remote places. But unless and until Nepal's two giant banks which are under restructuring process, NBL and RBB, won't go for e-banking large portion of banking customer will be out of the use of e-banking facilities. Recently RBB (Rastriya Banijya Bank) declared it has started ATM and internet banking facilities which is indeed satisfactory news for the Nepalese financial market. Likewise NBL (Nepal Bank Limited) which is already computerized will also have to start this service sooner or later.

2.1.2 Internet Banking Service in Technology Ground

Technology Acceptance Model (TAM), introduced by Davis (1989) is an adaptation of the Theory of Reasoned Action (TRA) specifically tailored for modeling user acceptance of information systems. The goal of TAM is to provide an explanation of the determinants of computer acceptance that is general, capable of explaining user behavior across a broad range of end-user computing technologies and user populations, while at the same time being both parsimonious and theoretically justified. Ideally one would like a model that is helpful not only for prediction but also for explanation, so that researchers and practitioners can identify why a particular system may be unacceptable, and pursue appropriate corrective steps. A key purpose of TAM, therefore, is to provide a basis for tracing the impact of external factors on internal beliefs, attitudes, and intentions. TAM was formulated in an attempt to achieve these goals by identifying a small number of fundamental variables suggested by previous research dealing with the cognitive and affective determinants of computer acceptance, and using TRA as a theoretical backdrop for modeling the theoretical relationships among these variables.

Figure 2.1 shows that TAM posits that two particular beliefs, perceived usefulness (PU) and perceived ease of use (PEOU), are the primary relevance for computer acceptance behavior. PU is defined as the degree to which a prospective user believes that using a particular system would enhance his or her job performance.

PEOU refers to the degree to which a prospective user believes that using a particular system would be free of effort. This follows from the definition of ease, freedom from difficulty or great effort. Effort is a finite resource that a person may allocate to the various activities for which he or she is responsible. All else being equal, an application perceived to be easier to use than another is more likely to be accepted by users.

Figure 2.1 Technology Acceptance Model (Davis et al.: 1989)

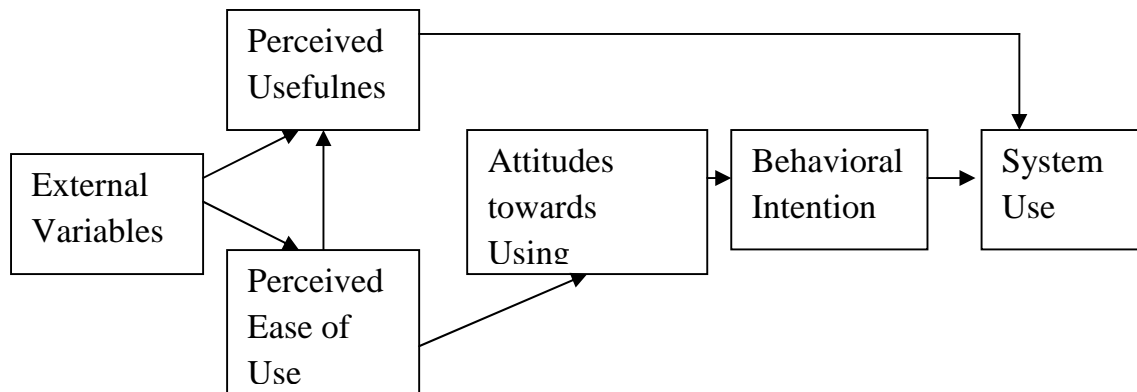


Figure 2.2; shows that the relationship between customer attitude and internet banking adoption as mediated by perceived risk, trust. Consumer attitude refers to the fundamental factor that influences one's buying behavior towards internet banking usage, Fishbein and Ajzen (1975). Perceived risk is the consumers' perception of the uncertainty and potential adverse consequences of buying the internet banking service (Littler and Melanthiou: 2006). It also shows that trust is the belief and confidence that consumers have about the other party i.e. about banks and the services they offer through the internet, (Pavlou: 2003). Whereas Internet banking is the ability to transfer money between accounts, pay bills, see statements and perform other financial transactions over the internet, Anderson (2010).

Customer attitude leads to perceived risk reduction which builds confidence and creates a striking influence on user willingness to engage in online exchanges of money and personal sensitive information thus leading to internet banking adoption. Changing customer attitudes in terms of online banking being fast, cheap, easy and reliable are said to develop overtime through a learning process affected by group influences; past experience and personality (Fishbein and Ajzen: 1975). This creates the long term relations with the bank leading to trust and thus resulting into internet banking adoption. Consumer trust is an important

factor in practically all business-to-consumer interactions and a crucial aspect of internet banking. Internet trust enables favorable expectations that the internet is reliable and predictable and that no harmful consequences will occur if the online consumer uses the internet as a transaction medium for his/her financial transactions (Pavlou and Fyngenson:2006).

Figure 2.2.: Adapted from Mcknight and Chervany: 2002, Lai and Li: 2005, Fishbein and Ajzen: 1975, Daivis: 1986.

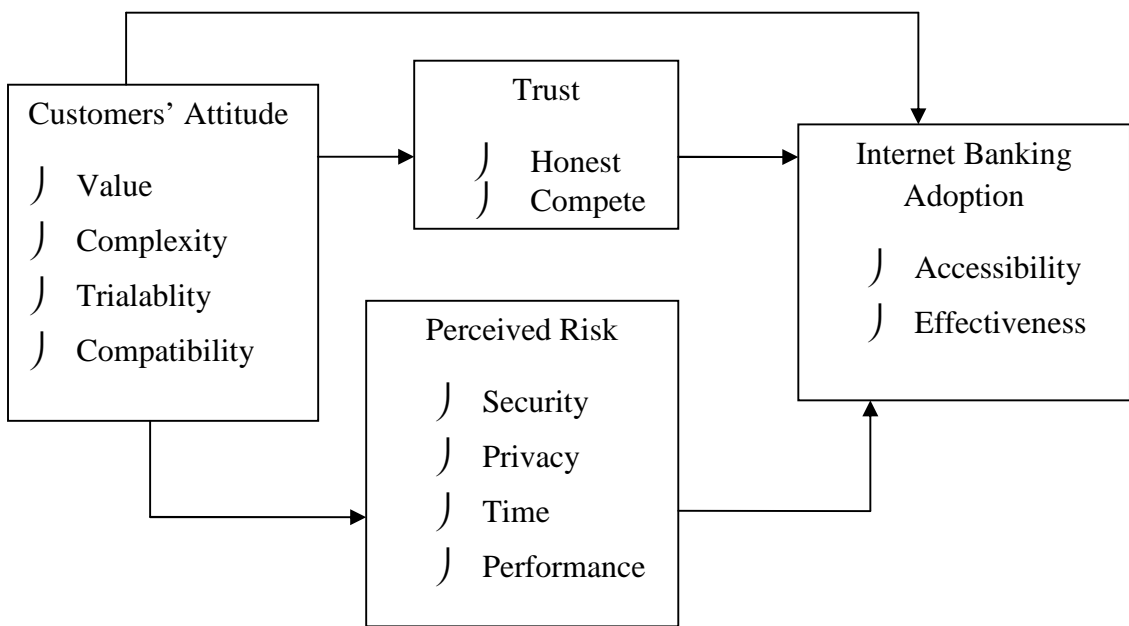
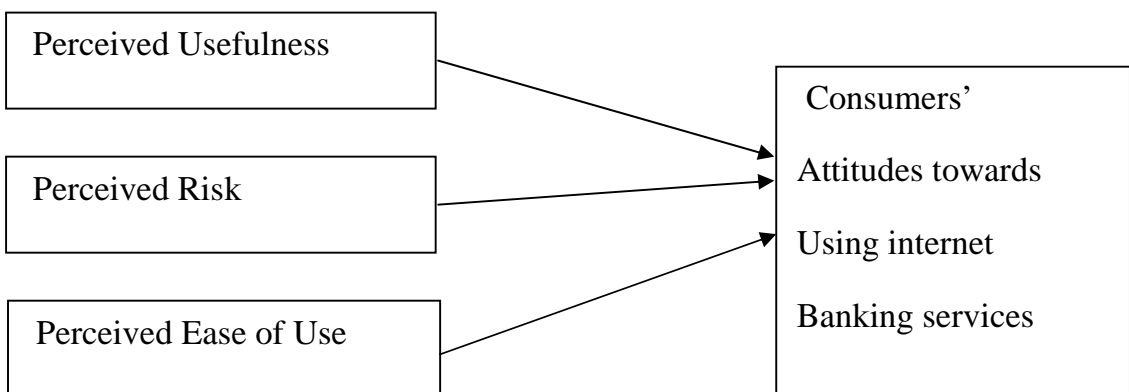


Figure 2.3: Theoretical Framework of the Study



Based on the conceptual framework, the basic framework for this study is shown in above figure here there factors are affective on customer's attitude towards internet banking. With the help of internet banking users of Nepalese commercial banks the relationship between them is identified, analyzed and examined so that it will be helpful for financial institutions attracting more customers towards internet banking facilities. From the view point of customers' perceived usefulness carries various factors such as easier way of solving banking needs, control over finances, convenience etc., similarly perceived risk includes security aspects, privacy, refund facilities, confidentiality etc., and perceived ease of use includes increment in productivity, flexibility, saving of time etc. How do costumers perceive all these factors are the main aspect of the study?

It also examined the continuum of consumers' adoption of three different e-banking products. It focused on how socioeconomic and demographic characteristics and consumer perceptions of the relative advantage, compatibility, complexity/simplicity, trial ability, obserbality, and risk and product involvement affect adoption. It also explored how change s over time has affected adoption. In an "other things held constant" framework, measures of diffusion of innovation are significant determinants of the likelihood of adoption, but so are measures of personal characteristics. Furthermore, it appears that a rising tide lifts all boats, changes over time are significant but it appears to affects all individuals and families across the board. This study found the differences in the characteristics associated with the adoption of different e-banking technologies. It is important to note that this study showed that e-banking technologies cannot be aggregated into a single category –and thus a "one size fits all" marketing approach did not work across various e-banking products and services. Hence it provides the banking industry with some insight into factors that likely affect consumer acceptance of e-banking technology and highlights areas of special consideration in his adoption of these new technologies. Relative advantage and compatibility jump to the top of the list of characteristics of e-banking technologies to highlight for consumers. And, while trial ability, simplicity, obserbality, risk and safety were not significant

across all the technologies it examined, including these characteristics in a marketing campaign certainly would not hurt the chance of consumers adopting e-banking. Both the financial services marketplace and the available technologies are evolving quickly and although it appears that a broad range of consumers are adopting these technologies, and that a rising tide does indeed lift all boats, monitoring these changes and their implications for consumers will be an ongoing challenge.

2.3 Review of Related Study

Asian Studies

To identify the factors that encourage consumers to adopt internet banking services in Thailand and to use the study's findings to develop strategies for banks on how to maximize the rate of adoption. Jaruwachirathanakul and Fink (2005), studied internet banking adoption strategies for a developing country: the case of Thailand. The implied methodology was quantitative research with a sample size of 600 achieved by sending questionnaires to 15 people in each of 40 large companies in Bangkok. The study is based on the Decomposed Planned Behavior. The major findings and conclusions were; the attitudinal factors that appear to encourage the adoption of internet banking in Thailand most are "Features of the web site" and "Perceived usefulness", while the most significant impediment to adoption is a perceived behavioral control, namely "External environment". The significant moderating factors are gender, educational level, income, internet experience and internet banking experience, but not age. The researchers were recommended that to facilitate encouragement and restrict impediment factors. In addition to the direct "push" from internet banks (in respect of the encouragement factors), indirect persuasion should be carried out as a "pull" mechanism.

To gain an understanding of the channel adoption behaviors of Hong Kong Bank customers, Wan et. al.: (2005) conducted a study on customers' adoption of

banking channels in Hongkong. The study sought to investigate factors that influenced Hong Kong bank customers' adoption of four major banking channels, i.e. branch banking, ATM, telephone banking and internet banking. Specifically, it aimed to focus on the influences of demographic variables and psychological beliefs about the positive attributes possessed by the channels. Based on extant literature on bank marketing and interviews with ten bank managers in Hong Kong, a questionnaire was designed. Then, in a large-scale survey by means of mall-intercept and telephone interviews, they successfully obtained data from 314 bank customers. Two sampling methods were adopted. The first was convenience sampling with mall-intercept. Data was collected in the middle of August 2003 over a one-week period. Two female interviewers were responsible for recruiting respondents in a central business district in Hong Kong. A total of 150 respondents, half of them male, were used. The second data collection method was simple random sampling with telephone interviews. A thousand residential telephone company. The same two female interviewers were responsible for conducting the telephone company. The same two female interviewers were responsible for conducting the telephone interviews in August 2003. They successfully recruited 164 respondents. The demographic make-ups of the two samples were not significantly different.

A comprehensive picture of how different demographic segments of bank customers in Hong Kong distributed their banking activities among the four major banking channels and sheds light on how banks should allocate resources among the four channels. Overall, the banking channel that was most frequently used was ATMs, followed by internet banking and branch banking, and the least frequently used was telephone banking, the least frequently adopted channel. Psychological beliefs about the extent to which a channel possessed certain positive attributes were more predictive of adoptions of ATM and internet banking than adoptions of branch banking and telephone banking. Their findings suggest the gender was the least useful dimension for market segmentation. There was only slight difference between males and females in the extent to which internet banking was adopted.

No difference was found in the adoption of the other three channels. ATM was highly adopted by all demographic segments. Thus, demographic variables were much less successful than psychological beliefs in explaining adoption of ATM. Branch banking and internet banking were the two channels that showed the clearest distinctions among different demographic segments. The managerial implications are that telephone banking can be gradually phased out, whereas internet banking is becoming the dominant channel in the future. For branch banking, different marketing strategies should be adopted for those who are financially and cognitively less resourceful, and those who are wealthier but higher time cost.

The business environment of Hong Kong is very favorable to the further development of internet banking. More and more Hong Kong people are incorporating the internet into the repertoires of their daily activities. Specifically, those who are older, less well educated, and having a lower level of income are the market segments that are still underdeveloped. All of these new or yet-to-be internet users are potential customers of internet banking. They know very much about the benefits of the internet, especially the time and place convenience it can offer. Banks trying to capture a share of this market with their internet banking services do not need to reiterate these benefits. Rather, they should improve their website designs and navigation, increase the ease with which customers can browse through different pages, strengthen web site security, allow more ways in which the customers can check the accuracy of their transaction information, and provide more useful financial information in well-organized ways.

Laforet and Li (2005) carried out a study on customers' attitudes towards online and mobile banking in China. This study attempted to investigate the market status for online/mobile banking in china. This study offered as insight into online/mobile banking in China, which has not previously been investigated. Distinct differences and common trends between Chinese and other countries

were observed with clear indication of marketing strategy to be deployed by the service providers.

The demographic, attitudinal and behavioral characteristics of online and mobile bank users were examined. Respondents from six major Chinese adoption of online and mobile banking was reported to have changed dramatically hence it was crucial to study the market, to find out the target customers and their demographic characteristics. Therefore, the objectives of this study were: to investigate the market status of online and mobile banking in China; to identify the target customers for online and mobile banking and to understand the demographic characteristics of users and non-users of electronic banking; to compare attitudes of users and non-users towards electronic banking with respect to a number of factors such as technology, security, convenience, prior computer/new technology experience, prior personal banking experience and possession of a credit/debit card and a WAP/CDMA as well as users and non-users' attitudes towards the product attributes and reference groups.

A total 300 respondents from six major cities of China, including China's capital city, Beijing, were prompted randomly in the streets and interviewed by a small team of interviewers. Respondents verbally replied to a structured questionnaire their answers were recorded accordingly by the interviewers. In total, 128 respondents participated in this survey, giving a response rate of 43 percent. There were two advantages for prompting respondents. First, questionnaires were fully completed, thus reducing non-response items. Second, as collection of questionnaires was on the spot, no reminders were needed and, hence, time was considerably saved. The survey was concerned with users and non-users of internet/mobile banking. The results showed no significant difference between the online and mobile bank users and non-users in terms of their level of education. The results indicated a significant difference between users and non-users of online and mobile banking in terms of their level of awareness of these services. Attitudes of users and non-users of online banking and mobile banking were

compared with respect to five most common attributes identified such as convenience, ease of use, access to a wide range of services from time and place, confidential and security, hackers and fraud.

The results showed Chinese online and mobile bank users were predominantly males, not necessarily young and highly educated, in contrast with the electronic bank users in the west. The issue of security was found to be the most important factor that motivated Chinese consumer adoption of online banking. Main barriers to online banking were the perception of risks, computer and technological skills and Chinese traditional cash-carry banking culture. The barriers to mobile banking adoption were lack of awareness and understanding of the benefits provided by mobile banking.

There were many critical issues, which stood out as being obstacles to consumer adoption of online and mobile banking among these were consumers' attitudes. Security factor was found the most important attribute that could motivate consumers' attitudes towards online banking in China. Other barriers to Chinese adoption of online banking were perceived risks, computer and new technological skills and Chinese habit of cash-carry banking. As for mobile banking, lack of understanding of the concept and its benefits were the main barriers to its adoption. In contrast to Western countries, Chinese online and mobile bank users tend to be predominantly male, not typically young neither highly educate. Users were also widely spread among the salaried employees, senior managers and small business owners. This study gave an insight into online and mobile banking in China, which had not previously been investigated. In particular, the study highlighted issues to assist Chinese bankers and the like in implementing these services more effectively. A more detailed study can be carried out to acquire insights into the phenomena, based on a larger sample size and a better distribution of respondents' demographics

To illustrate why consumers are resistant to use internet bank, Gerrard et al.: (2006) carried out a study on why consumers are not using internet banking: a

qualitative study. Data were acquired from 127 consumers who were not internet bank users. Using a content analysis procedure, eight factors were identified which explain why consumers are not using internet banking. In order of frequency, the factors were: perceptions about risk; the need; lacking knowledge; inertia; inaccessibility; human touch; pricing and IT fatigue. The findings provided a framework for creating a strategy to enhance adoption consumers are not becoming internet banking users. The various reasons provided scholars with an opportunity to conduct further research in this area and practitioners with an opportunity to enhance adoption rates. The study has identified the various factors which explained why certain consumers were not using internet banking. The two most frequently mentioned factors were perceptions about the risks associated with internet banking and the lack of perceived need. Other less frequently mentioned factors were lack of knowledge of the service, inertia, inaccessibility, lacking the human touch, pricing and IT fatigue. The findings suggested that marketing campaigns which aim to encourage consumers to become internet bank users are likely to attract more males, the higher income groups; the better educated those who have already used the internet to buy services and/or goods and those who are knowledgeable about internet banking. These findings provide a base for bank marketers to consider ways of expanding the number of consumers who use internet banking. While some 5 percent of the respondents in this study may not require much “persuading”, no doubt, the other 50 percent probably will. All the factors, identified as reasons for consumers not being internet banking users are capable of being: influenced” by the banks. High on the agenda ought to be how to address perceptions about risk. Bank management and marketers may be very disappointed to see how many respondents indicated that they perceived no need to use internet banking and to a lesser extent, to see how many non-users and the range of services available over the internet. This may illustrate a mismatch between what banks expect customers should do and what customers expect banks should do. There appears to be much for banks to do before the number of internet banking users begins to plateau off. A list of those

consumers who were not internet banking users could not be sourced, meaning that a random sample could not be carried out.

The factors which emerged, however, appear to provide a comprehensive understanding of why certain consumers are not internet banking users. The factors provided a useful basis for researchers to conduct studies to better understand what influences a consumer decision not to use the internet as a means of sourcing banking services. The findings create an awareness of the various reasons explaining why consumers are not becoming internet banking users. The various reasons provide scholars with an opportunity to conduct further research in this area and practitioners with an opportunity to enhance adoption rates.

Ndubisi and Sinti (2006); carried out the study on consumer attitudes, system's characteristics and internet banking adoption in Malaysia. The main objectives of the study were to address the influence of transaction oriented (e.g.) speed, interactivity, clarity of procedural information, etc.) And non-transaction oriented factors (e.g. hedonism) on internet banking adoption. The underlying models employed in this research help to better understand the attitudinal and technology factors that will potentially help to consummate the diffusion of internet banking innovation by providing leverage points to enhance adoption and to understand how an individual's attitude can influence his or her usage of internet banking services. The main purpose of this was to examine the potential facilitators of internet banking adoption in Malaysia by adapting the diffusion of innovations theory and motivation research.

The research framework links attitudinal constructs such as importance of internet banking to customers' banking needs, compatibility, complexity, trial ability, and risk to internet banking adoption. Moreover, the impact of internet banking site design characteristics on adoption was also verified. Online questionnaire were used for data collection method. A total of 382 personalized messages were sent out individually via email and posting through yahoo newsgroups to attract respondents. Messages advertising the survey were posted at one-week intervals

to the individuals reached by personal email and newsgroups. A hyperlink was established in all outgoing mails. Responses submitted through the survey site were saved onto a file that was then downloaded daily and printed as hard copies. The survey lasted for a month of the 346 personalized emails successfully sent out; a total 126 sets were returned after three reminders, which translate to a rate of 37 percent. The seven-point likert-scale ranging from 1- strongly disagrees to 7- strongly agree was used for the questions.

The results also shows the importance of the internet to users' banking needs, compatibility, and trainability are significantly positively associated with adoption and complexity is significantly negatively associated with adoption. The results indicate that bank customers' adoption of internet banking depends on the perceived salience of the technology in meeting their banking needs, compatibility of the technology to users' lifestyle, style of managing finance, etc. and ability to try out the technology before making any long learn commitment. Complexity is inversely related to adoption, which means that the easier or less complex the system is to use, the greater will be its adoption. Risk is a weak predictor. This could be due to the assurance of the banks over the security of their internet banking. This could be due to the assurance of the banks over the security of their internet banking. This result showed that respondents are not driven by the entertainment features of the sites, thereby putting doubt on the effectiveness of entertainment and fun, as a way of attracting and keeping virtual banking customers.

The findings showed that attitudinal disposition and webpage features can predict internet banking adoption. Four attitudinal factors have strong influences on adoption namely importance to banking needs, compatibility, complexity, and trail ability, whereas risks have a weak influence. Importance of the internet to banking needs significantly predicts internet banking adoption. Individuals who deem internet banking useful in fulfilling their banking needs such as, the need to have better control of their own financial accounts, and those seeking for the most

convenient channel to have close monitoring of these accounts, are those seeking for the most convenient channel to have close monitoring of these accounts, are more promising prospects. Moreover, utilitarian orientation of the website rather than hedonic orientation has significant influence on adoption. Compatibility is another determinant of adoption. Given that individuals have already established personal banking norms, lifestyle, finance management system, and account monitoring mechanism prior to the advent of internet banking, their acceptance or rejection of this new mode will rely greatly on the extent this new mode accommodates or rejects all or some of the past values. Complexity also has significant relationship with intention to adopt internet banking. Risk has no significant influence on adoption. In conclusion, this research argues that customer attitude and the features of the internet banking site can help in creating internet banking acceptance among Malaysian bank customers.

To explore and compare customer value perceptions in internet and mobile banking (Laukkanen: 2007) carried out a study on internet vs. mobile banking: comparing customer value perceptions. The study attempted to compare customer perceived value and value creation between internet and mobile bill paying service. The aim of this paper was to present the findings of a study on customer value perceptions to internet and mobile banking services. The focus was to explore the use of internet and mobile fund transfer services and to compare customers' positive and negative value perceptions of these two channels. A qualitative in-depth interviewing design was applied in order to ascertain the factors that create value perceptions in fund transfer service via personal computer and mobile phone. Means-end approach and laddering interviewing technique was used in order to reveal how different value creating factors are hierarchically structured and related to each other. The results indicated that customer value perceptions in banking actions differ between internet and mobile channels. The findings suggested that efficiency, convenience and safety are salient in determining the differences in customer value perceptions between internet and mobile banking.

Krauthner and Faullant (2008); carried out a study on consumer acceptance of internet banking: the influence of internet trust. The main objective of the study was to investigate the role of internet trust as a specific form of technology trust in the context of internet banking. Furthermore, the integration of propensity to trust within the hierarchical structure of personality and its applicability to technological systems were investigated. The approach takes the form of an empirical study with 381 bank customers in Austria (adopters and non-adopters) and the use of a basic model of the adoption of internet banking with structural equation modeling (SEM).

The major findings were internet trust has a strong positive effect and perceived risk of internet banking has a medium negative effect on the attitude towards internet banking, and together these variables explain 58 percent of the variance of attitude. The results of the main effect model provided support. Familiarity with the internet has a strong positive effect. Propensity to trust has a strong and positive impact on internet trust. Internet trust has a strong and positive impact on perceived risk of internet banking. In support, propensity to trust has a significant positive impact on internet trust and a significant negative impact on perceived risk. The results confirmed the influence of internet trust on risk perception and consumer attitudes towards internet banking. The results of the study provide strong support for the proposed influence of internet trust on risk perception and consumer attitudes toward internet banking. The study conceptualized internet trust as trusting beliefs in the reliability and predictability of the internet and the willingness of the consumer to depend on the internet with regard to economic transactions and thus did not include any characteristics of the bank or the bank's website. The findings of the study showed that Austrian consumers tend to have low trust in the internet as a medium to conduct their personal banking activities. The main limitations of the study were the lack of representativeness of the sample, even though the study had a balanced distribution

concerning the age groups, the sample is not a true random sample from the whole population wherefore a selection bias cannot be fully excluded.

Future research should be encouraged to systematically investigate future facets of the personality structure in trust and adoption research, as well as to test interaction effects of psychological determinants (from the study) and external stimuli (web site characteristics). Making the internet banking interface for the customer more attractive and easier to navigate is not enough to increase the adoption rate of internet banking. Trust-creating activities to increase internet trust and to diminish perceived risk must be continuously pursued. Propensity to trust is an important determinant in the fruitfulness of these actions.

Thus the study concludes that trust toward the bank or the internet vendor in a broader sense and trust toward the internet must not be confounded or treated as different dimensions of the same construct “inline trust”, but have to be regarded as two distinct constructs that influence online consumer behavior in different ways. This study has also shown that the adoption process of internet banking is not a more question of web-design, or actions dedicated to diminish perceived internet risk, but that it is a complex psychological process in which predispositions in the personality structure of potential internet users play a significant role. Thus, even if bank managers might devote valuable efforts to design website interfaces with improved usability and security in order to enhance internet trust and reduce the perceived risk, these steps are likely to have diverging success among internet bank customers, depending on their personal predisposition. Sohail and Shaikh (2008); conducted a study on internet banking and quality of service: Perspectives from a developing nation in the Middle East. The study attempted to measure the quality of service from customers’ perspective. With an enormous growth in internet banking, this study discusses how banks can be conducted in Saudi Arabia. The paper uses empirical research to analysis service quality of internet banking services provided by banks in Saudi Arabia.

Results based on a factor analysis identify three factors that influence users' evaluation of service quality of internet banking services. These factors were labeled as efficiency and security, fulfillment and responsiveness. This study is useful for banks in order to improve service quality and retain/gain a share of the market in a highly competitive industry. The findings were important to enable bank managers to have a better understanding of customers' perception of service quality of internet banking and consequently of how to improve their satisfaction with respect to the online aspects of service quality. This study makes a valuable contribution given the fact that there are only a limited number of comprehensive studies dealing with the assessment of electronic service quality in banking environment.

For identifying perceptual, experience related, demographic, socio-economic and situational characteristics of internet banking among adopters and non-adopters. Ozdemir et al.:2008 carried out the study on segmenting internet banking adopter and non-adopters in the Turkish retail banking sector. In particular, perceptual differences between IB adopters and non-adopters are examined in the study. The methodologies applied in the study were interviews with leading internet banking managers in Turkey. A questionnaire was designed. Face-to-face questionnaires were distributed to 155 convenience samples of internet users. The major findings were significant differences between adopters and non-adopters of the services in terms of their perceptual, experience and consumer related characteristics. Internet banking adopters perceived internet banking use as less risky, more user-friendly and more useful compared to internet banking non-adopters. Internet banking non-adopters who intend to use the service in the future (i.e. later adopters) perceived internet banking use as less risky and more useful compared to non-adopters who do not intend to use the service (i.e. laggards). Internet banking adopters were also found to have more experience with mobile internet, and have higher income and longer working hours. Based on the findings, the following policy and academic recommendations were made; the managerial implications of the study are that the banks in Turkey should reduce the risk perceptions of non-

adopters, particularly the ones who do not intend to the service in the future (i.e. laggards). They should also motivate non-adopter segments to have more experience with more general internet based services. The initial target to diffuse internet banking in turkey should include the segments which have greater income and longer working hours.

Liao and Wong (2008); carried out a study on the determinants of customer interactions with internet-enabled e-banking services. This study empirically explored the major considerations associated with internet enabled e-banking systems and systematically measured the determinants of customers interactions with e-banking services. The results suggested that perceived usefulness, ease of use, security, convenience and responsiveness of service requests significantly explain the variation in customer interactions. Exploratory factor analysis and reliability test indicated that these constructs are relevant and reliable. Confirmatory factor analysis confirms that they possess significant convergent and discriminatory validities. Both perceived usefulness and perceived ease of use have significant impacts on customer interactions with internet e-banking services. Perceived security, responsiveness and convenience also represent the primary avenues influencing customer interactions. In particular, stringent security control is critical to internet e-banking operations. Prompt responses to service requests can encourage customers to use Internet e-banking operations. Prompt responses to service requests can encourage customers to use internet e-banking services. The findings have managerial implications for enhancing extant internet e-banking operations and developing viable internet e-banking services.

Mazano et al.: (2009); conducted a study on key drivers of internet banking services use. The study attempted to analyze the determinants of internet banking use, paying special attention to the role of product involvement, perceived risk and trust. Therefore, this paper highlights the need for better understanding of consumer involvement in the specific environment of online banking services.

The aim of the research reported here was to analyze the impact of TAM beliefs on internet banking acceptance by incorporating personal consumer factors, including their degree of perceived shopping risk, trust and financial services involvement. The methodology includes a field survey of internet banking users who were employed to empirically test the proposed model. Data for this study was collected via an online survey of 511 internet banking adopters. Pre-test questionnaires were administered to 20 internet banking services users and 20 experts in financial services with experience as purchasers of online banking services users and 20 experts in financial services with experience as purchasers of online banking services during the past year. These respondents resembled the target sample to be surveyed. As a result of the pre-tests, some redundant questions were eliminated and some to the scales were adapted in order to facilitate understanding and to avoid erroneous interpretations. The respondents were internet users of 16 years of age or older who had used internet banking services in 2006. Participants answered a survey through a web page designed specifically for this research study. A total of 2025 Spanish internet banking users were contacted during the online survey, of which 759 agreed to participate. Final samples of 511 (67.3 percent) valid questionnaires were analyzed. The fieldwork was done in July 2007.

Data analysis showed that TAM beliefs and perceived risks (security, privacy performance and social) have a direct influence on e-banking adoption. Trust appears as a key variable that reduces perceived risk. Involvement plays an important role in increasing perceived ease of use. This research provided banks with knowledge of what aspects to highlight in their communications strategies to increase their internet banking services adoption rates. The research findings show managers that web contents and design are key tools to increase internet banking services adoption. Practical recommendations to increase web usefulness and trust, and guidelines to reduce perceived risk dimensions are also provided. Despite the importance of trust issues and risk perceptions for internet banking adoption, only limited work has been done to identify trust and risk dimensions in

an online banking context. The study evaluated the impact of treating risk as a whole. Furthermore; risk has been measured as a formative construct because there is no reason to expect that risk dimensions in online financial services are correlated.

European Studies

The main purpose of the study customer acceptance of internet banking in Estonia was to study technology acceptance of internet banking in Estonia, an emerging east European economy which was carried by Eriksson et al.: (2005). The study also contributes by mapping the trajectory of the status and the strategic potential of internet banking in an emerging east European economy. The main focus of the study was to examine what is affecting the customer's usage of internet banking in Estonia. The present study modifies the technology acceptance model and applies it to bank customers in Estonia, because Estonia, a country with a developing economy has focused on internet banking as an important distribution channel. Quantitative study was selected to obtain data regarding the usage of and attitudes towards the internet as a banking channel. To examine what influences customers use of the internet bank a questionnaire was sent to 9000 bank customers in Estonia. For 330 of those customers, the questionnaires were not delivered because they did not have their current addresses. Besides background questions, the survey contained questions concerning the customers' experiences with computers, their uses of the internet bank, and factors that had convinced them to use internet bank, along with several attitude questions. The purpose of the survey was to examine statistically some of the things that influenced customers' decisions to use the internet bank.

The paper presents the conceptualization of internet trust as a specific form of technology trust, and its pivotal role in the adoption process of internet banking, together with the extension of the propensity to trust concept to technological systems. To test the proposed relationships, data from customers from different

Austrian banks who also are internet users (both adopters and non-adopters of internet banking) were collected. Subjects for the study were randomly selected people that have been approached in different places (airport, park, and shopping streets) in bigger and smaller cities more or less all over Austria. A standardized questionnaire with closed-response questions using seven-points rating scales was developed. All measurement were adapted using standard psychometric scale development procedures, internet trust was measured with four items, two items measuring the perceived reliability and predictability of the internet, and two items measuring the willingness to depend on the internet.

The findings suggest that internet bank use increases in so far as customers perceive it as useful. The perceived usefulness is central because it determines whether the perceived ease of internet bank use will lead to increased use internet bank may not be used if it is not perceived as useful. The study concluded that the perceived usefulness of internet banking is, for banks, a key construct for promoting customer use which also suggests that models of technology acceptance should be re-formulated to focus more on the key role of the perceived usefulness of the service embedded in the technology. The findings of this study point to the perceived usefulness of internet banking as the primary reason that Estonian bank customers sue the internet for banking. The perceived ease of use of the internet banking does not directly increase the use. From the bank's point of view it is necessary to know the relationship between perceived usefulness and more appealing but even in the pre-adoption stage the real content is what matters most. No amount of added ease of use can compensate for lack of usefulness. There are also factors, not so directly linked to internet bank, that affect usage, like overall trust in the bank. The consumers' pursuer an integrated perception of the bank and failures in overall performance also influence attitudes towards internet banking.

Polaskik and Wisniewski (2009); carried out a study on empirical analysis of internet banking adoption in Poland which attempted to identify empirically the factors underlying the decision to adopt online banking in Poland. This study seeks to identify the main drivers underlying the consumer's decision to embrace the technology. The empirical analysis presented here is based on a large sample of internet users and employs an extensive set of explanatory variables. Some of the factors considered, such as the impact of marketing exposure or the interaction of internet banking with other products. This inquiry focuses on the Polish banking market, which can be regarded as the largest market among the new EU member states. The objective of this study was to evaluate the phenomenon of online banking adoption from the perspective of Polish internet users. The sample used in this study was based on 3519 interactive questionnaires completed by Polish internet users. The dichotomous decision of whether to adopt internet banking services was linked, via Binomial Logistic Regression, to numerous explanatory variables.

One of the dominant relationships that have been observed in this study was the link between the decision to open an online account and the perceived level of security of internet transactions. Experience with the medium of internet and certain demographic variables also provide to be robust predictors of the adoption status. Moreover, this inquiry documents that advertising appears to be efficacious and that online banking interacts with consumption of other products offered by banks. These findings imply that financial institutions can encourage customers to use this cost-effective distribution channel through carefully-planned actions. The results presented in this paper can be of assistance to banks that either operate in Poland or intend to design a pan-European strategy. Useful insights are also provided with regard to market segmentation, security and strategies fostering the acceptance of online banking. The data used in this study was collected online by onet.pl, one of the most popular internet portals in Poland. A pop-up window with an invitation to participate in the survey was displayed to randomly selected visitors of the portal. The electronic questionnaire was placed on a university

server and the responses were anonymous. The results demonstrates the enormous impact marketing campaigns have on the diffusion of new technologies and gives some justification of the marketing expenditures incurred.

It has been documented that a high level of perceived security in cyberspace is necessary to foster further acceptance of online banking. Furthermore, customers who are familiar with other electronic distribution channels, such as mobile banking or payment cards, show greater proclivity to open an internet account. Promotional campaigns appear to be essential to the process of gaining widespread acceptance, and internet users have been shown to be receptive to banks' marketing efforts. The more technology-savvy they are, the higher the probability of them conducting banking operations via the medium of internet. In particular, the usage of internet for work and shopping, the duration of use, and number of years of schooling were important predictors of the adoption status. Demographic characteristics also seem to exert an influence on the phenomenon under investigation. The likelihood of banking online is correlated with the urbanization of the area of residence, educational attainment and the age of the respondent. In general, minors and mature individuals over the age of 65 were less positively disposed to an internet account. The findings indicate that respondent's gender has a statistically significant impact on the decision to conduct banking operations on the internet. Presence of infrastructural barriers coupled with lower income per capita and lower saturation with basic banking services may be viewed as a hindrance. The process of overcoming these obstacles may take several years and closely linked to future economic growth and educational efforts in the field of information and communication technologies.

The study highlighted the concerns about the safety of internet transactions. Judging by the level of statistical significance, perceived security is the most determinant of e-banking adoption. Since customer trust is hard to gain and easy to lose, the internet banking providers should strive to maintain a good record by eliminating any potential security threats in a proactive manner.

Others Studies

The adoption of electronic banking technologies by US Consumers (2004) which was studied by Kolodinsky et al.: which examined whether and how the characteristics that describe the adoption of new innovations are related to consumer adoption of e-banking technologies. The article includes adoption as well as intentions to adopt in measurement and explored how these factors have changed over time. This paper explored factors that affect the adoption or intention to adopt three e-banking technologies (Automatic bill payment, Phone banking, PC banking) and changes in these factors over time. Using a Federal Reserve Board commissioned data set, the paper finds that relative advantage, complexity/simplicity, compatibility, observability, risk tolerance, and product involvement are associated with adoption. Income, assets, education, gender and marital status, and age also affect adoption. Adoption changed over time, but the impacts of other factors on adoption have not changed.

Trends South African Internet banking (2004) with the main aim of determining why university employees did not bank online was studied by Singh. The objectives included determining who banked online, how often they banked online, why they banked online, and what online services they used. The study focused on issues such as security, site user-friendliness, online help and incentives to bank online. Web-based survey was administered to the staff of the University of Durban-Westville this study revealed that only 22.6 percent of respondents banked online. In order to get a broader perspective, the researcher extended the research to include the University of Natal and the Rand Afrikaans University. Staff at the University of Durban-Westville and the University of Natal participated in the study. However, staff at the two institutions could not accept any more. E-mails were sent to all employees at the two institutions that agreed to participate. A total of 369 responses were received from the two institutions, which represents 11 percent of the population. E-mails were sent to all employees with e-mail addresses at both institutions during January 2002. The

e-mail directed the recipient to an online questionnaire. The questionnaire contained open and closed questions, ranking scales and rating scales. Statistical analysis revealed that more males used Internet banking than females. Automated telling machine usage was far greater than internet banking usage. A large percentage of Internet bankers used the service for inter account transfers and checking balances/statements. Security was the prime issue for those not banking online. Potential customers wanted guaranteed safety and loyalty rewards to get them to bank online. Internet banking has the potential to grow amongst tertiary institution employees. This study aimed to find out why customers were not banking online, and to develop strategies to get them online. This study has revealed who was banking, where they banked, how often they banked, and what services they used. However, there were limitations to this study, one of which was the sample size. Although not large enough to generalize about the total South African population, the results were relevant, and in many instances the results have concurred with other local and international research. It is not possible for any single study to cover every aspect of a particular topic. This study is no exception. Other Internet banking issues that were not addressed by this study that should be considered for new research include consumer switching patterns and consumer adoption patterns of electronic services. It is evident that the Internet is here to stay. It has the ability to benefit both banks and customers. However, South African banks have a major challenge ahead of them to get more people banking online.

2.2 Research Gap

Based on the review of all literatures related with study, certain research gaps were found. The study which was carried on Malaysia by Ndubisi and Sinti (2006) revealed that the attitudinal factors play a significant role in internet banking adoption or usage of internet banking services. The study by Laforet and Li (2005) in China, found that Chinese online banking user were predominantly males, not necessarily young and highly educated. Study in Thailand which was carried by Fink (2005) revealed that, the significant moderating factors

influencing the adoption of internet banking by Thai consumers are gender, educational level, income level, internet experience but not age. Since study related to customer's attitude towards internet banking was not carried on Nepalese context, therefore one of the issues of the study seeks to answer about the demographic characteristics of internet banking user in context to Nepalese commercial banks.

The issue of security was found to be the most important factor that motivated Chinese consumer adoption of online banking. In study which was carried on Spain by Manzano et al.: (2009) showed that perceived risks (security, privacy, performance and social), perceived usefulness, perceived ease of use have a direct influence of e-banking adoption. Study which was carried on Estonia by Erikson et al.: (2009) pointed that perceived usefulness of internet banking as the primary reason that Estonian bank customers' were using the internet banking. Perceived usefulness of internet banking is for banks, a key construct for promoting customer use similarly the study found that perceived ease of use of the internet banking doesn't directly increase the use of internet banking. Similarly, the study in Singapore carried by Liao and Wong (2009) showed that both perceived usefulness and perceived ease of use have significant impacts on customer interactions with internet banking services. The results suggested that perceived usefulness, perceived ease of use, security, responsiveness and convenience significantly influence customer interactions with internet banking.

Internet banking that has revolutionized the banking industry worldwide has turned out to be the nucleus issue of various studies all over the world. However there has not been the study related to internet banking in Nepal in context with customers' attitude. Internet banking study was found almost untouched by other researchers in Nepal though it has been a subject of growing interest these days. This topic is probably new in Nepal. The next issue related to the study is what role perceived usefulness play while using the internet banking services. The results suggested that perceived usefulness, perceived ease of use, security, responsiveness and convenience significantly influence customer interactions with internet banking.

Internet banking that has revolutionized the banking industry worldwide has turned out to be the nucleus issue of various studies all over the world. However there has not been the study related to Internet banking in Nepal in context with customers' attitude. Internet banking study was found almost untouched by other researchers in Nepal though it has been a subject of growing interest these days. This topic is probably new in Nepal. The next issue related to the study is what role perceived usefulness play while using the internet banking services. Similarly how perceived risk factors are taken by the Nepalese internet banking services users? And finally the study discuss about how customers' attitude is related with perceived ease of use?

The study related with customer attitude toward internet banking has been conducted in developed and developing countries. Extensive and comprehensive studies are not conducted in context of developing country. Thus, academic and policy study is most urgent to know the situation of Nepal with comparison to developed country by taking the special reference of Nepalese Commercial banks customers. So, considering these research gaps particularly in Nepalese context, this study propose a framework to analyze the demographic characteristics of internet banking users and also to identify, analyze, examine and determine the customers' attitudes towards perceived usefulness, perceived ease of use and perceived risk while using internet banking services of Nepalese commercial banks especially in pokhareli customers.

There are many studies are conducted on the online banking in Nepal but no research on online banking specially conducting their activities in Pokhara. This study has taken attempt to identify the customer attitude and perception of online banking activities in Pokhareli customer. Their understanding of the level of usefulness of banking transaction through internet like their perceived risk on doing banking activities online how much essential is online banking transaction to the current age Pokhareli people.

CHAPTER III

RESEARCH METHODOLOGY

3.1 Research Design

Research methodology sets out overall plan associated with a study. It provides an interpretation of data; it is likely that the conclusions drawn may be misunderstood. This chapter therefore explains the methodology basic framework on which the study is based. Before presenting the analysis employed in this study.

This study follows a survey research design which intends to evaluate the customers' attitudes while using internet banking service by Nepalese commercial banks. From the findings of the study, it is hope that the attitudes that induce customers to adopt the internet banking service can be identified. The respondents of this study are the customers using internet banking facilities of commercial banks in Nepal. The research design that is being used is descriptive study. The descriptive research design has been adopted for fact-finding and searching adequate information about factors affecting internet banking. This design has also been employed to assess the opinions, perceptions, and characteristics of respondents with respect to demographic factors of the respondents using internet banking, consumers' attitudes towards perceived usefulness, and consumers' attitudes towards perceived risk, and consumers, attitudes towards perceived ease of use from internet banking users. This study mainly focuses on the primary data analyses which are collected based on pre-specified questionnaires through the survey method. The data has been analyzed with the help of descriptive statistics, statistical test and inferential analysis. Additionally, the correlation between the statements also analyzed to examine the relation between the questions. Other

methodological issues associated with this study are dealt extensively in the respective sections.

3.2 Population

Population refers to the entire group of people, events or things of interest that researcher wishes to investigate. The populations of this study consist of all customers of financial institutions (commercial banks, development banks and finance companies) who have been using internet banking. Here single person has many accounts in different financial institution such as commercial bank, development bank and finance companies). This study has totally focus to Pokhara Valley only where almost most of the commercial banks and financial sector that provides internet banking facilities has an office/ branch. To this end, the population for this research consisted of all users of internet banking in Pokhara Valley who are customers of commercial banks.

3.3 Sample

Sample means only a portion or subset of the population, as population is large in size. Among the total population only 200 samples are undertaken for the study. Particular sample sizes were selected in such a manner that it gives most of the information required for the study with maximum accuracy and precision fulfilling the research objectives. A set of questionnaire consisting 30 questions related to demographic factors such as gender, income level, highest level of education and occupation, questions related to perceived usefulness, perceived risk and perceived ease of use have been distributed to respondents through survey. The sample represents the customers who are currently using the internet banking provided by different financial institutions in Pokhara valley. The survey is carried out especially in New Road area of Pokhara where most of the banks have their branches located. 8 Commercial Banks are selected as sample units using convenience sampling and 25 customers of each sample banks have been

selected as sample respondents for the survey applying stratified sampling procedure.

The table shows the name of financial institutions or their branches in new road area where data was collected and the number of respondents who were taken for the study from each branch as the appendix I.

3.4 Sampling Method

This study is based on the primary data. Pre-specified questions are used as the instrument which consists of multiple choice questions and open –end questions. Items from previous studies were modified for adaptation to the internet banking in context of Nepal. The measures of actual use, behavioral intention to use, and attitude toward using are used for analyzing the responses to open-ended questions and multiple choice questions. Data were collected using well formulated questionnaires. The questionnaires were self-adjusted, validated and pre tested. During the survey discussions with the respondents and information obtained through discussions and interviews.

3.5 Data Collection Method

In this study, the sampling procedure has been used with view of principle of validity, principle of statistical regularity and the principle of optimization. The sampling procedures which consist of sample size, simple of respondents and sampling method. This study focuses on the attitudes of customers towards internet banking and adoption factors such as perceived usefulness, perceived risk and perceived ease of use. Thus, the only sample product used for the research purpose was the users of internet banking service provided by commercial banks. The sampling unit for the study constitutes the prime customers of different commercial banks using internet banking. The selection of the respondents was made on the basis of personal contacts and in a random basis. The respondents

have been approached personally and given a detailed explanation about the survey (including its purpose, the meaning of the items and what is expected of the respondents).

3.5.1 Primary Data

The questionnaires are the primary sources of data collection. Questionnaires were prepared according to the requirement of the study on the basis of literature review and guidance of various personalities. This questionnaire was distributed according to the method described in sampling procedure.

Data collection was over a period of 35 days, and respondent were approached in banks, their homes and offices at different times and locations with a view of sampling a wide range of customers and main focus was given to prime customers. Service provision and consumption were not disrupted for questionnaire administration purposes; data gathering did not influence customer evaluations. The items in the questionnaire were constructed based on the costumers' attitudes towards various banking factors and shown in the Appendix I. The questionnaires were focused on the following main issues:

-) Demographic factors of the respondents using internet banking;
-) Consumer's attitudes towards perceived ease of use;
-) Consumers' attitudes towards perceived risk
-) Consumers' attitudes towards perceived ease of use

3.6 Data Analysis Tools

Descriptive statistical tools such are collected data is managed, analyzed and presented in proper table and formats. These data are then interpreted and

explained whatever they are necessary. The data are collected then processed using the Statistical Package of Social Science (SPSS) computer software. The function of SPSS is to help to analyze the result of the questionnaire and then to be interpreted the finding. The research instruments used for has applies in this research study are Reliability Analysis (Cronbach's Alpha), Frequency Distribution and Descriptive Statistics Analysis. Data analysis for this study was applied descriptive statistics (frequency, means, and standard deviations). Inferential statistics like ANOVAs and correlation was used to understand the relationship between variables. Hypothesis was tasted using correlation and ANOVA.

3.7 Analysis Plan

The study use Microsoft excel 2007, Microsoft word 2007 and SPSS 16.0 to analyze and maintain the data and for text management. Univairate and Bivairate analysis is done in the study. The study uses independent sample t-test and one way ANOVA test for testing following alternate hypothesis.

Hypothesis (H1): There is significance difference in mean scores of perceived usefulness, risk and ease of use of internet banking by gender.

Hypothesis (H2): There is significance difference in mean scores of perceived usefulness, risk and ease of use of internet banking by educational status.

Hypothesis (H3): There is significance difference in mean scores of perceived usefulness, risk and ease of use of internet banking by occupational status.

3.8 Reliability and Validity

After the collection of data's through questionnaire the reliability was tested and validity of all the data was tested. The result was reliable and valid with Cronbach's Alpha as per Table 3.8. The Reliability and Validity results in table

showed that the instrument was both reliable and valid since the variable coefficients are 0.808, 0.649 and 0.542 respectively. If the value of Cronbach's Alpha is 0.60, it denotes the questionnaire response is reliable and can be use for further calculation.

Table No. 3.8
Coefficient of Cronbach's Alpha

Scale	Cronbach's Alpha	No of Items
Perceived Usefulness (PU)	0.808	9
Perceived Risk (PR)	0.649	9
Perceived Ease of Use(PEOU)	0.542	7

Source: Opinion Survey 2013/2014

Perceived Usefulness, Perceived Risk and Perceived Ease of Use respectively, the perceived usefulness items show the highest value of Cronbach's Alpha and perceived ease of use is the minimum. The result may be due to the consciousness in initial questions and later questions the respondents have not paid perfect attention on responding the questionnaire.

CHAPTER IV

DATA PRESENTATION AND ANALYSIS

Data presentation and analysis are crucial factor to be done in the course of report by the researcher. Those are done by the consideration of the stated objectives. Analysis is made from the 200 samples of internet banking users of Pokhara valley. This analysis is made with the help of Computer program Statistical Package of Social Science (SPSS) 16.0.

4.1 Demographic Characteristics of Internet Banking Users

The first objective of the study was to analyze the demographic characteristics. Hence from the results we can accept that demographic factors are frequently used as a basis for understanding consumer characteristics. The popularity of using demographic factors is attributable to the observed relationship between the consumption of certain products and certain demographic factors. The demographic characteristics include age, sex, income, occupation, education, a bank's decision to provide internet banking depends on the characteristic of the market the bank serves, such as the demographic characteristics of potential customers. Demographic characteristics play a vital role in understanding the buying behavior of consumers. In addition, for internet banking service adoption, banks must consider a user's demographic characteristics to offer the correct range of service products.

The demographic characteristics of the internet banking users are analyzed here. Analysis of the customer profile that have been using internet banking of Nepalese commercial banks with the help of data collected from questionnaire from 200 respondents. The demographic variables of this study include age,

gender, income, education and occupation. It has been widely that demographics factors have a great impact on consumer's attitudes and behavior regarding online banking. Different demographic data were collected through the structured questionnaire. 26 to 30 years respondent were more than one third of total respondents which signifies that internet banking practices is mostly practiced by this age group which is clear from the table 4.1. Which includes age, gender, income, level of education and occupation of the respondents.

Table No. 4.1
Demographic Characteristics of Respondents

S.No.	Variables	Frequency	Percentage
1.	Age		
	20 or below	28	14
	21 – 25	47	23.5
	26 -30	72	36
	31 – 35	24	12
	36 – 40	14	7
	41 or abov	15	7.5
2.	Gender		
	Male	111	55.5
	Female	89	44.5
3.	Income Level		
	Below 10000	59	29.5
	11000 – 20000	79	39.5
	21000 – 30000	29	14.5
	31000 – 40000	11	5.5
	41000 – 50000	12	6
	Above 51000	10	5

4.	Level of Education		
	Above Masters	89	44.5
	Bachelors'	75	37.5
	Intermediate	30	15
	S. L. C.	6	3
5.	Occupation		
	Student	46	23
	Job Holder	129	64.5
	Small Business	3	1.5
	Retired	10	5
	Others	12	6

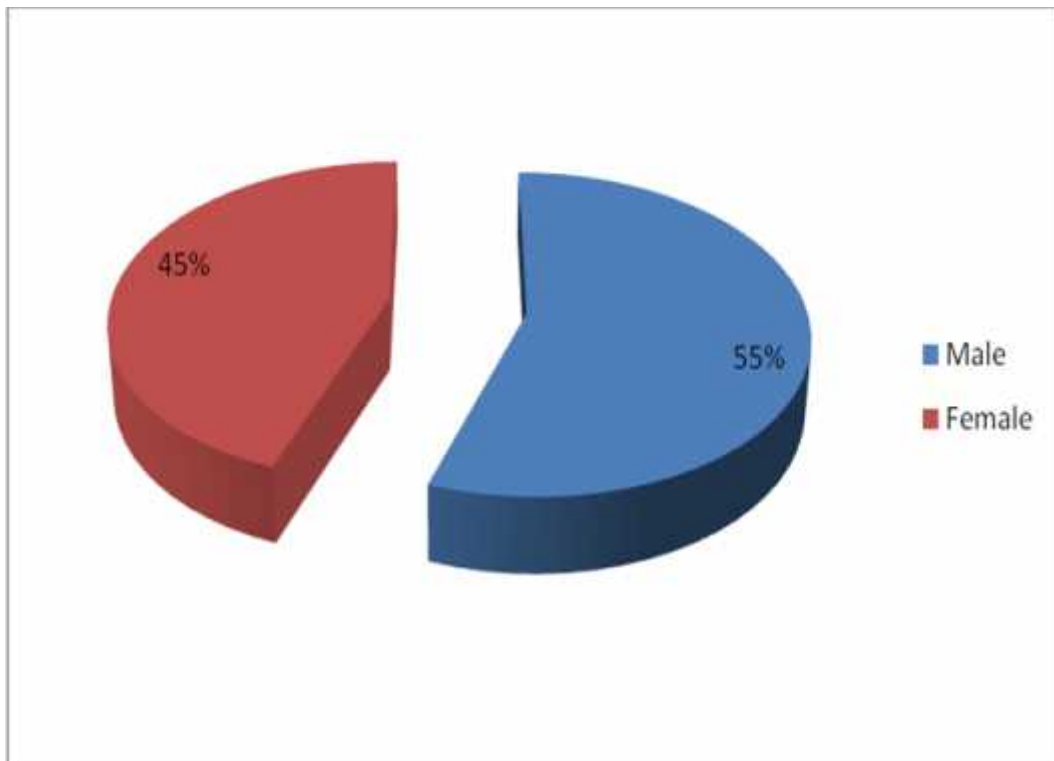
N=200

Source: Opinion Survey 2013/2014

The internet banking users of Nepalese commercial banks are of age 26 to 30, which indicates 36 percent of the respondents are under the age of 26 to 30 or young consumer who are the main user of internet facilities. In addition, those in the 20 or below, 21 to 25, 31 to 35, 36 to 40 and 41 or above age constituted of 14percent, 23.5 percent, 12 percent, 7 percent, 7.5 percent respectively. The internet users of 26 to 30 years age is found highest in percentage 36 followed by 21 to 25 age 23.5 percentage. This implies majority of the commercial banks internet users are in a dynamic age that can easily learn and understand the internet banking services.

Similarly, the gender of the respondents who participated in the study is specified and analyzed in the followings figure 4.1.

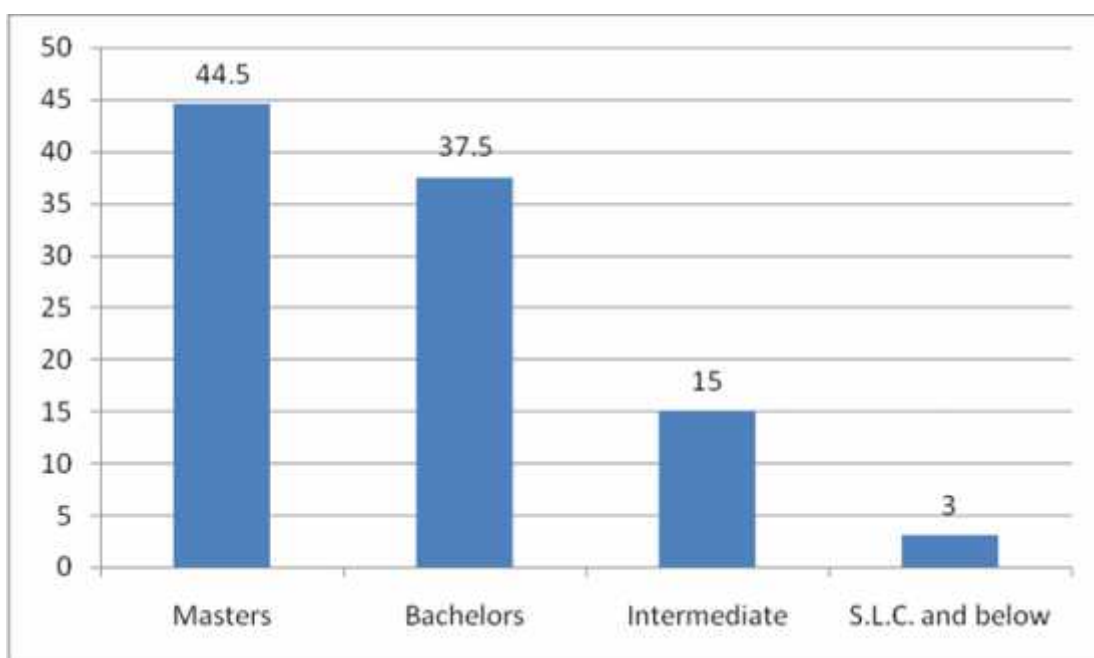
Figure 4.1 Gender-wise Distribution of Sample



The table reveals the gender of respondents of the study. The majority of the respondents were male comprising of 55 percent while the female respondents were 45 percent. The results imply that this rate is likely going to affect internet banking adoption as males are likely to welcome new innovations in the banking industry than female counterparts. It also shows that more male customers are using internet banking of Nepalese commercial banks.

Similarly, the income level of the respondents who participated in study is specified and analyzed in the same table 4.1 shows the income level of respondent. The majority of respondent's income level is between Rs. 10000 to 20000 comprising of 39.5 percent in total. The results showed that people earning more than 20000 are major users of internet banking facilities.

Figure 4.2 Income Levels of Respondents



Likewise shows the educational level of respondents or the user of internet banking. The majority of the respondents were Master’s degree which consists of 44.5 percent from the total respondent profile. In addition, those with Bachelors and Intermediate Level constituted 37.5 percent, intermediate level 15 percent and S.L.C. and below are very low. The internet users of Master level found highest in percentage 44.5 percent followed by Bachelors level 37.5 percent.

Table 4.1.1

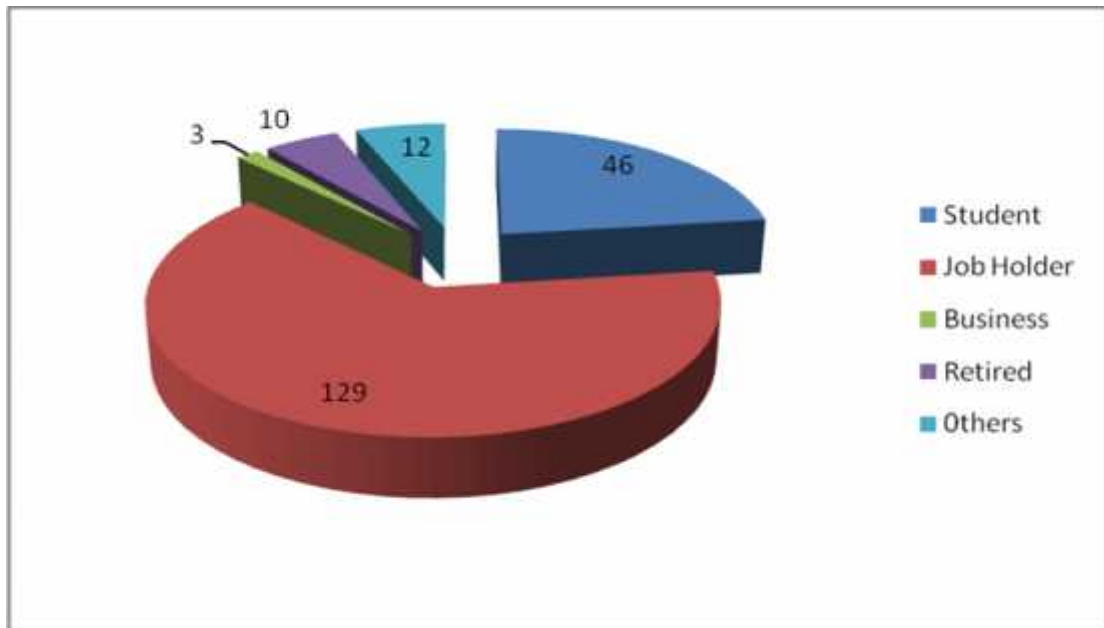
Level of Education and Gender of Respondents Cross Tabulation

Level of Education	% within Gender of Respondents		
	Master	53.2	33.7
Bachelors	30.6	46.1	37.5
Intermediate	15.3	14.6	15.0
S.L.C & Below	0.9	5.6	3

Source: Opinion Survey 2013/2014

The result implies that those who are educated are using the internet banking services provided by commercial bank.

Figure 4.3: Occupational Status of Respondents



The occupation of the respondents who participated in the study is specified and analyzed. The majority of the respondents were job holder comprising of 64.5 percent of the total sample. While on the other hand, 23 percent student, other occupations are not come as significant indication. This implies that the majority of the bank clients who are using internet banking services are job holder.

4.2 Customers' Attitudes towards Internet Banking Services in terms of Perceived Usefulness of Nepalese Commercial Banks

The second objective of the study was to identify customers' attitudes towards internet banking services in terms of perceived usefulness of Nepalese commercial banks. This section discusses about various perceived usefulness factors affecting the costumer's attitudes towards using the internet banking services in context with Nepalese commercial banks especially in Pokhara valley.

Table No. 4.2
Perceived usefulness of internet banking

Scale	Mean	Median	Standard Deviation	Variance
Easier way to solve banking needs (PU1)	4.03	4	0.896	0.803
Greater control over the finances (PU2)	3.46	4	1.031	1.063
Manage finance effectively(PU3)	3.77	4	0.991	0.982
Convenient manage finance (PU4)	3.82	4	1.006	1.012
Time saving (PU5)	4.18	4	0.905	0.819
Convenience of use (PU6)	3.79	4	0.980	0.960
offer additional banking services(PU7)	3.52	4	0.891	0.794
Require knowledge to use(PU8)	3.69	4	1.044	1.09
Easiness of banking transaction (PU9)	3.94	4	0.806	0.65

Source: Opinion Survey 2013/2014

For the analysis of customers' attitude towards perceived usefulness nine statements were prepared, table 4.2 reveals the descriptive statistics of perceived usefulness. Internet banking provides an easier way to solve the banking needs (PU1) which is the first statement with a highest mean value is found to solve banking needs 4.03 followed by easiness of banking transaction 3.94, which indicate that 54.5 percent agree on the statement. Out of 200 respondents 109 Internet banking user agree on this statement, 58 of them strongly agreed, and only 6 users or 3 percent are strongly disagreed on the statement. Internet banking

gives greater control over the finances (PU2) the second statement of perceived usefulness has a mean value of 3.46, which indicates that 43 percent of the internet banking user agreed on this statement. Among the internet banking user of the commercial banks 57 of them were neutral, and whereas 86 agreed on this statement, 25 of them strongly agreed, one of them strong disagreed whereas 20 of them disagreed on the statement.

Similarly, internet banking allows manage finance effectively (PU3) the third statement, with a mean value of 3.77, which revealed that 48 percent of the sample internet banking user agreed on the statement, here 96 respondents agreed on the statement, and 44 of them strongly agreed whereas 36 of them were natural and 18 of them did not agree with the statement. Internet banking is a convenient way to manage the finance of the customers (PU4) the fourth statement has a mean value of 3.82, which indicates that 49 percent sample respondents agreed on the statement, here 98 respondents agreed on the statement, 48 strongly agreed and 6 of them disagree.

Internet banking services are fast Time saving (PU5) the fifth statement with a mean value of 4.18 where 97 agreed on the statement whereas 78 strongly agreed on it. Similarly, Statement sixth the use of internet banking is convenient of use (PU6) with a mean value of 3.79, out of the total respondents 105 agreed on this, 41 of them strongly agreed on it. Using internet banking services allows accomplishing more banking activities that would offer additional banking services (PU7), the seventh statement has a mean value of 3.52 , 93 Internet banking user agreed on this statement while, 19 of them strongly agreed on this statement while 14 of them disagree and 67 of them were neutral. Internet banking required knowledge to use (PU8); statement eighth of perceived usefulness factor has a mean value of 3.69, Out of total number of respondents 28 consumers disagree on this statement whereas 29 were natural, finally 96 and 41 of them agreed and strongly agreed on this statement.

Internet banking is an easy way to conduct banking transactions (PU9); statement ninth with a mean value of 3.94 higher than others. Out of total internet users 117 of them agreed on this statement while 42 of them strongly agreed on this statement. Based on the present sample actual perceived usefulness may be deviated by 0.806 which is shown by standard deviation value, which explains that actual average value may deviate with the value of standard deviation.

Table No.4.3

Correlations matrix for perceived usefulness items

Scale	PU1	PU2	PU3	PU4	PU5	PU6	PU7	PU8	PU9
Easier way to solve banking needs	1	.463**	.398**	.469**	.427**	.362**	.396**	0.08	.399**
Greater control over the finances	.463**	1	.542**	.424**	0.134	.300**	.342**	.212**	.239**
Manage finance effectively	.398**	.542**	1	.442**	.253**	.297**	.374**	.169*	.278**
Convenient manage finance	.469**	.424**	.442**	1	.360**	.384**	.412**	.148*	.377**
Time saving	.427**	0.134	.253**	.360**	1	.297**	.430**	.223**	.421**
Convenience of use	.362**	.300**	.297**	.384**	.297**	1	.372**	.152*	.366**
offer additional banking services	.396**	.342**	.374**	.412**	.430**	.372**	1	.237**	.281**
Require knowledge to use	0.08	.212**	.169*	.148*	.223**	.152*	.237**	1	.187**
Easiness of banking transation	.399**	.239**	.278**	.377**	.421**	.366**	.281**	.187**	1

*, **, *** means the correlation coefficient is significant at 1%, 5% and 10% level of significance respectively.

Source: Opinion Survey 2013/2014

In table 4.3, the relationship of various variables of perceived usefulness items can be seen, the actual purpose of correlation is to find out the relationship between independent and dependent variables or the relationship between variables, here the table revealed that factors related with perceived usefulness have strong positive correlation at 1 percent level of significance. Here, PU1 have high positive correlation with PU4 with 0.469 values. PU4 is also positively correlated with PU2 with 0.424 values. Similarly, PU4 is positively significant with PU3 with value 0.442. This signifies that if customer feel convenient and they could have greater control over financial activities through internet. These values also reveal if we interchange the variables as per the table.

Table No.4.4
Gender wise differences in perceived usefulness items

Scale	Male	Female	t-value	Sig.
Easier way to solve banking needs (PU1)	4.04	4.02	0.106	0.916
Greater control over the finances (PU2)	3.41	3.52	-0.697	0.487
Manage finance effectively (PU3)	3.78	3.75	.219	.827
Convenient manage finance (PU4)	3.79	3.85	-.426	.670
Time saving (PU5)	4.18	4.17	0.090	.928
Convenience of use (PU6)	3.78	3.80	-.100	.921
offer additional banking services (PU7)	3.53	3.49	.292	.770
Require knowledge to use (PU8)	3.66	3.73	-.488	.626
Easiness of banking transaction (PU9)	3.91	3.98	-.589	.557

Source: Opinion Survey 2013/2014

In the Table 4.4, t-test is used to identify the relationship between two sample means. Here it is used to identify the relationship between male and female respondents of internet bank user of Pokhara. From the table all case the tabulated value of 't' is greater than its calculated value. All the cases the null hypothesis is accepted and concluded that the perceived usefulness between male and female is not significantly difference that is gender do not determine on perceived usefulness of internet banking.

Table No.4.5
Perceived usefulness of internet banking by educational level

Scale	Master	Bachelor	Intermediate	S.L.C and Below	F-value	Sig.
Easier way to solve banking needs (PU1)	3.89	3.99	4.47	4.50	3.894	0.10
Greater control over the finances (PU2)	3.13	3.47	4.30	4.00	11.778	.000
Manage finance effectively (PU3)	3.57	3.69	4.50	4	7.531	.000
Convenient manage finance (PU4)	3.70	3.75	4.33	4	3.360	.020
Time saving (PU5)	4.15	4.11	4.33	4.67	1.071	0362
Convenience of use (PU6)	3.69	3.69	4.27	4.17	3.357	.020
offer additional banking services (PU7)	3.35	3.56	3.87	3.67	2.792	.042
Require knowledge to use (PU8)	3.61	3.65	3.93	4.17	1.184	.317
Easiness of banking transaction (PU9)	3.89	3.97	4	4	.232	.874

Source: Opinion Survey 2013/2014

In Table 4.5, 'F' test is used to identify relationship among dependent and independent variables. It is also known as parametric test which help to show the relationship among more than two variables. Here we have used F test to show the relationship of perceived usefulness and education level of respondent. All

respondents are agreeing that internet banking is helpful to solve banking need. In this case the level of education does not significantly differ to perceived usefulness of internet banking. But in case of control over the finance intermediate level people think internet banking can help to control financial transaction through internet banking and SLC. But higher degrees of educated people think that it will not as the response of the intermediate and SLC. So, the calculated value of 'F' is 11.778 which signify that there is perceptual difference on control of finance as the level of education. The statement internet bank help to manage financial activities effectively have also the perceptual differences on education level. From the table we can come into conclusion that young (having the education of intermediate & SLC) people use internet banking more confidently than the old people.

4.3 Customers' Attitudes towards Internet Banking Services in terms of Perceived Risk

The third objective of the study was to examine customer's attitude towards internet banking services in terms perceived risk of Nepalese Commercial Banks. This section discusses about various perceived risk factors affecting the customer's attitudes of the users of internet banking facilities in Nepal especially Pokhara valley. Descriptive statistics of perceived Risk is analyzed in the table 4.3

Table 4.3 provides the descriptive statistics of customers attitudes towards perceived risk factors where statement one which includes, internet banking protects customer's privacy (PR10) with mean value of 3.38, which indicates that 43 percent of the respondents agreed on this statement, but 52 of them were neutral and 22 of them strongly agreed on the statement. In the event that an error occurred during online banking session, customers are confident that the bank will provide refund for system error (PR11), the eleventh statement of perceived risk with a mean value of 3.36 which indicates that 40 percent respondents agreed on this statement, whereas 18 of them strongly agreed on it.

Table 4.3
Perceived risk of internet banking

Scale	Mean	Median	Standard Deviation	Variance
Protection of customer privacy (PR10)	3.38	4	1.059	1.121
Refund for system error (PR11)	3.36	3	0.977	0.955
Feel of personal ownership (PR12)	3.57	4	0.883	0.780
Preference for large transition (PR13)	3.22	3	1.093	1.195
Provide secure communication (PR14)	3.62	4	0.888	0.789
Safety in sharing credit information (PR15)	3.32	3	0.949	0.901
Confidence on security (PR16)	3.32	4	1.002	1.004
Confidence on online transition (PR17)	3.42	4	0.932	0.869
Protection of customer privacy (PR18)	4.04	4	0.813	0.661

Source: Opinion Survey 2013/2014

Customers feel a sense of personal ownership about the use of internet banking (PR12), the statement with a mean value of 3.57 indicates that 55 percent of the respondents agreed on this statement, but 49 of them were natural on this statement. Similarly, Even if the transaction is large customers still prefer to do internet banking (PR13), statement the mean value is 0.888 which indicates that 26 percent respondents were natural on this statement, 18.5 percent of the respondents disagreed on this statement.

The bank provides secure communication to ensure all payment transactions between the clients (PR14) with mean value of 3.62 with 52 percent of respondents agreeing on the statement, 104 completely agreed on this statement. Customers feel safety when they release credit card information to bank (PR15) with a mean value of 3.32 with 43 percent of them agreeing on the statement, but 32 percent of them were natural on the statement, customers are confident about the security aspects of

internet banking (PR16) has a mean value of 3.32 having 45 percent indicating the positive relationship of the statement with customer's attitude which was the sixteen statements. Customers are confident of using internet banking to perform transactions online (PR17) with a mean value of 3.42 which shows that 49.5 percent of them agreed on the seventh statement, banking institutions protection customers information private and confidential (PR18) with a mean value of 4.04 which shows that 49.5 percent respondents were confident about the financial institutions and also agreed on the eighteenth statement.

The highest mean value is found to protection of customer privacy (PR18) 4.04 followed by provide secure communication (PR14) 3.62 in perceived risk.

Table No.4.4
Correlations coefficients between perceived risk items

Scale	PR10	PR11	PR12	PR13	PR14	PR15	PR16	PR17	PR18
Protection of customer privacy	1	.283**	.253**	.332**	.282**	.374**	.497**	.393**	.145*
Refund for system error	.283**	1	.431**	.402**	.249**	.386**	.434**	.405**	.203**
Feel of personal ownership	.253**	.431**	1	.284**	.229**	.271**	.341**	.284**	0.115
Preference for large transition	.332**	.402**	.284**	1	.285**	.433**	.381**	.418**	0.052
Provide secure communication	.282**	.249**	.229**	.285**	1	.248**	.239**	.327**	.299**
Safety in sharing credit information	.374**	.386**	.271**	.433**	.248**	1	.478**	.371**	.166*
Confidence on security	.497**	.434**	.341**	.381**	.239**	.478**	1	.470**	0.126
Confidence on online transition	.393**	.405**	.284**	.418**	.327**	.371**	.470**	1	.335**
Protection of customer privacy	.145*	.203**	0.115	0.05	.299**	.166*	0.126	.335**	1

*, **, *** means the correlation coefficient is significant at 1%, 5% and 10% level of significance respectively.

Source: Opinion Survey 2013/2014

In table 4.4 the relationship of various items of perceived risk are shown, the actual purpose of correlation is to find out the relationship between independent and dependent variable or the relationship between variable, table revealed that factors related with perceived risk have strong positive correlation at 1 percent level of significance PR10 is positively significant with PR13 with .332 Values, PR11 have positive relationship with PR14.

Table No.4.5

Gender wise differences is perceived risk items

Scale	Male	Female	t-value	Sig.
Protection of customer privacy (PR10)	3.38	3.39	-.098	.922
Refund for system error (PR11)	3.32	3.42	-.721	.472
Feel of personal ownership (PR12)	3.50	3.66	-1.336	.483
Preference for large transition (PR13)	3.18	3.26	-.502	.616
Provide secure communication (PR14)	3.58	3.69	-.861	.390
Safety in sharing credit information (PR15)	3.26	3.38	-.894	.372
Confidence on security (PR16)	3.32	3.34	-.152	.879
Confidence on online transition (PR17)	3.34	3.53	-1.404	.162
Protection of customer privacy (PR18)	4.01	4.08	-.601	.549

Source: Opinion Survey 2013/2014

In the Table 4.5 t-test used to identify the relationship between two sample means. Here it is used to identify the relationship between male and female respondents

of internet bank user of Pokhara. From the table all case the tabulated value of ‘t’ is greater than its calculated value. Null hypothesis is accepted and concluded that the perceived risk between male and female is not significantly different and concluded that gender do not determine on perceived risk of internet banking customers focus should be given equally to male and female.

Table No.4.6
Perceived risk of internet banking by educational level

Scale	Master	Bachelor	Interme diate	S.L.C and Below	F- value	Sig.
Protection of customer privacy (PR10)	3.25	3.28	4	3.67	4.482	.005
Refund for system error (PR11)	3.25	3.29	3.90	3.17	3.796	.011
Feel of personal ownership (PR12)	3.45	3.53	3.97	3.83	2.873	.037
Preference for large transition (PR13)	3.01	3.17	3.90	3.33	5.347	.001
Provide secure communication (PR14)	3.46	3.72	3.87	3.67	2.081	.104
Safety in sharing credit information (PR15)	3.12	3.41	3.93	3.33	8.124	.000
Confidence on security (PR16)	3.11	3.31	3.93	3.67	5.628	.001
Confidence on online transition (PR17)	3.21	3.44	3.90	4	5.203	.002
Protection of customer privacy (PR18)	4.03	4.03	4.17	3.67	.669	.572

Source: Opinion Survey 2013/2014

In Table 4.6, 'F' test is used to identify relationship among dependent and independent variables. This parametric test which helps to shows the relationship among more than two variables. Here we have used this to show the relationship of perceived risk and education level of respondent from the table 4.6 the calculated 'F' value is highest in safely in sharing credit information (PR15).

This result supports the previous finding that having lower level of education and young customers found to take greater risk than the old educated customers. It also supports the previous result that tells security of confidence in young customer is higher than the old one. From the table (PR16) confidence on internet security and (PR17) confidence on online transaction supporting the result as per the previous finding.

4.4 Customers' Attitudes towards Internet Banking Services in Terms of Perceived Ease of Use

The third objective of the study was also demand to determine customer's attitude towards internet banking services in terms of perceived ease of use of Nepalese Commercial Banks. This section discusses about various perceived ease of use factors affecting the customer's attitudes of the users of internet banking facilities in Nepal. Descriptive statistics of perceived ease of use is analyzed.

For the analysis of customer's attitude towards perceived ease of use seven, statements were prepared; the table 4.4 reveals the descriptive statistics for perceived ease of use factors. Using an online bank enhances effectiveness of utilizing banking services (PEOU19) has a mean value of 3.86 which indicates that this variable have 3 percent of agreeableness by the users of the internet banking, 112 respondents agreed for the statement. Using online bank for banking services increases productivity (PEOU20) has a mean value of 3.84, similar to (PEOU20) with 55.5 percent of agreed respondents for statement. For the statement 19.5 of them agreed highly.

Internet banking reduces customer banker relationship (PEOU21), with a mean value of 3.42 which indicates 39 percent response rate, 14.5 of their respondents disagreed, whereas 48 of them were neutral. Interaction with the internet banking is clear and understandable (PEOU22) with a mean value of 3.40, which indicates that respondents agreed on the statement with 47 percent, 55 numbers of respondents were neutral for statement. Customers find internet banking flexible to interact with (PEOU23) has a mean value of 3.46 here 54 of the respondents agreed and 11 of them strongly agreed on statement twenty three.

Table No.4.4
Perceived ease of use of internet banking

Scale	Mean	Median	Standard Deviation	Variance
Effectiveness of utilizing banking services (PEOU19)	3.86	4	0.868	0.753
Productivity increase (PEOU20)	3.84	4	0.880	0.774
Reduction on customer relationship (PEOU21)	3.42	4	1.127	1.270
Clarity in interaction (PEOU22)	3.40	4	0.956	0.914
Flexibility in interaction (PEOU23)	3.46	4	0.879	0.773
Require less mental effort in interaction (PEOU24)	3.40	4	0.988	0.976
Promptness in utilization of banking services (PEOU25)	3.92	4	0.884	0.781

Source: Opinion Survey 2013/2014

Interaction with internet banking does not require much mental effort (PEOU24) with a mean value of 3.40 and with 90 numbers of respondents agreed on the

statement (PEOU24), whereas 33 of them were disagreed. Customers understanding that promptness in utilization of banking services (PEOU25) with frequency value 121 and mean value of 3.92, which is second highest mean value in perceived usefulness, perceived risk and perceived ease of use. In statement (PEOU25), 42 numbers of them strongly agreed. Here, standard deviation shows the deviated values with may happen in the future perspective. The highest mean value is found to promptness in utilization of banking services (PEOU25) 3.92 followed by effectiveness of utilizing banking services (PEOU19) 3.86 in perceived ease of use.

Table No.4.5

Correlations coefficients between perceived ease of use items

Scale	PEOU19	PEOU20	PEOU21	PEOU22	PEOU23	PEOU24	PEOU25
Effectiveness of utilizing banking services	1	.550**	.193**	.298**	.421**	.225**	.377**
Productivity increase	.550**	1	.263**	.235**	.366**	.281**	.435**
Reduction on customer relationship	.193**	.263**	1	0.055	.190**	.232**	.313**
Clarity in interaction	.298**	.235**	0.055	1	.543**	.471**	.213**
Flexibility in interaction	.421**	.366**	.190**	.543**	1	.413**	.329**
Require less mental effort in interaction	.225**	.281**	.232**	.471**	.413**	1	.368**
Promptness in utilization of banking services	.377**	.435**	.313**	.213**	.329**	.368**	1

, **, * means the correlation coefficient is significant at 1%, 5% and 10% level of significance respectively.*

Source: Opinion Survey 2013/2014

In table 4.5 the relationship between the various variables of perceived ease of use is shown; factors of perceived ease of use have strong positive correlation with 1 percent level of significance, (PEOU20) and (PEOU23) is strongly positively correlated with value of positive 0.550 and 0.421 respectively. This shows that they are significant variables from the Table 4.4 the person correlation coefficient value of reduction of customer relationship with flexibility in interaction is minimum 0.193. This reveals that customers are not ready to accept that internet banking services reduces the interaction between customers and service providing banks.

Table No.4.6
Gender wise differences in perceived ease of use items

Scale	Male	Female	t-value	Sig.
Effectiveness of utilizing banking services (PEOU19)	3.91	3.80	.907	.365
Productivity increase (PEOU20)	3.80	3.90	-.774	.440
Reduction on customer relationship (PEOU21)	3.31	3.55	-1.529	.128
Clarity in interaction (PEOU22)	3.36	3.45	-.654	.514
Flexibility in interaction (PEOU23)	3.41	3.54	-1.071	.285
Require less mental effort in interaction (PEOU24)	3.35	3.47	-.857	.392
Promptness in utilization of banking services (PEOU25)	3.82	4.03	-1.708	0.89

Source: Opinion Survey 2013/2014

In the table 4.6 t-test is used to identify the relationship between two sample means. Here it is used to identify the relationship between male and female respondents of internet bank user of Pokhara. From the table, all the cases the

tabulation value of 't' is greater than its calculated value. Null hypothesis is accepted and concluded that the perceived ease of use between male and female is not significantly different. Thus we can come into conclusion that genders do not determine on perceived ease of use of internet banking services customers of Pokhara.

In Table 4.7, 'F' test is used to identify relationship among dependent and independent variables. This parametric test, which help to shows the relationship among more than two variables. Here we have used this test to show the relationship of perceived ease of use and education level of respondent from table. Clarity in interaction item (PEOU22) has the greatest value of 'F' 7.360 and require less mental effort in interaction (PEOU22) 3.691.

Table No.4.7
Perceived ease of use of internet banking by educational level

Scale	Master	Bachelor	Interme diate	S.L.C and Below	F-value	Sig.
Effectiveness of utilizing banking services (PEOU19)	3.89	3.71	4.13	4	1.877	.135
Productivity increase (PEOU20)	3.75	3.85	4.07	4	1.024	.383
education on customer relationship (PEOU21)	3.19	3.47	3.87	3.83	3.212	.024
Clarity in interaction (PEOU22)	3.19	3.35	4	4.17	7.360	.000
Flexibility in interaction (PEOU23)	3.33	3.40	4	3.67	4.971	.002
Require less mental effort in interaction(PEOU24)	3.15	3.45	4.03	3.50	6.691	.000
Promptness in utilization of banking services (PEOU25)	3.80	3.96	4.13	4	1.219	.304

Source: Opinion Survey 2013/2014

This reflects that level of education can affect on understanding information of internet banking services. Like that require less mental effort in interaction responses according to level of education are differ each others.

From table 4.8 one sample tests for perception towards online/internet banking in Pokhara is analyzed as combining of perceived usefulness, perceived risk and perceived ease of use as shown in the table. The‘t’ value of perceived usefulness is 18.885 on which is greater than its tabulated value (population) H0 (Null hypothesis) is rejected and H1 (Alternative hypothesis) is accepted that indicate perception of responses on internet banking is positive.

Table 4.8
One sample t-test for perception towards Internet banking

Scale	t-value	Sig.	Remarks
Perceived Usefulness	18.885	0.000	Null Rejected
Perceived Risk	8.881	0.000	Null Rejected
Perceived Ease of Use	13.729	0.000	Null Rejected

Source: Opinion Survey 2013/2014

In case of perceived risk the value is smaller than perceived usefulness but it is also greater than the tabulated value which denotes that respondent response it positively but not as perceived usefulness. It may be their perception on little risk on doing banking transaction through perceived risk and lower than perceived usefulness. It indicates that perceived ease of use is also favorable response of internet banking user of Pokhareli banking customers.

The Table 4.9 exhibits means scores of male and female regarding three attributes of internet banking. The average scores indicate that female users perceive online banking to be relatively useful and easy to use as compared to male.

Table 4.9**Difference in perception toward online banking by gender**

Scale	Overall mean	Male	Female	t-value	Sig.
Perceived Usefulness	3.79	3.78	3.81	-0.292	0.770
Perceived Risk	3.40	3.35	3.45	-1.094	0.275
Perceived Ease of Use	3.49	3.47	3.52	-0.584	0.560
Total	200	111	89		

Source: Opinion Survey 2013/2014

However, the results also shows that female perceive internet banking to be riskier. Independent samples t-test was conducted to analyze the gender wise differences in perception toward internet banking. As all the t-values were insignificant, it can be concluded that there are no gender wise differences in perception toward gender wise differences in perception toward the three attributes of internet banking.

Table 4.10**Difference in perception toward online Banking by level of education**

Scale	Overall Mean	Master	Bachelor	Intermediate	S.L.C & Below	F-value	Sig.
Perceived Usefulness	3.79	3.66	3.76	4.22	4.1	7.997	.000
Perceived Risk	3.40	3.22	3.39	3.92	3.58	10.520	.000
Perceived Ease of Use	3.49	3.41	3.46	3.78	3.64	4.415	.000

Source: Opinion Survey 2013/2014

Table 4.10 presents the results of one-way ANOVA test using average scale scores of perceived usefulness, perceived risk and ease of use of internet banking. All the F-statistics are significant at 1 percent level of significance. Hence, the null hypothesis of no differences in mean scores of perceived usefulness, perceived risk and perceived ease of use by education level is rejected. The result concludes that significant differences exist in the mean scores by educational status. It means perception towards internet banking varies by level of education of the users.

The findings reveal that clients with intermediate level of education perceive internet banking to be highly useful followed by those with S.L.C clients with masters degree find internet banking to be relatively least useful. The reason for such result may be because the young generations are relatively more familiar with internet and their preference for internet banking services is higher. Hence, banks should target their internet banking services towards young generation.

Table 4.11
Difference in perception toward online Banking by level of occupation

Scale	Overall mean	Student	Job holder	Business	Retired	Others	F-value	Sig.
Perceived Usefulness	3.79	3.97	3.69	3.44	4.02	4.09	3.437	.010
Perceived Risk	3.40	3.55	3.30	3.16	3.70	3.68	2.687	.033
Perceived Ease of Use	3.49	3.54	3.45	3.38	3.64	3.71	1.146	.036

Source: Opinion Survey 2013/2014

Table 4.11 presents the results of one-way ANOVA test using average scale scores of perceived usefulness, perceived risk and ease of use of internet banking. All the F-statistics are significant at 1 percent level of significance. There is

difference in perception towards usefulness of internet banking by occupational status of customers. The null hypothesis of no differences in opinion towards riskiness of internet banking by occupational status is rejected at 5 percent level of significance. Hence, there is no difference in perception towards ease of use of internet banking by occupational status. Hence, users with different occupation find internet banking to be similarly useful.

4.5 Assess the Need of Internet Banking System of Nepalese Commercial Banks from Customers' Perspective

To assess the fourth objective of the study to identify the need of internet banking services of Nepalese commercial banks specially located in Pokhara Valley. One open ended question helped to assess the need of internet banking system in Pokhara providing the internet banking facilities to its customers, but not all the banks customers are acquainted with the facilities given by bank. Here are some of the factors which were considered as most needed factors for today's internet banking transactions by the user of internet banking services which are as follows:

a. Service quality

Respondents who were the user of internet banking considered their banks internet banking system safe and reliable, they regarded as the systematic process of doing things, good and convenient, faster service, time saving, easy to check balances, fund transfer, utility bill payment, and other various transactions sitting at home/office. But they wanted their financial institution not to limit the amount of transaction on internet banking and at the same time developing a tool to ensure safety on each transaction.

b. Marketing activities

Internet banking in context of Nepalese commercial banks specially located in Pokhara in a primitive stage, lot of marketing activities are needed to be done so that more customers gets facilitated with its service. Reaching large numbers of customers through huge marketing and effective network coverage simple web designs are necessary for financial institutions. Effort should be to reach huge number of laid customer on marketing awareness activities above recent added internet banking activities. Most of the customer even earning upper level of income in the society.

c. Internet connection

Mainly due to internet connection problem, customers were facing the difficulty in accessing the internet banking system; hence the internet service providers should watch after this factor and provide fast internet service. This market may be huge enough for internet service provider.

d. Awareness

Banking institution's need to create more awareness to the new users about its advantages and adoption to new technologies, to build up more better relationship with customer by providing detail information about the internet banking services and its advantages to the customer by enhancing latest technology to secure the internet users from hackers. User's security should be watched out; bank should provide knowledge and usefulness of internet banking system. Training classes can be provided for interested customer to use internet banking, informing the customers earlier through effective way if the internet banking services of bank are not working properly will motivate the users. Providing more secure and authenticate way of using the system to gain the trust of the customer.

e. Use of biometric system

Biometric system can be used such as Iris or thumb print recognition, smart cards and digital certification and authentication. By the use of these system customers feels safe to use the internet banking.

4.6 Major Findings

This study shows that recognizing the attitudinal issues are important in increasing customer's behavioral intention to use internet banking. Demographic Characteristics of internet banking user of Nepalese commercial banks showed that they were between the age of 26-30 which indicated that many young costumers are into the internet banking services, in Nepalese context male are more inclined towards this services than female customers but in context of Pokhara gender does not determine or getting internet services. Most of the sample respondents were educated up to Master Level and the income level was between Rs. 10000-20000 which revealed that educated, employed and young customers were using internet banking services among commercial banks of Nepal. The perceived usefulness, perceived ease of use and perceived risk helped in determining behavioral intention to use, each contributing its significant influence on behavioral intention to use which effectively attract customers to use internet banking. User tends to rely mostly on perceived ease of use and usefulness in technology based features to develop their attitude toward the behavior. Perceived usefulness an antecedent of attitude has some practical implications in enhancing the attitude toward using internet banking. Perceived usefulness of internet banking emerges as an important issue in attracting new users and should be carefully designed in terms of user's requirement to reflect perceived usefulness of the service.

The influence of risk perception on consumer attitudes and behavior may be different in different situations. Perceived risk is an important influencing online

consumer behavior. The result of the study provide strong support on the factors of perceived usefulness like internet banking services provides easier way to solve banking needs, it also gives greater control over finances similarly it is convenient and fast to use from the users of internet banking services of Nepalese commercial banks, hence financial institution's should focus on these factors to attract more customers.

In addition, the study also strongly purposed that, perceived risk factors play an important role for using internet banking services by the users of Nepalese commercial banks located in Pokhara Valley. Perceived risk factors such as customer's privacy, refund facility, feeling of personal ownership, secure communication between clients, privacy and confidential aspects of customers, the responses towards these factors were mostly positive which shows that user are confident about using internet banking services, increment in productivity, flexibility in interaction etc., are most influencing factors for perceived ease of use. Users also look after the ease of using the technology for its adoption. Finally while assessing the need of internet banking system for Nepalese commercial banks factors related to service quality, internet connection, awareness, use of biometric system, marketing activities and targeting remote areas was the main concern for its users. The major findings of the study are summarized as follows:

1. Demographic characteristic affects the adoption of internet banking services mainly in Nepalese context, out of the total 200 respondents 55.5 percent of them were male which shows that male are more inclined to internet banking female internet banking users out of all, 111 were male users and 89 were female users in Pokhara Valley.
2. Yong (26-30yrs.) who recently employed and have moderate income are especially involved in internet banking in Pokhara.
3. Customers of Pokhara Valley are very much positive on usefulness of internet banking. But they perceived they will lose control over transaction

if go for internet banking. Perception is varies on age and education. Young educated customer perceived very useful.

4. Customers of Pokhareli are not much familiar with internet banking because they are not clearly informed about internet banking.
5. Internet bankers are not been able to convince their customer it is safe and reliable.
6. Internet connection problem are their perceived problem.
7. Income level of respondents or internet banking user is in between Rs. 10000-20000 which indicates that 39.5 percentages of them were earning an average level of income out of total users were 79 were earning this level of income.
8. Similarly, 44.5 percentages of them have education level up to Master's degree which indicates 89 of them have Master's degree. It indicated that internet banking services are used by educated customers'.
9. Out of total respondent 64.5 percent of them was job holder which showed that 129 of them were employee. Finally, Demographic characteristic of customers who are using internet banking services of Nepalese commercial banks are analyzed.
10. Out of total respondent 57 internet banking user agreed on statement third (PU3) which states that internet banking allows to manage finance effectively, statement two which states that internet banking gives greater control over the finances and statement eight which states that internet needs lot of knowledge to use has the lowest mean of 3.4 therefore only 32 of them agreed on this statement.
11. From the survey that many respondents are neutral. This denotes that the statement clarity in interaction and require less mental effort in interaction. They do not positively perceive on demanding less mental effort internet banking.

12. Strong positive correlation was found between the variables at 1 percent significance level. (PU2) and (PU4) were highly correlated with .424; calculated F-value is also higher than tabulated value i.e. 11.778, since its significance value is 0.00 less than 0.01. The correlation is significant and has a strong positive correlation between perceived usefulness items.
13. Statement fifth (PR5) which indicates that time saving have a highest mean value of 4.18 with 48.5 percent of agreeableness from the respondents.
14. Statement four which states that even if the transaction is huge customers still prefer to do internet banking, have a lowest mean value of 3.32 with 58.6 percent of agreeableness.
15. Standard deviation for highest mean is 1.127 which indicates that deviation may occur in future if same kind of study is carried.
16. Strong positive correlation was found between the variables at 1 percent significance level, variables (PR10) and (PR16) were positively correlated with 0.497, similarly other variables were also highly significant with each other, (PR13) and (PR18) has lowest correlation i.e 0.052.
17. Calculated F-value is also higher than tabulated value i.e. 8.124, since its significance value is 0.00 less than 0.01. The correlation is significant and has a strong positive correlation between perceived risk items.
18. Perceived ease of use for (PEOU25) has a mean value of 3.92 with 5 percent of response for agreeableness which indicates that respondents agreed that online bank enhances effectiveness of utilizing banking services and using online banking services and using online banking services increases productivity.
19. The lowest mean are of 3.40 of (PEOU21) & (PEOU24) with 27.5 & 25.5 percent which denotes that many respondents are neutral. This denotes that many respondents are neutral on the statement clarity in interaction and require less mental effort in interaction.

20. Standard deviation for highest mean is .813 which shows that result may deviate with this level. Strong positive correlation was found between the variables at 1 percent significance level, variables (PEOU20) is positively significant with the value of .550; similarly (PEOU21) has lowest correlation of .193..
21. Calculated F-value is also higher than tabulated value i.e. 7.360 of PEOU22, since its significance value is 0.00 less than 0.01 the correlation is significant and has a strong positive correlation between perceived cases of use items.

Opinion Received for Respondents regarding Internet Banking

1. Developing e-banking mass market will allow to attract new, high-value customers and expand reach to global market
2. The convenience of having personalized wireless access to critical financial information is an invaluable service for customers on the move.
3. Enabling the execution of time-sensitive financial transactions anywhere, anytime, provides the opportunity to strengthen relationships with existing customers and encouraging them to become loyal.
4. Most popular frauds in e-banking (worldwide) are card duplication. In this way the information in the cards is copied to another card.
5. Password leakage through e-mails those are pretending to be from the bank asking to input the username and password to update the information. After submitting the information, the information passes to the false site where the information is captured.
6. Cyber criminals are cooperating with one another and improving their techniques, like hacking kits which are difficult to counter since each is different.

7. Enhancement of the banks brand loyalty by granting customers flexible access to financial information and accounts. This also offers significant potential to grow your market awareness through word-of mouth.
8. Reducing the unnecessary labor intensive service overheads as well as lessen the proper work.

Advance in information technology and telecommunications have certainly introduced new delivery channels for Nepalese commercial banks' products and services. At present the strategies of the Nepalese banks tend to retain the existing customer through e-banking. Telecommunications industry and financial services sector are crucial components for e-banking, to reach the more diverse customers financial institutions should watch out after some important factors such as service quality, awareness, marketing activities, biometric system, internet connection and targeting remote areas. Respondents agreed that online banking enhances effectiveness of utilizing banking services and using online banking services increases productivity.

Still Nepalese financial market is in infancy if we consider the availability of the internet banking service. Lack of understanding of internet technology may be the reason. So, Nepali Internet Banking customer should take care on following activities applies for secure and precaution must be taken. Internet users must consider these things while transacting electronically never give your cards, account number to anybody, update your antivirus program regularly, don't use public computer for e-transaction, don't give your information in the websites which you don't know before visiting any sites, check you account status, if you feel something is wrong, then let this know to bank. Some of the duties that the banks must do to prevent e-banking frauds are information security controls, internal controls, and dual control: one person making the same mistake at the same time is negligible, control of suspicious activities. Like controlling the withdrawal up to some limit, if an account is dormant for years and the transaction is unexpected, the account holder must be informed to banks.

CHAPTER V

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

Internet banking allows people to perform all the banking related activities such as money transfer, past transactional information, cash withdrawals/deposit, amount transfer and payment, access of latest balance, statement viewing, account detail viewing, print, downloading of statements and obtaining of a history statement on all activities with a just one click of a mouse or on hand to mobile set. It eliminates unnecessary waste of time, which an organization incurs in the form of office supplies. Internet banking services are offerings major costumer banking preferences and increasing number of financial institutions are offering internet banking facilities. The main aim of this study was to find out what factors affect the customers' behavior to use new technologies and the study focused on the attitude and demographic characteristics of internet banking users of Nepalese commercial banks located in Pokhara valley towards using internet banking services.

The study presented a discussion of customers' attitudes in internet banking services in Nepalese commercial banks and also looked at consumer behavior, attitude and motivation. It also found out the demographic factors of the internet banking user and its effect on consumer attitudes. It then identified the attributes customers' using to adopt internet banking regarding convenience, fast performance, privacy factors and productivity related factors for internet banking. The study identified the common internet banking adoption dimension underpinnings such as perceived usefulness, perceived risk and perceived ease of

use towards consumer behavior. It also looked whether all these dimensions contribute equally or differentially towards the internet banking usage.

The first objective of the study is to analyze the demographic characteristics of internet banking users of Nepalese commercial banks of Pokhara valley. Similarly, the second objective of the study is to identify the customers' attitudes towards internet banking services in terms of perceived usefulness of Nepalese commercial banks. The third objective of this study was to examine the customers' attitudes towards internet banking services in term of perceived risk of Nepalese commercial banks. It further study is to determine the customers' attitude towards perceived ease of use while using internet banking of Nepalese commercial banks and the final objective is to assess the need of internet banking system of Nepalese commercial banks from customers' perspective.

The respondents of this study are the customers using internet banking facilities of commercial banks providing services in Pokhara. The descriptive research design has been adopted for fact-finding and searching adequate information about factors affecting internet banking. The study mainly focused on the primary data analyses which are collected based on pre-specified questionnaires through the survey method. Based on population, 200 samples are undertaken for the study who is the Internet banking users of Nepalese commercial banks.

The survey is carried out especially in New Road area of Pokhara where most of the Nepalese commercial banks' branches are located. A stratified sampling method was employed to select sample of the study and the data collection was over a period of 35 days. Data tested was valid Cronbach's Alpha i.e. 0.808, 0.649 and 0.542 respectively.

5.2 Conclusions

The study concluded that internet banking user of Nepalese commercial banks watch out after various attitudinal factors which are very useful for financial institutions for attracting its existing customers' towards using internet banking transactions. With the help of the attitudinal factors it will be meaningful for financial institutions to understand customers' acceptance and preferences regarding online financial services. The sample respondents who are the users of internet banking services are positive towards the services. The study showed that perceived usefulness, perceived risk and perceived ease of use have a direct influence on e-banking adoption. Hence, the study provides banks with knowledge of what aspects to highlight in their banking strategies to increase their internet banking services adoption. Finally, from this study it as found that perceived usefulness, perceived ease of use and perceived risk is key construct for promoting customers' use. Internet banking services provided by commercial banks in context of Nepal is increasingly becoming popular because of convenience and flexibility. This study focused on customers' attitudes factors while using the internet banking. The findings of this study shows that demographic characteristics effects customers attitudes towards using internet banking, most of the male user are oriented towards online banking, costumers with higher education level and good income level are using internet banking, similarly they are mostly job holder with age in between 26-30, in context of Nepalese commercial banks.

Demographic characteristics effects customers' attitudes towards using internet banking, most of the male user are oriented towards online banking, customers with holders with age in between 26-30, in context of Nepalese commercial banks. Perceived usefulness is related with customers' attitude towards the internet banking adoption, various factor related to perceived usefulness such as easier way to solve banking needs, control over finances, managing finance effectively and services fast to use, more convenient system, and easy way to

conduct banking transaction have a positive and significant relationship with customers' attitude towards using internet banking services.

Perceived risk is related with attitude towards internet banking adoption, various factors related to perceived risk were measured with the help of likert scale they are, customer's privacy, and refund from bank, personal ownership, high amount of transaction, secure communication from payments, customer's safety, security aspects, confidence level of information. The study showed that there is a strong and positive relationship between perceived risk and customers' attitude towards using internet banking services of Nepalese commercial banks. While assessing the need of internet banking system for Nepalese commercial banks factors related to service quality, internet connection, awareness, use of biometric system, marketing activities and targeting remote areas were the main concerns for its users.

The study showed that perceived usefulness, perceived risk and perceived ease of use have a direct influence on e-banking adoption. Hence, the study provides banks with knowledge of what aspects to highlight in their banking strategies to increase their internet banking services adoption. Finally, from this study it as conclude that perceived usefulness, perceived risk and perceived ease of use is key construct for promoting customers use. Internet banking services provided by commercial banks in context of Nepal is increasingly becoming popular because of convenience and flexibility.

5.4 Recommendations

Based on the findings of this study, the following major recommendations have been proposed:

1. Trust building among the customers should be a major concern for the service providers while improving the usefulness of the system. In order to

enhance trust in internet banking, trust-creating activities should be made continuously.

2. Commercial banks should ensure security and privacy. Security features should be considered an important issue by banks, to ensure the security of their online banking systems banks can use security features such as firewalls, filtering routers, callback modems, encryption biometrics, smart cards, digital certification and authentication.
3. Bank managers should develop a system that provides up to date and relevant financial information with good user interface uniformity in order to enhance trust.
4. Bank managers should monitor and evaluate the usage of the implemented technologies. This can be done by identifying the number of customers using a given technology and how often it is used, with such a measure in place. Information Technology bank managers should therefore get feedback on which technology that should be improved and then later plan for their business without wastage of resources.
5. Changing consumer attitudes towards internet banking should be put into consideration. Bank managers should place more emphasis on the awareness of Internet banking adoption while educating individual customers on its existence and benefits. User awareness of Internet banking services can be increased through putting in place community based workshops and through various social networks and channels, such as word of mouth and informal seminars before introduction of new technology.
6. Commercial bank should make the internet banking interface for the customer more attractive and easier to navigate in order to increase the adoption rate of internet banking.

7. Awareness of internet banking services are still new in Nepal, effective presentations using all forms of media advertising such as leaflets brochures, web pages, etc; will be useful to introduce the services to a wider audience and educate potential customers about the benefit of internet banking. To access more potential customers about the benefits of internet banking should be provided by bank tellers and bank assistants at branches. The information should include references to time saving, convenience at anywhere any time low costs and information availability. In additional, bank should design their websites as effective delivery channels and offer information beyond banking services.

5.3.1 Recommendation for Future Research

Future studies should incorporate this measure once the number of internet banking customers has reaches a critical mass. In this way, more comprehensive investigation of internet banking intentions and usage behavior can be conducted. For banks to attract new business and sustain the loyalty of existing customers, consumers must be able to reach financial institution through multiple channels. With consumer interest that was historically focused on Branch Banking, currently fast changing towards Mobile and Internet banking – the level of popularity and numbers of possible services it carries has a great potential. The study on adoption intention of internet banking services in Nepal can be extended to corporate customers. Comparisons can be made between individual customers and corporate customers in terms of the factors influencing their adoption decisions.

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Appendix I

Showing sample size and distribution

SN	Name of Financial Institution	Sample have been taken
1.	Kumari Bank Ltd.	25
2.	Machhapuchhre Bank Ltd.	25
3.	Nepal Investment Bank Ltd.	25
4.	SBI Bank Ltd.	25
5.	Himalayan Bank Ltd.	25
6.	Nabil Bank Ltd.	25
7.	Laxmi Bank Ltd.	25
8.	Global IME Ltd.	25

Appendix II

Customer Survey Questionnaire:

Dear Sir/Madam

I am undertaking a study on; "Customers' attitudes towards Internet banking: Evidence from Nepalese Banks" as a partial fulfillment of the requirements for the master's degree in business studies (MBS). I would also like to assure you that all information contained in this questionnaire will be kept confidential and used only for academic purpose. I would appreciate your cooperation.

Please make a tick mark in an appropriate option for each of the following.

Section A: Demographic Characteristics

Age	20 or below
	21-25
	26-30
	31-35
	36-40
	41 or above
Gender	Male
	Female

Income Level (Per month)	Below 10000
	11000-20000
	21000-30000
	31000-40000
	41000-50000
	Above 50000
Age	20 or below
	21-25
	26-30
	31-35
	36-40
	41 or above
Gender	Male
	Female
Income Level (Per month)	Below 10000
	11000-20000
	21000-30000
	31000-40000
	41000-50000
	Above 50000

Level of Education	P.H.D
	MS/M.Phil
	Masters
	Bachelors
	Intermediate
	Literate
Occupation	Student
	Salaried employee
	Senior Manager
	Small Business Owner
	Retired
	Other

Please select the appropriate responses that best describe your attitudes towards various factors of internet banking with a tick mark.

Guidelines: The table below shows alternative responses; evaluate each statement and tick in the appropriate box basing on the following scale.

Section B:

I strongly disagree	I disagree	Neutral	I agree	I strongly agree
1	2	3	4	5

	Perceived Usefulness	1	2	3	4	5
1	Internet Banking provides an easier way to solve banking needs					
2	Internet Banking gives greater control over the finances					
3	Internet Banking allows to manage finance effectively					
4	Internet Banking is a convenient way to manage the finance of customers.					
5	Internet banking services faster the activities					
6	The use of internet banking is convenient to user customer					
7	Using internet banking services allows accomplishing more banking activities that would otherwise be possible.					
8	Internet Banking requires a lot of knowledge to use					
9	Internet banking is an easy way to conduct banking transactions					

	Perceived Risk					
10	Internet banking protects customer's					

	Privacy					
11	In the event that an error occurred during online banking session, customers are confident that the bank will provide refund					
12	Customers feel a sense of personal ownership about the use of Internet banking					
13	Even if the transaction is huge customers still prefer to do the internet banking					
14	The bank provides secure communication to ensure all payment transactions between the clients					
15	Customers feels safe when they release credit card information to bank					
16	Customers are confident about the security aspects of Internet banking					
17	Customers are confident of using Internet banking to perform transactions online					
18	Banking institution's keep customers information private and confidential					

	Perceived ease of use					
19	Using an online banking enhances effectiveness of utilizing banking services					
20	Using online banking services increases Productivity					
21	Internet banking reduces customer-banker Relationship					
22	Interaction with the internet banking is clear and understandable					
23	Customers find internet banking flexible to interact with					
24	Interaction with internet banking does not require a lot of mental effort					
25	Using an online banking enables to utilize banking services more quickly.					

3. How would you assess the need of internet banking system in Nepalese Context?

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