ELECTRONIC BANKING AND FINANCIAL PERFORMANCE OF COMMERCIAL BANKS IN NEPAL

(With Reference to Nepal Bank, Machhapuchchhre Bank, Sanima Bank, Bank of Kathmandu and NIC Asia Bank)

A Thesis

Submitted By: PADMA CHALISE Patan Multiple Campus Campus Roll No.:142/067 T.U. Regd. No. 7-2-253-15-2007 Second Year Exam Symbol No.: 220228

Submitted To

Office of the Dean Faculty of Management Tribhuvan University

In Partial Fulfillment of the requirement for the degree of Master of Business Study (M.B.S.) Kathmandu, Nepal

July, 2018

RECOMMENDATION

This is to certify that the Thesis

Subimitted By

Padma Chalise

Entitled:

Electronic Banking and Financial performance of Commercial Bank in Nepal

(With reference to Nepal Bank, Machhapuchhre Bank, Sanima Bank, Bank of Kathmandu and NIC Asia Bank)

Has been prepared as approved by this Campus in the prescribed format of Faculty of Management. This Thesis is forwarded for examination.

•••••

Mr. Ballav Niroula

..... Mr. Ballav Niroula Mr. Dinesh Man

Malego Thesis Supervisor Coordinator, MBS Program Asst. Campus Chief

DECLARATION

I hear by declare that the work reported in this entitled Electronic banking and financial performance of commercial banks in Nepal (With reference to Nepal Bank, Machhapuchhre Bank, Sanima Bank, Bank of Kathmandu and NIC Asia Bank) submitted to Patan Multiple Campus, Faculty of Management and Tribhuvan in my original work done in the form of partial fulfillment in the requirement for Master Degree of Business Study under the supervision of Ballav Niroula of Patan Multiple Campus.

Padma Chalise Patan Multiple Campus Campus Roll No 142/067 T.U. Regd. No. 7-2-253-15-2007 Exam Symbol No.: 220228

ACKNOWLEDGEMENT

This study is prepared for the fulfillment of requirement for the Degree of Master of Business Studies, provided by faculty of Management, TribhuvanUniversity.Being a Student of Management, I have chosen "Relationship between Electronic Banking and Financial Performance of Commercial Banks in Nepal "with reference to NBL, SANIMA, MBL, BOK, NICA as a topic for the thesis.

I respect our collage, our management department staff members and my respected teachers who always in our support to build up my educational carrier. During the period of report preparations, the management Department and Administrative Department has been very co-operative, which we must appreciate and great thanks. Supervisor BallavNiroulawas always the source of advice and pathfinder for me.

The foremost opportunity of preparing the report practically has been a new experience. I would like to extend my gratitude to our respected teachers for valuable guidance while preparing this report. Finally, I would like to thank to my friends, family, staff of Banks, for their kind cooperation's and tireless support and other all people who directly and indirectly helps in this study.

Padma Chalise

TABLE OF CONTENTS

Ρασε Νο

1-8

| | 1 age 110. |
|--------------------|------------|
| Title Page | I |
| Viva – Voice Sheet | II |
| Declaration | III |
| Acknowledgement | IV |
| Table of Content | V |
| List of Table | VI |
| List of Figure | VII |
| AbbreviationsIX | |

CHAPTER I INTRODUCTION

| Background of the Study | 1 |
|----------------------------|---|
| Statement of the Problem | 5 |
| Objectives of the Study | 7 |
| Signification of the Study | 7 |
| Limitations of the Study | 7 |
| Organization of the Study | 8 |
| | Statement of the Problem Objectives of the Study Signification of the Study Limitations of the Study |

CHAPTER – II REVIEW OF LITERATURE 9-28 **Conceptual Framework** 2.1 9 2.1.1 Financial Performance 9 2.1.2 Financial Analysis 10 2.1.3 Financial Performance Analysis 10 2.1.4 Electronic Banking 10 2.1.5 Importance of Electronic Banking 11 2.1.6 Effects of Electronic Banking and financial Performance 12 2.1.7 Relationship between Electronic Banking & Financial Performance 13 2.2 Review of some Acts relating to Nepal 14 2.3 **Review of Related Articles and Journals** 15 **Review of Previous Thesis** 2.4 20 **2.5Concluding Remarks** 28

CHAPTER – III RESEARCH METHODOLOGY

| RESEARCH METHODOLOGY | | 29-36 |
|----------------------|--------------------------------|-------|
| 3.1 | Introduction | 29 |
| 3.2 | Research Design | 30 |
| 3.3 | Population and Sample | 31 |
| 3.4 | Sources of Data | 31 |
| 3.5 | Data Collection Techniques | 32 |
| 3.6 | Data Analysis Tools32 | |
| 3.6.1 | Descriptive Statistics | 32 |
| 3.6.2 | Correlation Analysis | 34 |
| 3.6.3 | The Model | 34 |
| 3.7 S | tudy Variables and Definitions | 35 |

CHAPTER – IV PRESENTATION AND DATA ANALYSIS 37-48 4.1 Profitability of selected Commercial Bank 38 No. of ATMS Machine 4.2 40 4.3 No. of Branches 42 **4.4Descriptive Statistics** 44 4.5 Correlation Analysis 45 4.6 Regression Analysis 46 4.7 Major Finding of Study 47

CHAPTER – V

| SUMMARY OF THE MAJOR FINDINGS, CONCLUSION AND | | | | |
|---|-----------------|-------|--|--|
| RECO | OMMENDATIONS | 49-55 | | |
| 5.1 | Summary | 49 | | |
| 5.2 | Conclusions | 51 | | |
| 5.3 | Recommendations | 53 | | |

LIST OF TABLES

| Table No. | <u>Title</u> | Page No. |
|------------|------------------------|----------|
| Table 4.1: | Net Interest Margin | 39 |
| Table 4.2: | No of ATM Machines | 40 |
| Table 4.3: | No of Branches | 42 |
| Table 4.4: | Descriptive Statistics | 44 |
| Table 4.5: | Correlations Analysis | 45 |
| Table 4.5: | Regression Analysis | 46 |