CONSUMER PERCEPTION TOWARDS THE USAGE OF DIGITAL BANKING IN NEPAL

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

By

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CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled "**Consumer Perception towards the Usage of Digital Banking in Nepal**". The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor has it been proposed and presented as part of requirements for any other academic purposes.

The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

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Rahul Shrestha

August, 2025

REPORT OF RESEARCH COMMITTEE

Mr. Rahul Shrestha has defended a research proposal entitled "**Consumer Perception towards the Usage of Digital Banking in Nepal**" successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestion and guidance of supervisor Mr. Deepak Raj Kandel and submit the thesis for evaluation and viva voce examination.

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APPROVAL SHEET

We have examined the dissertation entitled "**Consumer Perception towards the Usage of Digital Banking in Nepal**" presented by Mr. Rahul Shrestha for the degree of **Master of Business Studies (MBS)**. We hereby certify that the dissertation is acceptable for the award of degree.

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ABBREVIATIONS

AI	:	Artificial Intelligence
ANOVA	:	Analysis of Variance
BS	:	Vikram Samvat
DFS	:	Digital Financial Services
GDP	:	Gross Domestic Product
i.e.,	:	that is
IBM	:	International Business Machine
IPS	:	Interbank Payment System
NIMB	:	Nepal Investment Mega Bank
NPI	:	National Payment Switch
NPR	:	Nepalese Rupees
RBI	:	Reserve Bank of India
RTGS	:	Real Time Gross Settlement
S.N.	:	Serial Number
SD	:	Standard Deviation
SPSS	:	Statistical Package for the Social Sciences
UPI	:	Unified Payments Interface
USD	:	United State Dollar

ABSTRACTS

This study analyzes the consumer perception towards the usage of digital banking in Nepal. The primary data was gathered from the samples using purposive sampling of commercial banks in Nepal. This study has followed descriptive and causal relationship research design to assess the factors affecting consumer perception and to analyze the impact of those factors on use of digital banking in commercial bank; and has used descriptive analysis, coefficient of correlation analysis and multiple regression models using SPSS version 25. The study stated that the major factors are transaction speed, compatibility, connectivity, security and convenience and benefits affecting usage of digital banking services. The coefficient of correlation examined that the transaction speed, compatibility, connectivity, security and convenience and benefits have significant positive relation with use of digital banking services. The multiple regressions revealed that transaction speed, compatibility, connectivity, security and convenience and benefits have significant positive impact on usage of digital banking within the context of this study.

Key Words: Consumer perception, Finance, Digital banking, Nepal

CHAPTER I
INTRODUCTION

1.1 Background of the study

In today's fast-evolving financial landscape, a strong financial infrastructure plays a crucial role in national development, particularly in an increasingly globalized world. As global trade continues to shape daily life, e-banking also known as electronic or online banking, has emerged as a key innovation, enabling banking transactions through digital platforms (Anouze & Alamro, 2019). E-banking encompasses a wide range of services, including account management, fund transfers, bill payments, loan applications, and investment transactions, all accessible via electronic devices like computers, smartphones, and tablets (Sandhu & Arora, 2022). This digital transformation has revolutionized banking by enhancing convenience, accessibility, and flexibility, allowing customers to conduct financial activities without visiting physical branches (Anouze & Alamro, 2019).

The rapid advancement of financial technology has transformed banking systems worldwide, and Nepal is no exception. Digital banking, encompassing online banking, mobile banking, and digital payment platforms, has significantly influenced consumer behavior, enhancing accessibility, convenience, and efficiency in financial transactions (Shrestha & Shakya, 2022). As Nepal moves towards a digital economy, understanding consumer perceptions of digital banking is crucial for financial institutions aiming to expand their digital services.

Digital banking is a process of doing financial transactions. It is accessed through app and website. It helps to customer to do secure financial transaction with high speed and conveniently. Also known as "internet banking" or "web banking," digital banking provides all the services available at a physical branch. It offers several benefits, such as eliminating geographical barriers and enabling customers to access their accounts anytime, anywhere. Its convenience and innovative features attract both new and traditional banking users. Digital banking is time-saving, easy to use, and has low transaction fees. Furthermore, self-initiated transaction is helpful in customer retention and loyalty. Security measures like intrusion detection systems and virus control make digital banking safe and reliable (Pavithra & Geetha, 2021).

Customers are essential for the growth and sustainability of any organization, including the banking industry. Therefore, ensuring customer satisfaction and retention is crucial, as it directly contributes to higher profitability and operational efficiency for banks. With the rapid advancement of technology, online banking has become an integral part of modern banking practices. More people are shifting from traditional banking to digital platforms due to benefits such as cost savings and time efficiency. Technology influences daily life in both qualitative and quantitative ways, reshaping consumer behavior and financial interactions. The continuous evolution of information technology has transformed the lives of millions, bringing significant changes to the global economic and business landscape.

Innovative digital technologies and forward-thinking approaches have led to new businesses and social changes. As part of India's digital transformation, the government promotes technology adoption and upgrades while ensuring high-speed internet access across the country. Digital banking plays a crucial role in addressing both short-term and long-term business and technological needs for banks. Today, customer satisfaction is enhanced through seamless experiences, faster service, and improved operational efficiency, all made possible by digital banking and information technology. With digital banking, customers can access banking services anytime and anywhere, offering greater convenience and an improved user experience. It has revolutionized the banking system, and its success relies on a well-structured operational framework, technological advancements, user-friendly services, informative design, and, most importantly, strong security measures (Bordoloi & Deka, 2023).

The adoption of digital banking in Nepal has been influenced by several factors, including technological literacy, internet penetration, security concerns, and regulatory frameworks. According to Nepal Rastra Bank (NRB, 2023), the number of mobile banking users has surged in recent years due to increased smartphone usage and the expansion of internet services. However, challenges such as cyber security threats, digital fraud, and lack of trust in online transactions continue to impact consumer confidence in digital banking (Poudel, 2021). The Government of Nepal is also promoting the digital banking product to develop the country financial strength in world economy. The Nepal Rastra Bank has operating National Payment Switch

(NPI), Real Time Gross Settlement (RTGS) for the high value payment and Connect IPS for low value payment through Nepal Clearing House Limited.

The Unified Payments Interface (UPI) integration and the introduction of digital wallets, such as eSewa, Khalti, and IME Pay, have played a pivotal role in shaping consumer perceptions towards digital banking services (Ghimire & Bista, 2020). Despite these advancements, a significant portion of the population still relies on traditional banking methods, mainly due to digital illiteracy, lack of awareness, and resistance to change (Thapa, 2022).

Understanding consumer perception towards digital banking is essential for banking institutions to develop effective strategies for increasing digital adoption. Factors such as perceived ease of use, security, trust, and government regulations play a vital role in influencing consumer behavior (Acharya & Dhungana, 2021). This study aims to analyze the key determinants of consumer perception towards digital banking usage in Nepal and identify barriers to adoption.

It is the world of technology and digital evolution. The money is not a hassle-free mode of payment due to security threat and its physical existence. The digital banking provides the user virtual currency use of payment and settlement in day-to-day life. It is a mean of payment as well as safest process of payment. It happens through financial intermediaries which help the regulator easy way to monitor the transaction and combat with money laundering and financial terrorism. In Nepal, the Payment Service Operator are Nepal Digital Payment System, Fonepay are providing real time payment solution. The different digital wallets are helping in online payment. Payment and settlement systems are necessary part to the financial sector and overall economic activity of the country. They support financial stability and economic growth by minimizing systemic and settlement risks, ensuring effective liquidity management, and facilitating smooth monetary policy implementation. Additionally, the digital transformation in finance has significantly improved financial inclusion, especially in emerging markets and developing economies (EMDEs), by overcoming geographical barriers and addressing information gaps in payments, credit, and other financial services. The global digital payments industry has grown rapidly due to various factors, including the impact of the COVID-19 pandemic, increased digitalization efforts by banks and financial institutions, and technological

advancements driven by regulatory changes. Innovations such as distributed ledger technology (DLT), cloud computing, application programming interfaces (APIs), data analytics, machine learning (ML), artificial intelligence (AI), and Internet-of-Things (IoT) are transforming the banking sector (Nepal Rastra Bank, 2023).

ndia's Unified Payments Interface (UPI) was developed by the National Payments Corporation of India (NPCI). It is regulated by the Reserve Bank of India (RBI). This system allows instant money transfers between bank accounts through mobile platforms. It uses the Immediate Payment Service (IMPS) for real time transactions. NPCI started a pilot launch of UPI with 21 member banks. The launch was conducted by RBI Governor Dr. Raghuram G. Rajan on April 11, 2016, in Mumbai. Subsequently, on August 25, 2016, banks began releasing UPI-enabled applications on the Google Play Store. India, with a GDP of USD 2.3 trillion, ranks as the world's seventh-largest economy. Despite its economic scale, the country has historically relied heavily on cash transactions. As of March 2016, currency in circulation stood at Rs. 16,415 billion, accounting for 12.04% of the GDP, compared to lower cash usage in Brazil (3.93%), Mexico (5.32%), and China (8.8%). This heavy cash dependency poses several challenges, including high costs related to cash production, storage, and management, along with risks such as counterfeit currency and unrecorded transactions, which contribute to tax evasion. As India's economy continues to grow, these challenges are expected to intensify (Rupan et al., 2023).

1.2 Problem statement

The adoption of digital banking in Nepal has been increasing steadily, yet a significant portion of the population remains hesitant to fully embrace digital financial services. Despite advancements in financial technology, including mobile banking, internet banking, and digital wallets, many consumers still prefer traditional banking methods due to concerns about security, lack of trust, and digital illiteracy (Poudel, 2021). While financial institutions and policymakers are working towards a cashless economy, the pace of digital banking adoption is slower than anticipated.

Globally, countries such as China, India, and the United States have seen rapid digital banking adoption due to strong regulatory frameworks, fintech innovations, and consumer trust in digital transactions (Dahlberg et al., 2021). However, in Nepal, factors such as inconsistent internet connectivity, cybersecurity threats, and a lack of

awareness about digital banking services act as major barriers to widespread adoption (NRB, 2023). Additionally, the digital divide between urban and rural populations creates an imbalance in access and usability, further hindering digital banking penetration (Thapa, 2022).

While previous studies have explored the benefits and challenges of digital banking, there is limited research focusing specifically on consumer perception in Nepal. Understanding how consumers perceive digital banking, what factors influence their adoption, and what challenges they face is essential for banks and financial institutions to design effective strategies that encourage greater use of digital banking services. This study aims to bridge this research gap by analyzing consumer perceptions towards digital banking in Nepal, identifying key determinants influencing their adoption, and highlighting barriers that need to be addressed.

The objective of this study is to analyze the factors that shape consumer perception regarding the use of digital banking services in Nepal. It is going to study the sample respondents in term of consumer perception and the factor affecting this and the impact of this in consumer perception. The study has following research questions outlined below:

i. What are the factors affecting the consumer perception in digital banking usage?
ii. How to examine relationship between influencing factors of consumer perception and usage of digital banking?
iii. How to asses impact of factors affecting consumer perception with usage of digital banking?

1.3 Objectives of the study

The main objective of the study is to examine the factors affecting consumer perception to use digital banking product in Nepal. Regarding to the research objective, the specific objectives are outlined below:

i. To analyze the factors affecting consumer perception toward digital banking.
ii. To examine the relationship between factors affecting consumer perception and usage of digital banking.

iii. To assess the impact of the factors affecting consumer perception and usage of digital banking.

1.4 Hypothesis

A hypothesis is a list of provisional solution to a research query which are tested for final decision. In order to offer a preliminary solution, it's essential for the researcher to establish a hypothesis (Riwayati & Natalia 2022). This study aims to investigate the factors affecting consumer perception to use digital banking services in Nepal. After conducting an initial review of existing literature, this study focuses on examining the hypothesis outlined below:

H_1: There is positive relationship between transaction speed and use of digital banking services.

H_2: There is positive relationship between compatibility and use of digital banking services.

H_3: There is positive relationship between connectivity and use of digital banking services.

H_4: There is positive relationship between security and use of digital banking services.

H_5: There is positive relationship between convenience and benefits and use of digital banking services.

1.5 Rationale of the study

Digital banking has the potential to transform Nepal's financial sector by enhancing convenience, efficiency, and financial inclusion. However, its successful implementation requires a clear understanding of consumer perception and the factors that influence adoption. This study examines how key elements such as trust, ease of use, security concerns, and awareness impact consumer willingness to use digital banking services. Despite the growing number of digital banking users in Nepal, many individuals still prefer traditional banking due to concerns about cyber security, lack of digital literacy, and limited access to reliable internet services. By analyzing consumer behavior, trust in digital banking, and the role of financial institutions in promoting these services, this study aims to provide deeper insights into the usability and accessibility of digital banking in Nepal. It also explores the urban-rural divide in

digital banking adoption and the challenges faced by different demographic groups. This research is significant because it offers practical insights that can help banks, policymakers, and fintech companies develop strategies to encourage digital banking adoption. Understanding consumer perceptions can assist in designing more secure, user-friendly, and accessible digital banking solutions. Additionally, findings from this study can be valuable for academics, researchers, and professionals seeking to understand the evolving landscape of digital banking in Nepal. By bridging the knowledge gap on consumer perception, this study contributes to the broader discussions on financial technology, banking modernization, and economic development.

1.6 Limitations of the study

The planned study has some limitations, outlined below:

i. This study's use of convenience sampling methods may restrict the generalizability of its findings, as the study area is Kathmandu district ward no. 28 Balaju, ward no. 32 Koteshwor and ward no. 10 Baneshwor. So, sample may not reflect the whole population of Nepal.
ii. The study has collected the data from the customers of class "A" banks of Nepal categorized by Nepal Rastra Bank.
iii. Using primary data collection method through questionnaire can result in response bias; because respondents may submit answers of social desirability or do not fully reflect their genuine reflections.
iv. The study has only studied only 5 elements as the factors affecting consumer perception in digital banking use.

CHAPTER II
LITERATURE REVIEW

This chapter aims to express different theoretical study, previous articles review and different conceptual review in the area on sustainable financial technology business in more detail and descriptive manner. The primary purpose of this section is not only to know about the previous study on the concerned topic but also to formulate the research methodology and research design. Thus, previous study is helpful for the foundation which cannot be ignored. The literature review process helps the researcher about the insight and ground knowledge of the chosen topic. It gathers information from the previous study, different journals, books, research paper and other factual sources on consumer perception in uses of digital banking product in Nepal and other different countries. The research process is continuous study and never finish.

2.1 Theoretical review

Consumer perception plays a crucial role in the adoption and usage of digital banking services. Digital banking, encompassing online and mobile banking, has transformed financial transactions by enhancing accessibility, convenience, and security. Understanding consumer perception is vital for banks and financial institutions to improve service delivery and customer satisfaction (Alalwan et al., 2018). Studies suggest that consumer perception is shaped by technological awareness, trust in digital platforms, and past experiences with online transactions (Hanafizadeh et al., 2014). In addition, factors such as ease of use, perceived risk, and brand reputation influence consumer attitudes toward digital banking. As financial institutions continue to integrate emerging technologies, consumer perception remains dynamic, requiring continuous assessment and adaptation. Several theories help explain consumer perception in digital banking:

i. **Technology Acceptance Model (TAM)**: Developed by Davis (1989), TAM suggests that perceived usefulness and perceived ease of use significantly influence consumers' intention to adopt digital banking services. This model has been widely applied in understanding digital banking adoption trends.
ii. **Unified Theory of Acceptance and Use of Technology (UTAUT)**: It is a model propounded by Venkatesh et al. (2003). It extends TAM by incorporating social influence, facilitating conditions, and effort expectancy as

determinants of consumer behavior. It is model that prescribes a detailed knowledge of the factors stimulating adoption of digital banking within a various demographic variable.

iii. **Perceived Risk Theory**: Consumers' trust in digital banking is shaped by perceived risks, including security risks, privacy concerns, and transaction errors, which influence their willingness to use digital banking services (Pavlou, 2003). Higher perceived risks may lead to lower adoption rates.

iv. **Expectation-Confirmation Theory (ECT)**: This theory posits that consumer satisfaction with digital banking depends on the alignment of expectations with actual experiences, affecting continued use and loyalty (Bhattacherjee, 2001). Consumers who experience seamless transactions and secure digital banking services are more likely to continue usage.

v. **Diffusion of Innovation (DOI) Theory**: Rogers (2003) emphasized that consumers' adoption of digital banking depends on innovation attributes such as relative advantage, complexity, trial ability, observability, and compatibility. The speed at which new banking technologies are adopted varies based on these characteristics.

Factors Influencing Consumer Perception in Digital Banking

In the previous study and different theories, the researchers found the different factors influencing digital banking use through personal perception. The different factors are explained below through various literatures.

i. **Convenience and Accessibility**: Consumers appreciate the ease of banking anytime and anywhere, which enhances their perception of digital banking (Alalwan, 2020). Improved smartphone penetration and internet availability have made digital banking more accessible (Shaikh & Karjaluoto, 2015). The ability to conduct transactions without visiting a physical branch significantly influences user satisfaction and perception.

ii. **Security and Privacy Concerns**: Fear of fraud, data breaches, and identity theft affects consumer trust and perception of digital banking services (Gu et al., 2009). Cybersecurity measures, such as two-factor authentication and encryption, play a crucial role in shaping trust. Financial institutions must continuously update security measures to ensure user confidence.

iii. **User Experience and Interface Design**: A user-friendly interface with seamless navigation and transaction processing positively impacts consumer perception (Zhou, 2011). Poorly designed apps or complex banking procedures can discourage users from adopting digital banking (Baabdullah, 2018). Banks investing in intuitive and well-structured applications often see higher adoption rates.

iv. **Cost and Transaction Fees**: Hidden charges or high transaction fees may create negative perceptions and discourage adoption (Yuen et al., 2015). Fair transaction cost and transparency foster user trust, loyalty and satisfaction. Consumers tend to favor digital banking solutions that offer cost-effective services without unexpected charges.

v. **Trust and Brand Reputation**: Consumers tend to trust digital banking services offered by reputed financial institutions with a history of security and reliability (Gefen et al., 2003). Standard service parameter and favorable marketing of customer influence perception in use (Laukkanen, 2016). Banks with a strong brand reputation tend to gain consumer confidence more easily.

vi. **Demographic Factors**: Age, income level, education, and technological literacy influence consumer attitudes toward digital banking adoption (Laukkanen, 2016). Younger consumers tend to be early adopters, whereas older individuals may exhibit resistance due to unfamiliarity with technology (Hanafizadeh et al., 2014). Additionally, income levels and digital literacy significantly impact digital banking usage trends.

Consumer Behavior in Digital Banking

Consumer perception directly affects digital banking adoption, usage frequency, and continued reliance. Positive experiences foster trust and loyalty, leading to increased digital transactions. Conversely, negative perceptions, especially regarding security or usability, may result in reluctance or rejection of digital banking (Kim et al., 2010). Additionally, service responsiveness and efficient problem resolution contribute to long-term adoption (Baabdullah, 2018).

The digital marketing and customer engagement strategies also directly affects the behavior of consumer. Banks that effectively communicate security measures, product benefits, and promotional offers tend to attract and retain more digital banking users.

Moreover, personalized banking experiences, such as AI-driven financial advice and chatbots, contribute to improved user perception and satisfaction.

Understanding consumer perception in digital banking is essential for financial institutions to design better services, enhance security measures, and improve customer experiences. By addressing concerns related to security, ease of use, and reliability, banks can encourage greater adoption and trust in digital banking services. Future research should explore the evolving impact of artificial intelligence, blockchain technology, and biometric security on consumer perception in digital banking. The dynamic nature of digital banking requires continuous monitoring of consumer behavior to ensure that financial institutions can meet evolving expectations.

2.2 Conceptual review

Digital banking has transformed the financial landscape by offering seamless banking services through technological advancements. Consumer perception towards the use of digital banking services is influenced by various factors, including transaction speed, compatibility, connectivity, security, and convenience & benefits. These factors serve as dependent variables, while the use of digital banking services acts as the independent variable.

i. Transaction Speed

Transaction speed is a crucial determinant of consumer satisfaction in digital banking. Faster transactions enhance user experience and encourage greater adoption of digital banking platforms (Laukkanen, 2016). Research suggests that customers prefer digital banking services that minimize processing times and provide instant transaction confirmations (Malaquias & Hwang, 2016). Thus, the effectiveness of digital banking services provides a significant contribution in influencing consumer perception.

ii. Compatibility

The word ‘compatibility’ is the process of matching the needs of customers with banking product what they want. Studies indicate that customers are more likely to adopt digital banking services if they perceive them as compatible with their daily activities (Amin, 2016). Compatibility significantly impacts consumer perception and

serves as a key determinant in the acceptance of digital banking technologies (Chen et al., 2019).

iii. Connectivity

The effectiveness of digital banking services depends on connectivity, including internet availability and mobile network infrastructure. Poor connectivity issues can hinder consumers' willingness to use digital banking, while seamless connectivity enhances their trust and satisfaction (Yousafzai, Pallister, & Foxall, 2003). The rapid advancement of mobile and internet banking has improved connectivity, making digital banking more accessible and efficient (Pousttchi & Dehnert, 2018).

iv. Security

Security concerns significantly influence consumer perception of digital banking. Consumers expect robust security measures to protect their financial data from cyber threats and fraud (Raza, Umer, & Shah, 2017). Digital banking service providers must implement multi-layered security mechanisms, such as encryption and biometric authentication, to enhance consumer trust (Sharma & Gupta, 2020).

v. Convenience & Benefits

Convenience and benefits are major factors affecting consumer perception of digital banking. Consumers seek hassle-free access to banking services, such as fund transfers, bill payments, and loan applications, without visiting physical branches (Alalwan, Dwivedi, & Rana, 2017). The availability of user-friendly mobile banking apps and online platforms has increased the convenience of digital banking, leading to higher adoption rates (Zhou, 2012). Additionally, perceived benefits such as cost savings, accessibility, and personalized services significantly influence consumer perception (Laukkanen & Pasanen, 2008). Customers appreciate the ability to conduct financial transactions at any time and from any location, reducing dependency on traditional banking channels (Pikkarainen et al., 2004). Value-added services, such as real-time alerts and financial management tools, further enhance consumer satisfaction and loyalty.

In conclusion, Consumer perception towards digital banking services is shaped by multiple factors, including transaction speed, compatibility, connectivity, security, and convenience & benefits. Financial institutions must address these determinants to

improve digital banking adoption and customer satisfaction. Future research should explore emerging trends, such as artificial intelligence and blockchain, to understand their impact on consumer perception and digital banking evolution.

2.3 Empirical review

Rahman and Azad (2024) stated the perception towards digital banking service with reference to Standard Bank Limited in Bangaladesh and found the rapid digitalization of the banking industry, exemplified by the rise of electronic banking (e-banking), has significantly transformed consumer behavior worldwide. In Bangladesh, a key player in this transformation, several studies have explored consumer perceptions of digital banking, particularly in relation to institutions like Standard Bank Ltd. Understanding these perceptions has been crucial in assessing the adoption and impact of e-banking services. Previous research has employed quantitative methodologies, utilizing structured surveys to examine various aspects of consumer engagement with digital banking. These studies have analyzed levels of awareness, usage frequency, satisfaction, perceived benefits, and risks associated with Standard Bank Ltd's e-banking platforms. Additionally, researchers have sought to identify the key determinants of digital banking adoption while exploring the relationship between perceived benefits, risks, and consumer behavior. Findings from past studies have provided valuable insights for Standard Bank Ltd and other financial institutions. By understanding evolving consumer needs and expectations, banks have been able to refine their digital banking services to enhance customer satisfaction and overall user experience. Furthermore, these insights have informed strategic decision-making processes, guiding efforts to optimize customer engagement strategies. In summary, the existing literature on e-banking and consumer behavior presents a comprehensive analysis of consumer perceptions in Bangladesh, with Standard Bank Ltd as a central point of focus. Through empirical research, these studies have contributed to the ongoing discourse on digital banking, paving the way for more customer-centric approaches in the financial sector.

Khanal (2024) did a study called Consumers' Perception Towards Internet Banking Adoption of Nepalese Commercial Banks. The study looked at what affects people's use of internet banking among 404 customers in Chandannath municipality, Nepal. The study employed a combination of descriptive, causal, correlation, and regression

analyses to gain a comprehensive understanding of the factors shaping internet banking adoption. The participant demographic was diverse, indicating the need for strategies that cater to a balanced gender distribution, prime working-age individuals, and undergraduates in the service sector. Correlation analysis revealed significant interrelationships between variables such as perceived usefulness, ease of use, risk, prior knowledge, and convenience. The regression analysis confirmed that these factors significantly influence customers' decisions to adopt internet banking, underscoring the importance of a holistic, user-centric approach to enhance adoption rates in this context.

Le et al., (2023) conducted a study to examine how gender, education, and age influence consumer perception of digital banking service quality in a branch of the Bank for Investment and Development of Vietnam. Using Parasuraman’s five dimensions of service quality as a foundation, the study focused on four key aspects: security, ability, convenience, and customer support policies. The researchers collected primary data from 200 randomly selected digital banking users and analyzed it using descriptive statistics, T-tests, Cronbach's Alpha, and ANOVA to assess differences in perception based on demographic factors. The findings indicated that gender and age significantly impacted how customers perceived digital banking services, with notable variations in security, convenience, and customer support expectations. However, there was no clear correlation between educational levels and perceptions of security, convenience, or promotional policies. Based on these insights, the study suggests that Vietnamese banks should enhance their digital banking services by collaborating with FinTech companies to improve security, investing in human resource development, adopting innovative technologies, and strengthening communication strategies. These efforts could lead to improved service quality and greater customer satisfaction in the evolving digital banking landscape.

Bordoloi and Deka (2023) conducted a study called A Study on Customer Perception towards Digital Banking and Cyber Security. The main goal was to understand how customers see cybercrime and digital banking in some selected cities in India. In an increasingly globalized world, digital banking has transformed the way financial transactions are conducted, offering speed and convenience through technological advancements. While these innovations have simplified everyday banking operations,

they have also given rise to new challenges—particularly cybercrime. The misuse of information technology within cyberspace has resulted in a growing number of cybercrimes, both nationally and internationally. The study notes that increased reliance on e-banking systems comes with heightened risks and legal concerns. Legal frameworks, such as real-time electronic surveillance and search warrants, now play a role in combating such cyber threats by enabling access to premises and equipment used in committing digital crimes. Using a sample size of 247 respondents from select cities in India, the study employed percentage analysis and chi-square tests to assess customer awareness and perceptions related to cyber threats. The findings underscore the need for stronger cybersecurity measures and heightened customer awareness in the digital banking ecosystem to mitigate risks and enhance trust in online financial services.

Dhungana et al., (2023) studied the consumer perception toward digital financial services in Pokhara and found the banking sector has undergone a significant transformation due to digitalization, with digital finance becoming an integral part of the financial system. Over the past few decades, the financial industry has witnessed a continuous evolution in service delivery, driven by technological advancements. Digital finance service providers have introduced various financial products, businesses, finance-related software, and innovative methods of client interaction and communication. Several studies have examined customer perceptions and the key factors influencing their acceptance of digital finance. A quantitative research approach has often been employed, utilizing primary data collected through field surveys. For instance, one study conducted in Nepal's Pokhara Valley gathered responses from 211 participants using a researcher-administered questionnaire. The data were analyzed using descriptive and inferential statistical techniques through SPSS software. The findings from past research indicated that security, convenience, and adaptability played a crucial role in shaping customer perceptions of digital finance, with security emerging as the most influential factor. These studies have contributed to a deeper understanding of the factors affecting the adoption of digital financial services (DFS). Moreover, the insights gained have provided valuable implications for policymakers, financial institutions, and service providers striving to enhance the digital finance landscape in both urban and rural settings.

Rupan et al., (2023) conducted a study titled Consumer's Perception towards Online Banking Services with the objective of assessing the factors influencing continued consumer usage of the Unified Payment Interface (UPI) for electronic transactions. The research primarily targeted existing UPI users to understand the impact of resistance-related factors on their payment behavior. It explored consumer concerns surrounding UPI, particularly focusing on the issues of privacy and usability. The study showed that worries about privacy and difficulties in using the system are the main reasons why consumers resist, which affects the continued use of UPI. Using multiple regression analysis, the findings demonstrated that various elements significantly shape consumer preferences toward cashless payment systems and restrict their willingness to transact online. The study adds value by offering insights into consumer behavior in digital payment systems and highlighting the importance of addressing specific resistance factors to ensure the continued use of online banking technologies.

Karn (2023) conducted a study titled Customer Perception towards Mobile Banking Services in Kathmandu District to investigate consumer perceptions of mobile banking services in Kathmandu. Using a quantitative approach, the study surveyed 213 participants to analyze the impact of factors such as perceived ease of use, self-efficacy, perceived cost, trust, security, and perceived usefulness on the intention to use mobile banking services. Data was collected through a self-structured questionnaire and analyzed using descriptive statistics, correlation coefficients, regression analysis, and ANOVA, with the results processed through SPSS Statistical Package 25. The findings highlighted the significant relationships between these factors and consumers' intentions to adopt mobile banking services.

Grover (2022) conducted a study titled A Study on Customer's Perception towards Online Banking to explore the factors influencing the use of online banking services. The research identified key factors that encourage customers to adopt online banking, including time-saving, ease of use, cost-effectiveness, access to account information, speed, clear instructions, and quality of service. These elements significantly enhance the effectiveness and efficiency of financial transactions, particularly through mobile banking, which allows clients to access banking services 24/7 without the need to visit

a bank branch. The study highlights how these factors contribute to the growing preference for online banking among customers.

Poudel and Sapkota (2022) conducted a study titled Consumer Perception toward Digital Payment System to examine the impact of security and privacy on customer trust and the resultant effect on perceived quality in the context of e-payment systems. The research used online answers from 390 e-payment users to study how easy to use and useful customers think the e-payment system is. Using a structural and measurement model for data analysis, the study concluded that security and privacy significantly influence customer trust, which in turn positively affects perceived quality. The findings emphasized that, in Nepal, as e-payment systems become more widely used, the growing concerns over security and privacy must be addressed to enhance customer trust and perceived quality of online payment platforms.

Surendran and Acharya (2021) conducted a study titled Customers' Perception towards (Digital) Internet Banking in New Zealand to explore the service quality dimensions influencing customer perception of digital banking in New Zealand. The study employed a quantitative approach, collecting data through structured questionnaires from 304 participants. Utilizing correlation, ANOVA, multiple regressions, and Kruskal Wallis' test, the research identified that the speed of transactions and accessibility were the most significant factors positively affecting customer satisfaction. The findings are valuable for banks, financial institutions, and central banks in formulating effective financial policies and strategies to enhance digital banking services and achieve higher customer satisfaction.

Shivaram and Satheesh (2021) conducted a study titled Customers’ Perceived Risk and Attitude towards Adoption of Digital Banking Services to explore the impact of perceived risk and consumers' attitudes toward adopting digital banking services, particularly in the context of currency demonetization in India. The study highlighted how the advent of Information Technology and the increasing use of internet banking (IB) have transformed the banking sector, making services more accessible, cost-effective, and convenient. The research focused on customers from the State Bank of India and Kerala Gramin Bank, analyzing how demographic, technological, and geographical factors influence the adoption of digital banking services. The study found that while digital banking adoption increased due to the financial crisis caused

by currency demonetization, perceived risks associated with these services remain a significant barrier. The findings emphasized the importance of understanding consumers' perceived risks and their willingness to embrace innovation to enhance the adoption of digital banking services.

Pavithra and Geetha (2021) examined the factors influencing customer perception of digital banking services in India, identifying transaction speed, compatibility, connectivity, security, and convenience and benefits as key determinants. Using a descriptive research design, authors collected primary data from 178 respondents, with 150 usable responses, through a structured questionnaire. Most respondents had over three years of experience using digital banking and found it beneficial in terms of convenience, time savings, and cost efficiency. The study revealed that customers preferred digital banking due to its speed, accessibility, and ease of transactions, with factor analysis confirming these influences. It concluded that improving digital banking services could enhance customer satisfaction and loyalty, recommending that banks focus on service enhancements to drive wider adoption.

Weligodapola et al. (2020) conducted a study titled A Study on Customer Perception towards E-banking: With Special Reference to Urban and Rural Districts in Sri Lanka to examine factors influencing the use of E-banking in Sri Lanka. Despite the rapid increase in internet usage, the study found that E-banking adoption remains low, particularly in rural areas. Using both qualitative and quantitative methods, the researchers collected 390 complete responses from bank customers in urban and rural districts through convenience sampling. The study revealed that perceived usefulness, perceived ease of use, and awareness of the service are key factors driving E-banking adoption, while perceived risk, trust, internet knowledge, and access to the internet were moderately influential. Multi-linear regression analysis showed that factors like perceived cost, awareness, and internet knowledge positively influenced customer perception, while perceived usefulness, ease of use, and trust did not significantly affect E-banking usage in the context of this study.

Joshi et al. (2019) conducted a study titled A Study on Customers' Perception on Adoption of Digital Banking in Indian Banking Sector to explore customer perceptions and the adoption of digital banking in India. The research highlighted how internet banking has revolutionized the traditional banking process, offering enhanced

operational efficiency and cost-cutting for banks. A primary survey was done using a set questionnaire to find out how satisfied customers are and what they expect from different digital banking services. The findings revealed that while customers are still adjusting to digital banking, their perceptions are rapidly changing, and they are increasingly accepting these technological advancements despite some challenges. The study underscores the growing adaptability of customers to digital banking in India, though it also points out that the sector still faces significant hurdles on the global stage.

Kamutuezu (2016) conducted a study titled The Adoption of Digital Banking in Namibia to explore the factors influencing the adoption of internet banking. Using a convenience sampling method, data was collected from 50 internet banking users and 16 non-users from four selected banks through a self-administered questionnaire. The study applied the Technology Acceptance Model (TAM) developed by Fred Davis, focusing on four belief variables: perceived usefulness, perceived ease of use, credibility, and convenience. The data included demographic information and multi-item Likert scale measures for the variables. The findings showed that how easy the system is to use and how convenient it is are the biggest reasons people start using internet banking in Namibia. This research provides valuable insights into the key determinants of digital banking adoption in the Namibian context.

Table 1

Summary of Literature Review Table

S.N.	Author(s)	Objectives	Variables	Methodology	Major findings
1.	Rahman & Azad (2024)	To analyze customer perceptions of cybercrime in digital banking, a study highlighted	Cost, Difficult to use, Lack of safety, Other	Qualitative and qualitative data analysis	By understanding consumers' evolving needs and expectations, tailored digital banking

		increasing cybersecurity concerns and emphasized the need for stronger protective measures and greater awareness			offerings can be crafted to enhance customer satisfaction and experience.
2.	Khanal (2024)	To analyze the effect of perceived usefulness, ease of use, risk, prior knowledge and convenience on usage of internet banking.	Perceived usefulness, ease of use, risk, prior knowledge and convenience	Descriptive and causal comparative	The results indicate that Perceived usefulness, ease of use, risk, prior knowledge and convenience factors are the most significant in the usage of internet banking.
3.	Le et al., (2023)	To examines the impact of gender, education, and age on consumer's perception of digital	Security, ability, convenience, promotion policies	Descriptive and exploratory	The analysis showed that consumers' perception of digital banking service was not a clear

		banking service quality			correlation between educational levels and their perception of security, convenience, and promotion policies
4.	Bordoloi and Deka (2023)	To know the analysis of customer awareness and the factors effecting e-banking based on cyber security.	Financial innovation, value chains, scalability, sustainable development goal	Analyzed with the stock market valuation and the multipliers associated with these firms.	According to the results, the banking system should provide services in accordance with the changing needs and expectations of the customers to accelerate growth in the competitive market.
5.	Dhungana et al., (2023)	To identify the key factors that shape	Convenience, adaptability, affordability, security, user	Descriptive and inferential statistics	The study found security, convenience,

		customers' perceptions of digital finance.	friendly, internet, digital finance		and adaptability have a positive and significant influence on digital finance, with security having the most substantial impact.
6.	Rupan et al., (2023)	To analyze the reasons and perception of consumers towards online banking	Age, frequency, types of digital trasaction	Qualitative and quantitative approach	Analysis revealed that various factors significantly influence the adoption of cashless payment modes by online consumers and limit consumers' ability to pay for their purchases online.
7.	Karn, (2023)	To elaborate customers'	Perceived usefulness,	Quantitative research	The study found

		perception of mobile banking influence their usage and attitudes towards it	perceived ease of use, self-efficacy, perceived cost, trust and security	approach	perceived usefulness, security, self-efficacy, perceived cost, perceived ease of use, trust significantly influenced however trust and security didn't significantly affect mobile banking intention
8.	Grover (2022)	To identify the factors affecting the awareness, usage and non-usage of online banking services among customers.	Ease to use, time saving, security aspects, and 24hrs. service, quality of work, clear instructions, speed, cost effective, account information, convenience and rewards	Adopted descriptive, and analytical research design	The significant factors for usage of online banking have been found are time saving, ease to use, cost effective, account information, speed, clear instructions,

					quality of work.
9.	Poudel & Sapkota (2022)	To answer the relationship and impact between security perceptions, privacy perception, ease of use, trust, and perceived usefulness to use digital payment platforms.	Security perceptions, privacy perception, ease of use, trust, and perceived usefulness	A quantitative research approach towards descriptive and explanatory casual research design	The study also showed that perceived trust, ease of use, usefulness, and reliability have a significant positive relation to the intention to use.
10.	Surendran & Acharya (2021)	to identify gaps in the current internet banking platform and highlight the key factors that can improve customer satisfaction in New Zealand.	User-friendly, application design and content, security and privacy, convenience, speed of transactions, reliability and accessibility.	Positivism philosophy under the deductive approach was used	The research found that the speed of transactions and accessibility were the most significant variables that positively affect the customers' satisfaction.
11.	Shivaram &	To analyze	Privacy risk,	Performed	This study

	Satheesh (2021)	perceived risks, attitude and awareness level of customer about digital banking.	security risk, performance risk and time loss risk.	quantitative tool i.e., t-test and chi-square test.	looks at different parts of how consumers see risks to understand how overall perceived risk and their willingness to try new things affect adopting digital banking services.
12.	Pavithra & Geetha (2021)	To identify the factors, affect that use digital banking service than conventional banking services.	Transaction speed, compatibility, connectivity, security, convenience and benefits.	Used percentage analysis, exploratory factor analysis.	Users of digital banking are influenced by factors like transaction speed, compatibility, connectivity, security, convenience, and benefits. These factors play an important role in encouraging

					people to adopt digital banking.
13.	Weligodapola et al., (2020)	To determine the factors and its impact which influence the usage of E-banking among bank customers in chosen urban and rural districts in Sri Lanka	Perceived usefulness, Perceived ease of use, Perceived cost, Awareness of the service, Knowledge of internet and access to internet, Perceived risk and trust	Qualitative and quantitative approach	The findings revealed that perceived cost, awareness of the service, and knowledge of internet and access to internet have a significant positive effect on customer perception towards E-banking while perceived usefulness, perceived ease of use, and perceived risk and trust has no significant effect towards E-banking

					usage according to the results of the study.
14.	Joshi et al., (2019)	To identify the factors that affect customers' adoption of digitalization in banking sector.	Reduced transaction time, cost of effectiveness, ease of use and security	Adopted descriptive research design	It was observed that customers consider security to be the most important factor followed by cost effectiveness for adapting technology in banking
15.	Kamutuezu (2016)	To identify factors that influences the effective adoption of internet banking services.	Quality, adaptability, affordability, credibility and convenient	Qualitative approach	The study findings show that Perceived Ease of Use and Convenient are the key factors to influence on the adoption of internet banking in Namibia

2.4 Research gap

Despite growing interest in digital banking and its high demand in emerging markets, significant research gaps remain regarding the factor affecting the consumer perception to use digital banking product in Nepal. Previous studies often focus on other different factors, overlooking the unique challenges and opportunities in Nepal. There is a need for analysis of how the usage perception of customer is affected in especially in commercial bank customer. Additionally, research is lacking on the influence of Nepal's customer attitudes towards digital banking security and convenience. The state of technology infrastructure, such as internet connectivity and digital literacy, also warrants further investigation to understand its effects on digital banking growth. Moreover, a more detailed examination of local market needs and preferences is necessary to tailor digital banking solutions effectively. Digital banking products are widely used but the risk associated with this is not explained to customer. Addressing these gaps could offer valuable insights for policymakers, investors, and digital banking user, enabling the development of strategies that are both effective and sustainable in Nepal's unique context. This study examined the characteristics of firms in the Nepalese digital sector but left unresolved questions regarding the factors essential for the better and safe of digital banking products. There is also a notable developing of insight into the development and progression of the digital banking but the risk is always on the gate. The review of related literature revealed a wealth of innovative ideas aimed at understanding perceptions of digital banking services. Most existing studies have primarily examined the extent of digital banking adoption, while some have explored factors influencing continued usage, service quality, impact, and customer satisfaction. However, these studies often focused on only one or two dimensions of digital banking. The present study aims to identify the key factors shaping customer perceptions toward digital banking services. With the potential of the 'Digital Nepal Acceleration Project' initiative to revolutionize the Indian banking sector, there is a growing need for research that highlights the most influential elements stimulating customer adoption of digital banking products in a digitalized Nepal. This need emerged as a research gap after an extensive review of the existing literature.

CHAPTER III
RESEARCH METHODOLOGY

Research methodology is a way of doing research in a systematic process. It helps in solving research problems. It provides a complete framework to do research in an efficient manner. The methodology contains the in detail of the research design, data source, and the method to analysis through literature review for conducting the research. The qualitative phenomenon analysis was focused on the identification of the factor determining consumer perception in digital banking use in Nepal. The objectives are formed in accordance with the research questions to identify the different factors that affect consumer perception in digital banking, the correlation coefficient of the factors affecting digital banking, and the impact of those factors on digital banking use.

3.1 Research design

This study has a population of “A” class commercial banks of Kathmandu District which is 20 at present ("List of Commercial Banks in Nepal," 2025). Among the total population of 20, the 6 “A” class commercial bank have been used to collect data. The purposive sampling is practiced to select sample. The data were collected from the 3 wards of Kathmandu district. The independent variables are transaction speed, compatibility, connectivity, security and convenience and benefits and dependent variable is use of digital banking service. The first section includes gender, age, income, education, experience, uses frequency and satisfaction level present demographic characteristics which result objective of study. The section two and three provides the responses for respective objectives of the study. This study has exercised a casual comparative and descriptive method of research design. The data is based on quantitative study in which data are gathered by using primary sources of data. The result is a outcome of data examined using demographic descriptive and inferential statistical methods with the help of IBM SPSS version 25. Reliability is tested using Cronbach alpha and the correlation, regression, ANOVA and t-test are applied to determine relationship and test hypotheses.

3.2 Population and sample, and sampling design

The population of the study is the “A” class commercial bank of Kathmandu District. There are 20 “A” class commercial banks in Kathmandu ("List of Commercial Banks in Nepal," 2025). The samples are the 6 commercial bank among the 20. This study targeted particularly the population of 28 Putalisadak, 32 Koteshwor and 10 Baneshwor. The research used purposive sampling of 400 respondents of 3 wards for this study who are the digital banking user of commercial bank which is categorized under class “A” by Nepal Rastra bank in Nepal.

3.3 Nature and sources of data, and the instrument of data collection

The data source of the study is a quantitative nature data from the respondents. The data are collected using the structured questionnaire using Google Form to derive the actual and factual responses of the targeted group of the study. In the study, there are total 26 structured questions and it has close-ended questions with a 5-point Likert scale for primary data collection. This Likert scale has a range from "Strongly Agree" to "Strongly Disagree." The scale has 5values for Strongly Agree to 1 for Strongly Disagree. Data was collected through the self-administered questionnaires obtained from 400 individuals of different gender, ages, educational qualification, occupation, annual income, preference of digital banking, devices in use, year of assessing and satisfaction level which are the key demographic characteristics. There are 9 statements in section 1 to analyze the factors affecting consumer perception towards the digital banking that provides the response for the first objective of the study. Likewise, there are 21 statements in section 2 to examine the relationship between as well as to access the impact the factors affecting the consumer perception and uses of digital banking. In section 3, there are 5 statements that represents uses of digital banking services or the dependent variable. The responders' responses are obtained through personal visit in bank through tab at branch premises as well as using the different social media platforms through link shared.

3.4 Method of analysis

The analysis has been done using the SPSS 25 program to determine the perception. Tools such as demographic analysis, descriptive analysis, correlation, and regression analysis tools have been implied to deduce results. The demographic analysis

exercised the frequency, histogram and percentile method to know the participant's factors that affect the use of digital banking services. The descriptive statistical tools used in the study include means, standard deviation, maximum and minimum. It has helped to determine the relation of the factors with use of digital banking services. The inferential statistics has helped to know the relation statistically significant or not as well as the impact of the factors on use of digital banking services. The relation and impact are determined by 26 structured questions. Further, Pearson correlation coefficient analysis validity test using Cronbach alpha are also performed during the study. The ANOVA and t-test are also performed to get a result and test hypotheses.

Mean ($\overline{x}$)

In statistics the mean or average is the central value of a dataset calculated by adding all the values together and dividing the sum by the total number of values. It is a common measure used to represent the typical value of the data.

It is expressed in following formula

Mean, (X) = $\frac{\Sigma X}{N}$

Where, ΣX = Sum of the observations,

N = no. of observations.

Standard deviation (SD)

The standard deviation is a measure of dispersion or variability in a set of data. It expresses the average distance of various points from their mean value. The standard deviation gives a good idea about the scatter in data and describes how individual values in the dataset vary from the mean.

It is expressed in following formula

S.D (σ)= $\sqrt{\frac{(\sum(X-\bar{X})^2}{N}}$

Where σ = S.D,

X = Terms given in data,

$\bar{X}$= Mean,

N = no of observations.

Correlation of coefficient (r)

The correlation coefficient is a numerical value that describes how close two variables move in relation to each other; the range is from -1 to 1, where -1 represents a perfect inverse relationship, 1 signifies a perfect direct relationship, and 0 means no linear association.

It is expressed in following formula.

$$r = \frac{N\sum XY - (\sum X)(\sum y)}{\sqrt{N\sum X^2 - (\sum X)^2}\sqrt{N\sum Y^2 - (\sum Y^2)}}$$

Where, N = no. of observations,

ΣX = sum of observations in series X,

ΣY = sum of observations in series Y.

Multiple regression analysis

Multiple regressions can be said to be a statistical tool applied in the determination of the relationship existing between a dependent variable and multiple independent variables. As applied to the use of digital banking services, it looks into how different things like Transaction speed, Compatibility, Connectivity, Security, and Convenience and benefits, together are influencing the use of digital baking services. This determines the impact of each factor in quantitative terms on usage of digital banking, thereby giving insight into how various elements make their contribution toward long-term viability and security.

Model:

$$DB = \alpha + b_1T + b_2C + b_3C + b_4S + b_5CB + \varepsilon$$

Where,

α = Constant

DB= Use of digital banking services

T = Transaction speed

C = Compatibility

C = Connectivity

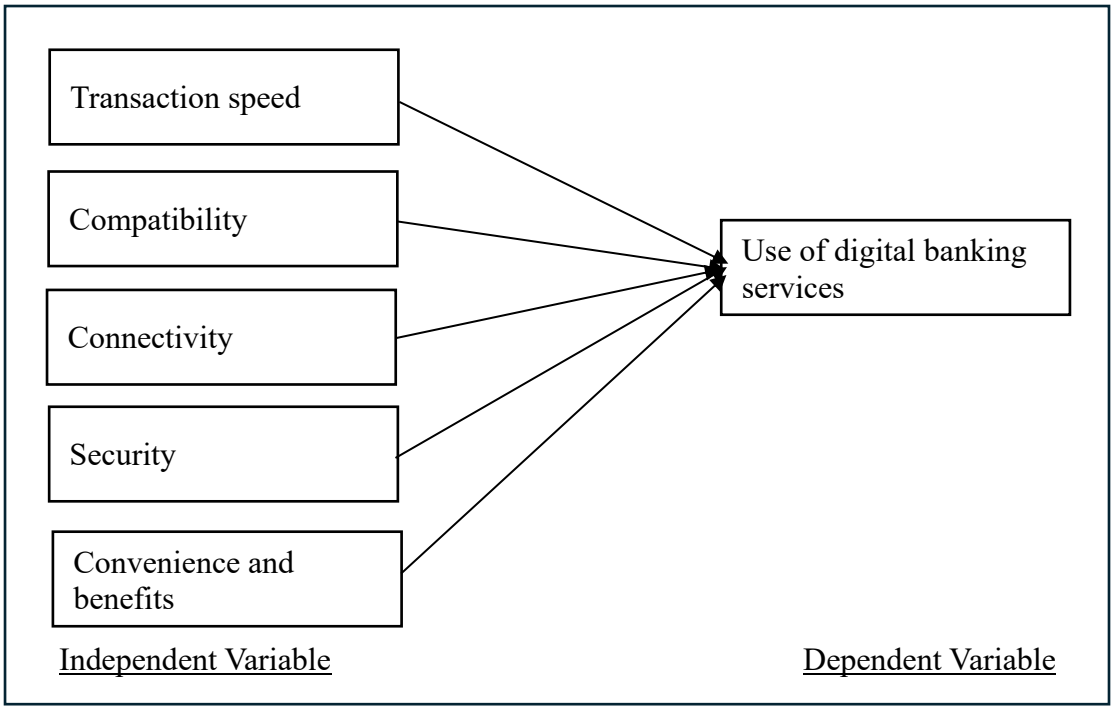
S = Security

S = Convenience and benefits

ε = Epsilon

3.5 Research framework and definition of variables

Based on the dissertation's objective, the study is structured according to the following variables in figure 1.



Source: Pavithra & Geeta (2021)

Figure 1
Research framework of the study

Independent variables:

Transaction speed (T): Digital banking enables rapid processing of financial transactions, allowing users to transfer funds and make payments in real time, improving efficiency and user experience (Zhou, 2012).

Compatibility (C): Digital banking services are designed to be compatible across various devices and operating systems, ensuring users can access their accounts seamlessly from smartphones, tablets, or computers (Laukkanen, 2007).

Connectivity (C): With strong internet connectivity, users can access banking services anytime and anywhere, enhancing flexibility and operational continuity (Munyoki et al., 2015).

Security (S): Robust encryption, authentication protocols, and fraud detection systems are integral to digital banking, safeguarding user data and financial transactions (Yousafzai et al., 2003).

Convenience and benefits (C): Customers benefit from 24/7 access to banking functions, reducing the need for physical visits and offering self-service capabilities at their convenience (Pikkarainen et al., 2004). Digital banking offers various benefits such as lower costs, personalized services, and real-time account updates, increasing customer satisfaction (Pikkarainen et al., 2004).

Dependent variables:

Use of digital banking services (DB): Use of digital banking services involve using online platforms for banking activities, offering benefits such as fast transactions, device compatibility, secure connections, and 24/7 convenience (Yousafzai et al., 2003; Zhou, 2012). These services are essential and easy way to do financial transactions that allow users to reach their accounts and initiate a transaction from anywhere.

CHAPTER IV
RESULTS AND DISCUSSION

This chapter focuses on the deriving result and interpretation of the data that has been collected. Its goal is to analyze the data and present the results and interpretation with the research design of third chapter in alignment with the study's objectives. The presentation includes organizing the data into tables and arranging it clearly. The analysis involves representing data using tables, making it easier to recommend corrective actions. Various statistical methods are used to derive result and to achieve the study's goals. The chapter concludes by showcasing the results and findings obtained through both descriptive statistics and inferential analyses.

4.1 Results

4.1.1 Demographic characteristics

Table 2
Respondents categorized by bank name

Location	Name of Bank	Frequency	Percent
Ward 28	Nepal Investment Mega Bank Limited	99	24.75
	Kumari Bank Limited	51	12.75
Ward 10	Everest Bank Limited	62	15.5
	Global IME Bank Limited	74	18.5
Ward 32	Nabil Bank Limited	37	9.25
	Nepal Bank Limited	77	19.25
	Total	400	100

Source: Questionnaire survey, 2025

The table 2 present the data collected from the different individual who are the bank customer. The respondents from Nepal Investment Mega Bank are higher in number with 99 in number and 24.75 percent. The Kumari Bank’s customer is in number with 12.75 percent. The Everest Bank is with 15.5 percent respondents with 62 in number. The 74 customers are taken part in this survey with 18.5 percent. The Nabil Bank and Nepal Bank have 37 and 77 respondents with 9.25 percent and 19.25 percent respectively. Since the NIMB has higher respondents and Nabil Bank has lowest respondents.

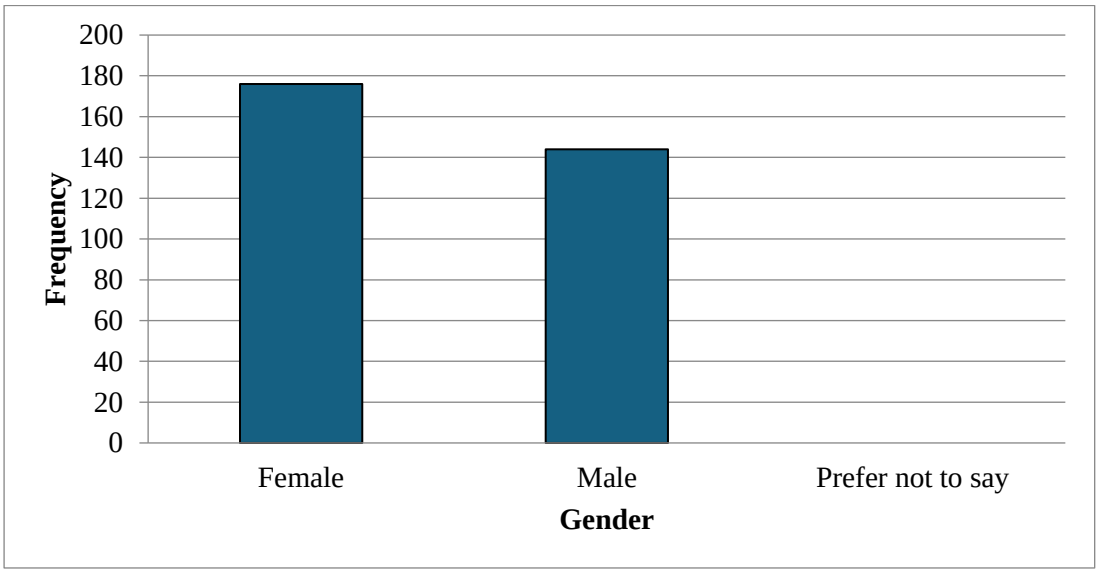
Table 3

Distribution by gender

Variables	Details	Frequency	Percent
Gender	Female	176	44
	Male	244	56
	Prefer not to say	0	0
Total		400	100

Source: From SPSS 25 using data from Appendix ii

The table 2 presents the gender distribution during the date collection where 176 female and 244 males have been participated in data collection which is 44 percent and 56 percent respectively. The figure is also presented in figure 2.



Source: From SPSS 25 using data from Appendix ii

Figure 2

Distribution by gender

The research sample was comprised of 400 respondents. The figure 2 presented 244 respondents were males and 176 were females. There were no respondents who selected "Prefer not to say." Females are higher than males in these responses.

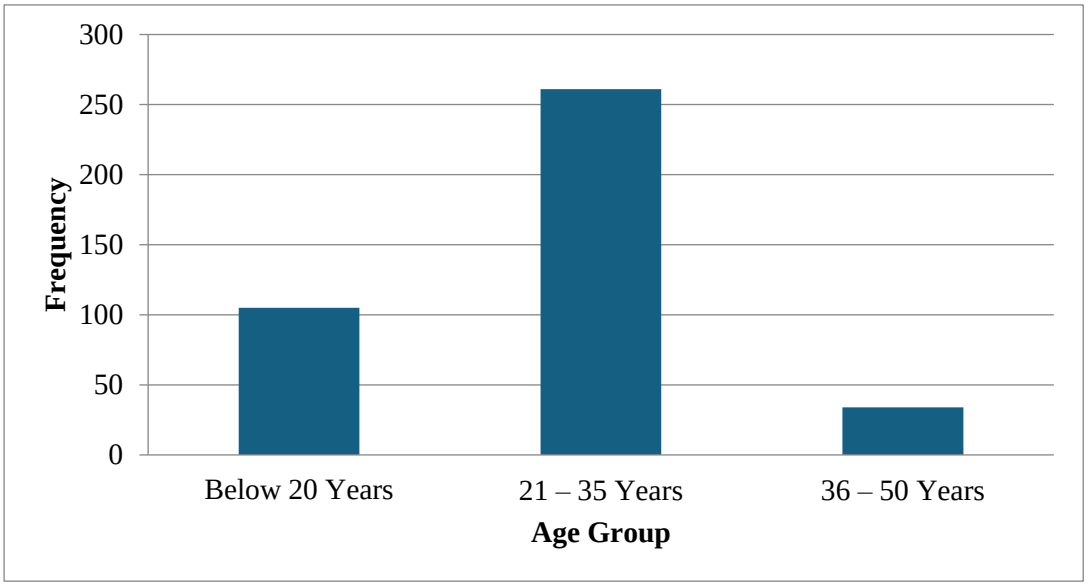
Table 4

Distribution by age group

Variables	Details	Frequency	Percent
Age Group	Below 20 Years	105	26.3
	21 – 35 Years	261	65.3
	36 – 50 Years	34	8.5
Total		400	100

Source: From SPSS 25 using data from Appendix ii

The table 4 presents the age group distribution of the respondents during the research data collection. The age group of below 20 years is 105 shows the new generation interest in digital platform. The age with 21 years to 35 years is 261 and the age group of 36 years to 50 years is 34. The figure 3 also represents this.



Source: From SPSS 25 using data from Appendix ii

Figure 3
Distribution by age group

In the figure 3, the most significant age group was 21–35 years, 261 individuals. Respondents aged less than 20 made up 105 individuals and the remaining 34 individuals were aged 36–50 years. The 21-35 years is higher in all three groups.

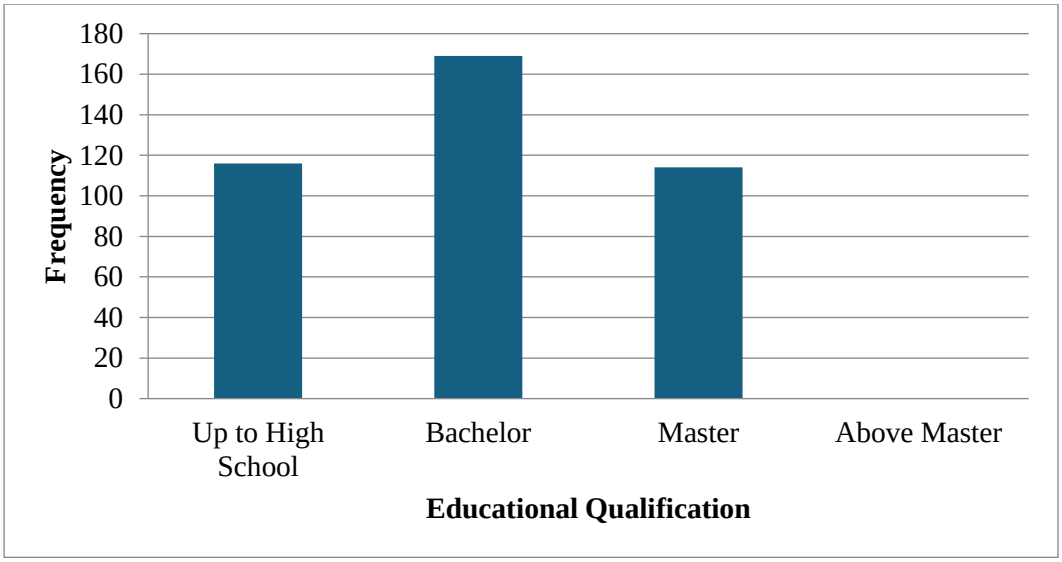
Table 5

Distribution by educational qualification

Variables	Details	Frequency	Percent
Educational Qualification	Up to High School	116	29
	Bachelor	169	42.2
	Master	114	28.5
	Above Master	0	0
Total		400	100

Source: From SPSS 25 using data from Appendix ii

The table 5 expresses the educational qualification of the respondents of the collected data. The respondents with high school degree are 116 with 29 percent. The bachelor degree holders are 169 with 42.2 percent. The Master degree respondents are 114 with 28.5 percent and the above master degree holders are absence in this research as per the data collected. The figure 4 also represents this.



Source: From SPSS 25 using data from Appendix ii

Figure 4

Distribution by educational qualification

As per figure 4, the educational qualifications with 169 were bachelor's graduates and 116 reached the high school level and 114 were master's graduates. There were no respondent had an education level higher than that of master's. The bachelor graph is gone high among the three.

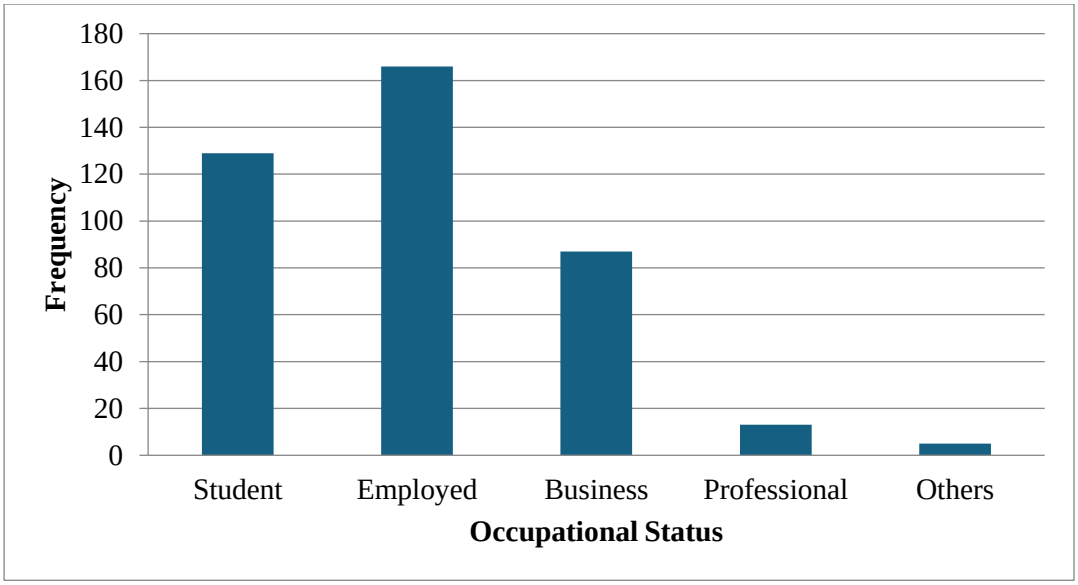
Table 6

Distribution by occupational status

Variables	Details	Frequency	Percent
Occupational Status	Student	129	32.3
	Employed	166	41.5
	Business	87	21.8
	Professional	13	3.2
	Others	5	1.2
Total		400	100

Source: From SPSS 25 using data from Appendix ii

The table 6 presents the occupational status of the respondents in this research. The 129 students with 32.3 percent and employed with 166 in number and 41.5 percent took part in research survey. The business and professional are 87 and 13 with 21.8 percent and 3.2 percent respectively. The other professional respondents are 5 with 1.2 percent. The table shows higher employed group in data collection and student group in second highest. The figure 5 also represents the occupational status distribution of the respondents.



Source: From SPSS 25 using data from Appendix ii

Figure 5
Distribution by occupational status

The figure 5 represents the occupational status of the respondents. In terms of occupation, 166 numbers of respondents were employed and 129 were students. Likewise, 87 were business holders and 13 were professionals. There was a further 5 had other. Since, the employed respondents are higher in number than others. The students are second highest with 129.

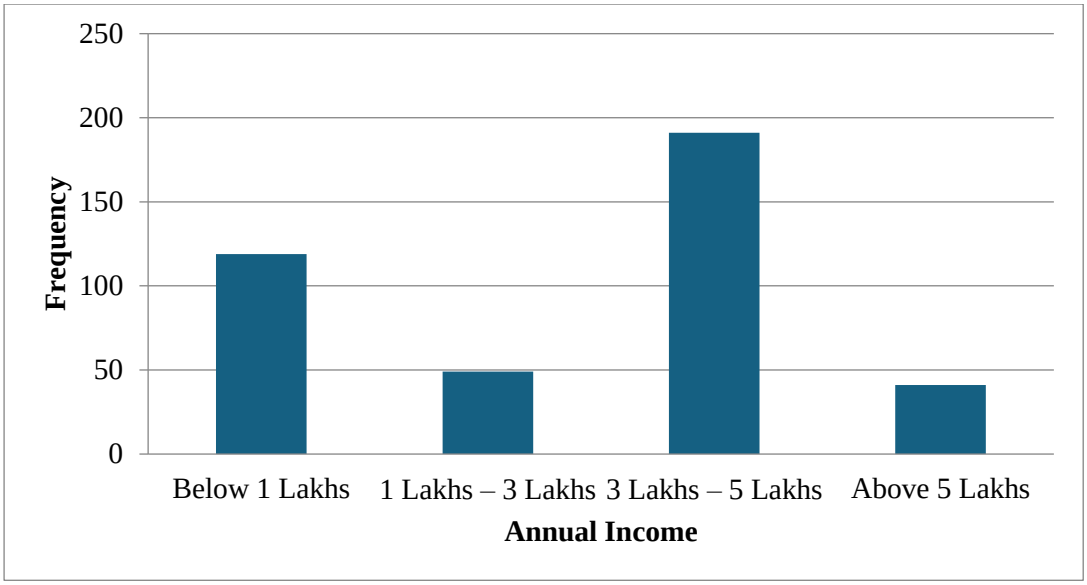
Table 7

Distribution by annual income

Variables	Details	Frequency	Percent
Annual Income	Below 1 Lakhs	119	29.8
	1 Lakhs – 3 Lakhs	49	12.3
	3 Lakhs – 5 Lakhs	191	47.8
	Above 5 Lakhs	41	10.3
Total		400	100

Source: From SPSS 25 using data from Appendix ii

The table number 7 expresses the annual income of the respondents with below 1 lakhs to above 5 lakhs. The respondents with below 1 lakhs are 119 i.e. 29.8 percent. The respondents with 1 lakhs to 3 lakhs income are 49 i.e. 12.3 percent. The respondents are 191 in number and 47.8 percent within group of income 3 lakhs to 5 lakhs. The income group of above 5 lakhs is there also with 41 respondents and 10.3 percent. Since, the 3 lakhs to 5 lakhs income holders are higher among the all three group. The table 7 data are also represented in figure 6 to see the comparative picture.



Source: From SPSS 25 using data from Appendix ii

Figure 6
Distribution by annual income

The figure 6 is a histogram of the respondents by observing the annual income. From 106 respondents that disclosed their annual income, almost half of respondents 191 earned an annual income of NPR 3–5 lakhs. In addition, 119 were below NPR 1 lakh and 49 between NPR 1-3 lakhs but 41 earned more than NPR 5 lakhs. The histogram of 3 to 5 lakhs group is seems high and followed by Below 1 lakhs group.

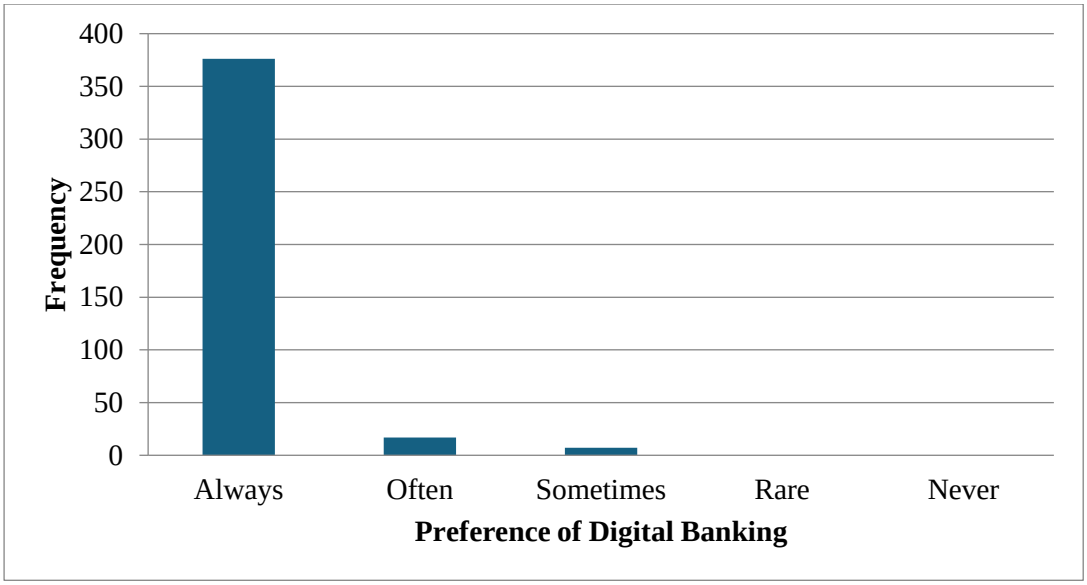
Table 8

Distribution by preference of digital banking

Preference of Digital Banking	Always	376	94
	Often	17	4.2
	Sometimes	7	1.7
	Rare	0	0
	Never	0	0
Total		400	100

Source: From SPSS 25 using data from Appendix ii

The data collected from the respondent in the context of demographic nature are expressed in table 8 especially in the digital banking preference habit. The 376 respondents always use the digital banking and the 17 respondents often use this. The user who use sometimes the digital banking products are 7 in number. The users with always use digital banking are higher among the all and the often group is second highest. The digital banking user with the using habit rare and never are absence as per the date generated from the Google sheet during survey.



Source: From SPSS 25 using data from Appendix ii

Figure 7

Distribution by preference of digital banking

The figure 7 displays the frequency of respondents' preferences regarding the use of digital banking. It is evident that nearly 376 individuals reported that they "always" prefer to use digital banking services. A small number of respondents stated that they "often" or "sometimes" use digital banking with the frequencies 17 and 7 respectively. There are no respondents selected "rare" or "never" suggesting that digital banking has become a widely accepted and regularly used method among the surveyed group. Overall, the figure 7 presents a high level of adoption and consistent usage of digital banking services.

Table 9

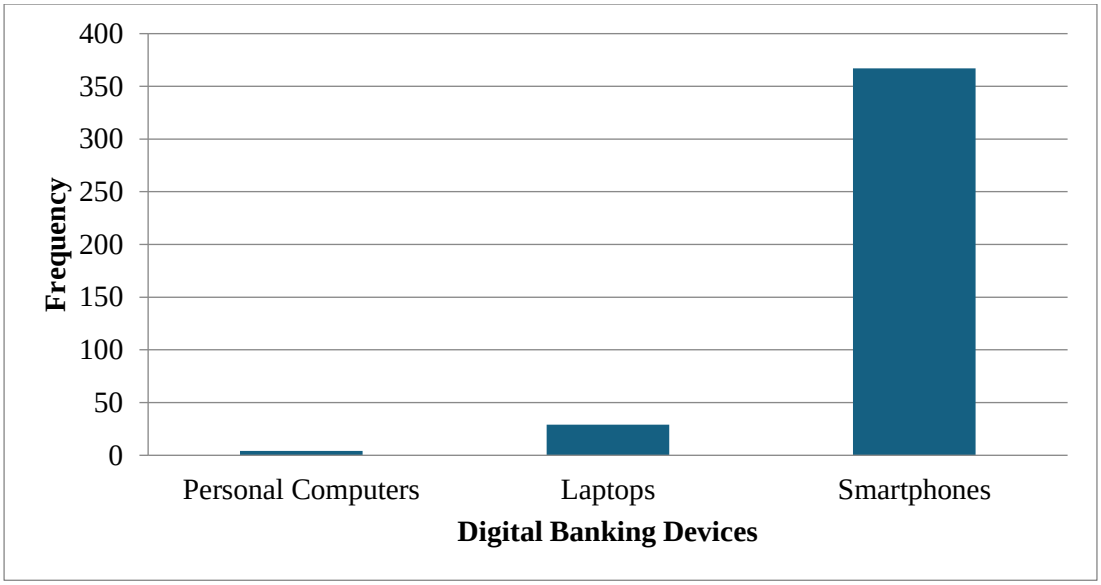
Distribution by digital banking devices

Variables	Details	Frequency	Percent
Digital Banking Devices	Personal Computers	4	1
	Laptops	29	7.2
	Smartphones	367	91.8
Total		400	100

Source: From SPSS 25 using data from Appendix ii

The table number 9 expresses the digital banking devices of the respondents' personal computers, laptops and smartphones. The respondents with personal computers are 4 in number and 1 percent. The laptops users are 29 in number and 7.2 percent. The smartphones users are 367 in number and 91.8 percent. The smartphones users in

digital banking products are higher with 91.8 percent. The figure 8 also represents the graphical presentation of the table 9 data to get quick view of the respondents responses in specific group.



Source: From SPSS 25 using data from Appendix ii

Figure 8

Distribution by digital banking devices

The figure 6 presents the digital banking users' devices to use digital banking. The most common device used to access digital banking services was smart phone 367 in number. The laptop users were 29 and personal computers were used by 4 of respondents. Since the mobile phone users are highest among the group and the histogram of the smartphone user is gone top high by observing the figure.

Table 10

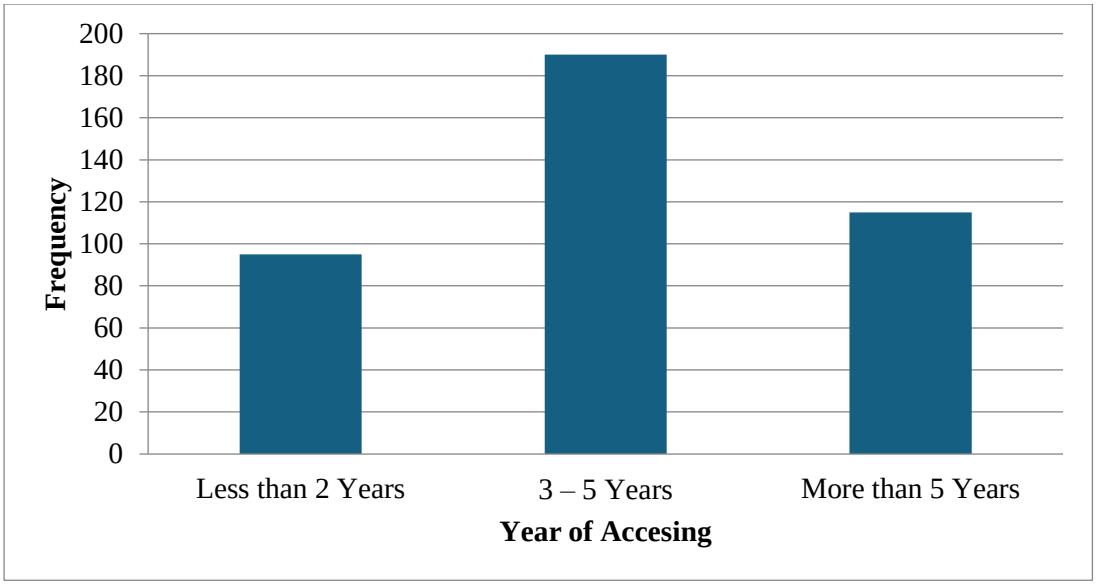
Distribution by year of accessing

Variables	Details	Frequency	Percent
Year of Accessing	Less than 2 Years	95	23.8
	3 – 5 Years	190	47.5
	More than 5 Years	115	28.7
Total		400	100

Source: From SPSS 25 using data from Appendix ii

The table 10 represents the year of the respondents using the digital banking products. The users with less than 2 years' experience are 95 with 23.8 percent. The 190 respondents which are 47.5 percent out of 100 are using the digital banking services having 3 to 5 years of experience. The more than 5 years of experience holders of the

digital banking product are 115 with 28.7 percent. The table 10 expressed the 190 respondents with 3 to 5 years of experience are highest among the other in this group. The figure 9 also represent the graphical presentation of the table 10 data.



Source: From SPSS 25 using data from Appendix ii

Figure 9

Distribution by year of accessing

The figure 9 expressed the year of using the digital banking product. To know the time of using digital banking services, 190 had been using digital banking services for 3-5 years, 115 for more than 5 years and 95 for less than 2 years. The graph of the 3 to 5 years of access is higher among the groups.

Table 11

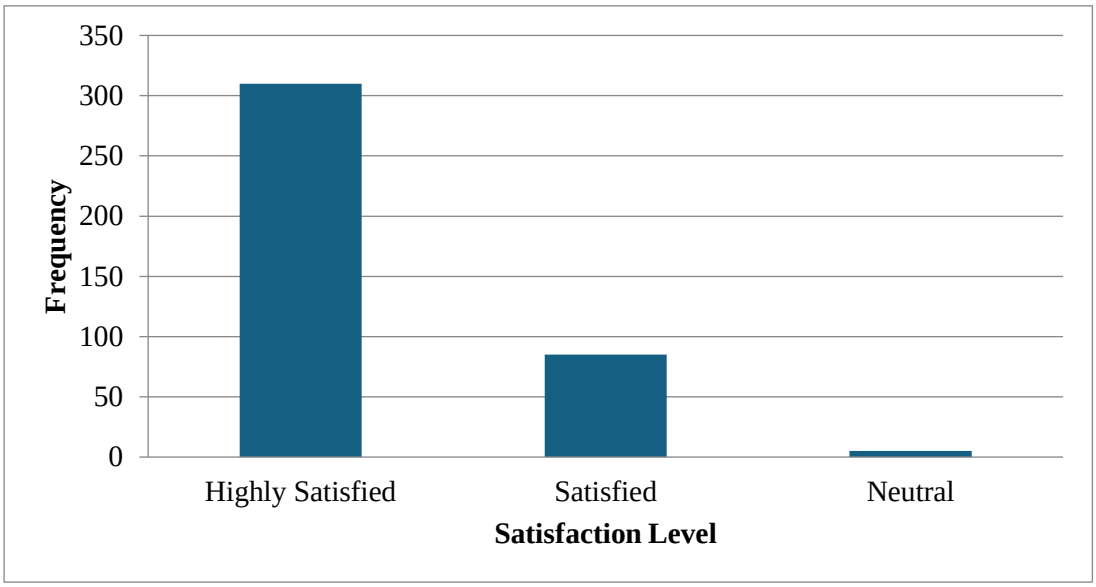
Distribution by satisfaction level

Variables	Details	Frequency	Percent
Satisfaction Level	Highly Satisfied	310	77.5
	Satisfied	85	21.3
	Neutral	5	1.2
Total		400	100

Source: From SPSS 25 using data from Appendix ii

The table 11 represents the satisfaction level of the user using the digital banking product. The highly satisfied respondents are 310 with 77.5 percent showing higher satisfaction level. The satisfied numbers of respondents are 85 with 21.3 percent. The neutral respondents are 5 in number and 1.2 in percentage. The highly satisfied respondents are higher in this table which represent the digital banking product are

user friendly and liked much. The figure 10 also represent the status of satisfaction in graphical way.



Source: From SPSS 25 using data from Appendix ii

Figure 10
Distribution by satisfaction level

The figure 10 shows the high-level satisfaction levels 310respondents reporting they were very satisfied. The 85 respondents were satisfied, and only 5 respondents are neutral. No respondents reported being dissatisfied during the data collection. The graph of the highly satisfied respondents is seems gone above. It shows customer are happily using the digital banking products.

4.1.2 Reliability Analysis

The reliability of the data is checked using Cronbach's alpha. Table 12 present the Cronbach's alpha criteria for interpreting the Likert scale under reliability analysis:

Table 12

Reliability statistics

Variables	Cronbach's Alpha	N of Items	Internal consistency
Transaction speed	0.910	5	Excellent
Compatibility	0.875	4	Good
Connectivity	0.882	4	Good
Security	0.845	4	Good
Convenience and benefits	0.874	4	Good
Use of digital banking services	0.871	5	Good

Source: From SPSS 25 using data from Appendix ii

Cronbach's Alpha was exercised to determine the internal consistency of the variables used in the research using table 14. The findings shows excellent reliability for Transaction Speed (α = 0.910). The good reliability exists in Compatibility (α = 0.875), Connectivity (α = 0.882), Security (α = 0.845), Convenience and Benefits (α = 0.874), and Use of Digital Banking Services (α = 0.871). Overall, all variables met the minimum threshold of internal consistency.

4.1.3 Descriptive Statistics

The descriptive statistics in this study offer a summary of individual variables to assess the factors influencing perception to use digital banking in Nepal. The both dependent and independent variables are presented in Table below.

4.1.3.1 Transaction speed

Transaction speed is the first independent variable of the study affecting perception of using internet. The comprehensive analysis of each questionnaire is presented below in table 13.

Table 13
Descriptive statistics of transaction speed

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Digital banking transactions are faster than traditional methods.	400	1	5	4.14	0.972
Digital banking saves time and effort by eliminating the need to visit a bank or stand in queues.	400	1	5	4.12	0.981
High-value transactions can be completed within minutes using digital banking.	400	1	5	4.08	0.996
The 24/7 availability of digital banking helps save time.	400	1	5	4.10	1.003
Digital banking improves transaction speed.	400	1	5	4.09	0.979

Source: From SPSS using data from Appendix i

The analysis of responses from 400 participants regarding the "Transaction Speed" of digital banking revealed consistently high levels of agreement across all five statements. On a 5-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree), the mean scores for each item were all above 4 that present

generally positive perception of digital banking speed. The statement “Digital banking transactions are faster than traditional methods” had the highest mean score of 4.14. It is followed by “High-value transactions can be completed within minutes using digital banking” (mean = 4.10), “The 24/7 availability of digital banking helps save time” (mean = 4.08), “Digital banking saves time and effort by eliminating the need to visit a bank or stand in queues” (mean = 4.06), and “Digital banking improves transaction speed” (mean = 4.05). The small range in mean values suggests that respondents shared similar positive views about how digital banking enhances transaction speed.

4.1.3.2 Compatibility

Table 14

Descriptive statistics of compatibility

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Using digital banking is enjoyable as it suits personal needs.	400	1	5	3.95	1.037
Digital banking fits well with daily lifestyle.	400	1	5	3.95	1.041
Using digital banking enhances personal image.	400	1	5	3.97	1.045
Digital banking is easy and hassle-free to use.	400	1	5	3.92	1.084

Source: From SPSS using data from Appendix i

The table 14 shows a generally favorable view of how well digital banking aligns with users' lifestyles and preferences. On a 5-point Likert scale, all four statements in this category received mean scores close to 4 showing a positive inclination. The statement “Using digital banking enhances personal image” had the highest mean score of 3.97 which shows many respondents view digital banking as a modern and image-enhancing tool. Both “Using digital banking is enjoyable as it suits personal needs” and “Digital banking fits well with daily lifestyle” recorded identical mean scores of 3.95. The item “Digital banking is easy and hassle-free to use” followed closely with a mean of 3.92. The standard deviations ranged from 1.037 to 1.084,

reflecting a moderate spread in opinions but overall consistency in positive responses across all items.

4.1.3.3 Connectivity

The connectivity related questionnaire is expressed in Table 15 using descriptive analysis from the data collected.

Table 15

Descriptive statistics of connectivity

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Digital banking services are easily accessible and portable.	400	1	5	4.08	1.001
Digital banking services are available whenever needed.	400	1	5	4.05	1.019
A stable internet connection is essential for the success of digital banking.	400	1	5	4.13	0.993
Digital banking connectivity is available anytime and anywhere.	400	1	5	4.17	0.904

Source: From SPSS using data from Appendix i

The table 15 is regarding to the "Connectivity" of digital banking indicates a strong level of agreement across all four statements. On a 5-point Likert scale, all items recorded mean scores above 4 expressing a positive perception of the accessibility and availability of digital banking services. The highest mean score was observed for the statement “Digital banking connectivity is available anytime and anywhere” with a mean of 4.17 and a standard deviation of 0.904. It suggests a strong agreement and relatively consistent responses. This was followed by “A stable internet connection is essential for the success of digital banking” (mean = 4.13, SD = 0.993), “Digital banking services are easily accessible and portable” (mean = 4.08, SD = 1.001), and “Digital banking services are available whenever needed” (mean = 4.05, SD = 1.019). The small differences in mean values and standard deviations indicate that most respondents share the belief that digital banking is highly accessible and dependable in terms of connectivity.

4.1.3.4 Security

The security feature of the digital banking is observed in this. The four questions about the security features of the digital banking product are collected and analyzed in mean and standard deviation in table 16.

Table 16

Descriptive statistics of security

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Security concerns influence the use of digital banking.	400	1	5	4.24	0.685
Security while using digital banking is a major concern.	400	1	5	4.23	0.782
Trust in the network service provider is important for secure transactions.	400	1	5	4.15	0.853
Performing secure digital banking transactions requires some technical knowledge.	400	1	5	4.17	0.801

Source: From SPSS using data from Appendix i

The descriptive analysis of the "Security" section in table 16 reveals that respondents place a high level of importance on various aspects of security in digital banking. Based on data from 400 participants, all four statements in this category received mean scores well above 4 on the 5-point Likert scale. The item “Security concerns influence the use of digital banking” had the highest mean score of 4.24 with a standard deviation of 0.685 which means that most respondents consider security a major factor in their usage decisions. This was closely followed by “Security while using digital banking is a major concern” with a mean of 4.23 and a slightly higher standard deviation of 0.782. The statement “Performing secure digital banking transactions requires some technical knowledge” recorded a mean of 4.17 (SD = 0.801) and “Trust in the network service provider is important for secure transactions” had the lowest mean in this group i.e., 4.15 (SD = 0.853). These results show that respondents view digital banking security as critical and generally share strong, consistent concerns in this area.

4.1.3.5 Convenience and benefits

The convenience and benefits are a crucial factor that affecting perception to use digital banking in Nepal. The result of descriptive analysis is explained in Table 17.

Table 17

Descriptive statistics of convenience and benefits

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Various payments can be made easily anytime and from anywhere.	400	1	5	4.02	0.997
Digital banking is a useful complement to cash transactions.	400	1	5	4.03	1.011
Digital banking helps save time, effort, and money.	400	1	5	4.04	0.992
Discounts, rewards, and cash back offers in digital banking are beneficial.	400	1	5	4.08	0.967

Source: From SPSS using data from Appendix i

The analysis of the "Convenience and Benefits" section of table 17 provides respondents generally view digital banking as highly advantageous. Responses from 400 participants indicate that all four statements received mean scores slightly above 4 on the 5-point Likert scale which gives overall agreement with the convenience and value of digital banking. The highest mean score was observed for the item “Discounts, rewards, and cash back offers in digital banking are beneficial” with a mean of 4.08 and a standard deviation of 0.967, highlighting the appeal of promotional benefits. This was followed closely by “Digital banking helps save time, effort, and money” (mean = 4.04, SD = 0.992), “Digital banking is a useful complement to cash transactions” (mean = 4.03, SD = 1.011) and “Various payments can be made easily anytime and from anywhere” (mean = 4.02, SD = 0.997). The low standard deviations across all items reflect a consistent pattern of responses. It indicates the most users recognize and agree on the practical benefits offered by digital banking services.

4.1.3.6 Use of digital banking services

Use of digital banking services is a process of generation more ideas and transformation into products. The data presented in Table 18 is a result of descriptive analysis.

Table 18

Descriptive statistics of use of digital banking services

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Digital banking is used frequently for financial transactions.	400	1	5	4.29	0.69.
Various banking services such as fund transfers, bill payments, and account management are performed using digital banking.	400	1	5	4.29	0.667
Mobile banking applications and internet banking are preferred for day-to-day transactions.	400	1	5	4.30	0.693
Digital banking is used for both personal and business-related financial activities.	400	1	5	4.28	0.643
The ease of accessing digital banking services encourages frequent use.	400	1	5	4.28	0.688

Source: From SPSS using data from Appendix i

The descriptive statistics for the "Use of Digital Banking Services" section indicate that respondents consistently reported a high level of engagement with digital banking. In the table 18, all five statements received mean scores above 4.2 on a 5-point Likert scale. It provides widespread agreement and frequent use. The highest mean was recorded for the item “Mobile banking applications and internet banking are preferred for day-to-day transactions,” with a mean of 4.30 and a standard deviation of 0.693. The two questions “Digital banking is used frequently for financial transactions” and “Various banking services such as fund transfers, bill payments, and account management are performed using digital banking” both had a mean of 4.29. The remaining two items “Digital banking is used for both personal and business-related financial activities” and “The ease of accessing digital banking services encourages frequent use” each had a mean of 4.28. Standard deviations for all items were below 0.70. It expresses a high level of consistency in participants’ responses. These results highlight that digital banking is not only widely adopted but is also integrated into users’ everyday financial activities.

4.1.4 Coefficient of correlation

A coefficient of correlation is a statistical index that provides a measure of the degree of correlation between any two quantities. It measures the extent to which changes in one variable correspond to changes in another variable. This measures how close variables move together: whether they move together, inversely, or not at all. Different methods calculate the correlation coefficient, but Karl Pearson's method is widely used. The correlation coefficient yields a measure of relationship on the scale of -1 to +1 for the variables being compared. In connection to the correlation coefficient, where if r= +1 then a perfect positive link exists with r =-1 meaning a perfect negative relationship and r=0 with no association. The Karl Pearson correlation analysis was carried out using SPSS version 25 and the result is illustrated in Table 19.

Table 19
Pearson correlation analysis of study variables

	Transaction speed	Compatibility	Connectivity	Security	Convenience and benefits	Use of digital banking services
Transaction speed	1					
Compatibility	.188**	1				
Connectivity	.250**	.182**	1			
Security	.175**	.138**	.168**	1		
Convenience and benefits	.244**	.150*	.109**	.190**	1	
Use of digital banking services	.442**	.404**	.458**	.392**	.396**	1

**. Correlation is significant at the 0.01 level (2-tailed).
Source: From SPSS using data from Appendix ii

Table 19 shows the Pearson correlation between the use of digital banking services and five independent variables. Connectivity has the strongest positive correlation (r = 0.458). Better connectivity leads to higher use of digital banking. Transaction speed also shows a strong positive relationship (r = 0.442). Users are more likely to use digital banking when transactions are faster. Compatibility is moderately correlated (r = 0.404). This means systems that match user needs encourage usage. Convenience and benefits (r = 0.396) and security (r = 0.392) are also positively associated with

digital banking use. When users find services beneficial and secure, they are more likely to adopt them. All relationships are statistically significant. It shows the significant relation at 1 percent level of significance and the independent factors influence digital banking usage.

4.1.5 Multiple Regression analysis

Regression analysis investigates the relationships between variables, offering deeper insights into the slope of these relationships. It is used to describe the nature of the connections and to make predictions. The regression model summary is attached in Table 20.

Table 20
Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.716a	0.513	0.506	0.386

a. Predictors: (Constant) Security, Compatibility, Convenience and benefits, Transaction speed
Source: From SPSS using data from Appendix ii

Table 20 presents R value of 0.716 which shows that the independent variables account for 71.6% of the total variability in the dependent variable. The remaining 28.4% relies on other factors not incorporated in the model. The adjusted R^2 is 0.513, which adjusts for the number of predictors. This means that security, compatibility, convenience and benefit, and transaction speed accounted for 51.3% of the variability in the dependent variable i.e. perception to use digital banking in Nepal. It is adjusting for the degree of freedom. The standard error of the estimate is 0.386 which provides the mean distance of the observed values from the regression line. This means the data points deviate from the fitted regression line by 0.386.

Table 21
Analysis of variance (*ANOVA)*

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	61.765	5	12.353	82.882	.000[b]
	Residual	58.723	394	0.149		
	Total	120.487	399			

a. Dependent Variable: Use of digital banking services

b. Predictors: (Constant), Security, Compatibility, Convenience and benefits, Transaction speed, Connectivity
From SPSS using data from Appendix ii

In Table 21, regression sum of squares is equal to 61.765 with 5 degrees of freedom. The regression with respect to the mean square being equal to 5.867 and it represents the available explanation for the variations present in the use of digital banking service approved by the independent variables during the business analysis (security, compatibility, convenience and benefits, transaction speed and connectivity). The residual sum of squares has been reported at 18.315 with 394 degrees of freedom and a mean square equal to 0.046 that signifies unexplained changes in the Outcome after the model was applied. The total explained and unexplained sum of squares gives a total value of 47.648 with 399 degrees of freedom while the corresponding F statistic gave an overall high value of 126.203 with p-<0.001. It proves that there is a significant and strong relationship between the use of digital banking services variable and independent variables.

Table 22
Regression coefficients analysis

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	0.886	0.173		5.117	0.001
	Transaction speed	0.148	0.025	0.227	6.018	0.009
	Compatibility	0.149	0.022	0.243	6.650	0.000
	Connectivity	0.195	0.024	0.294	7.957	0.024
	Security	0.192	0.031	0.225	6.162	0.003
	Convenience and benefits	0.150	0.024	0.230	6.234	0.002

a. Dependent Variable: Use of digital banking services

From SPSS using data from Appendix ii

From Table 22, use of digital banking services is the dependent variable and transaction speed, compatibility, connectivity, security and convenience are the dependent variable. The study developed the regression equation using the data of Table 8.

$$DB = b_0 + b_1T + b_2C + b_3C + b_4S + b_5CB + \varepsilon$$

Therefore,

$$DB = 0.886 + 0.148 * T + 0.149 * C + 0.195 * C + 0.192 * S + 0.150 * CB + \varepsilon$$

The regression result shows how different factors affect the use of digital banking. The constant value is 0.886 which means the base level of digital banking use. Transaction speed has a positive effect with a value of 0.148. Its significance value is 0.009 which means it has a real impact. Compatibility has a value of 0.149 and its significance value is 0.000. This shows that when the system matches user needs, they are more likely to use digital banking. Connectivity shows the highest effect with a value of 0.195 and its significance value is 0.024. This means a strong network helps people use digital banking more. Security has a value of 0.192 and its significance value is 0.003. This shows that users are more likely to use digital banking when they feel safe. Convenience and benefits have a value of 0.150 and a significance value of 0.002. This means that ease of use and useful features increase digital banking use. All the significance values are less than 0.05 which means all these factors have a meaningful and strong effect on digital banking use. The summary of hypotheses result is presented in table 22.

Table 23
Summary of hypothesis

Hypothesis	r	P-value	Remarks
H_1: There is positive relationship between transaction speed and use of digital banking services.	0.442	0.009	Accepted
H_2: There is positive relationship between compatibility and use of digital banking services.	0.404	0.000	Accepted
H_3: There is positive relationship between connectivity and use of digital banking services.	0.458	0.024	Accepted
H_4: There is positive relationship between security and use of digital banking services.	0.392	0.003	Accepted
H_5: There is positive relationship between convenience and benefits and use of digital banking services.	0.396	0.002	Accepted

From SPSS using data from Appendix ii

The table 23 shows that the H_1, H_2, H_3, H_4, and H_5 are hypotheses are accepted. H_1 is accepted as transaction speed has a positive and significant relationship with the use of digital banking. H_2 is accepted as compatibility also shows a strong and real effect. H_3 is accepted as connectivity helps increase digital banking use. H_4 is accepted as security also shows a strong and real effect. H_5 is accepted as users prefer digital banking when they feel secure and convenience and benefits encourage more use. All p-values are below 0.05 which means all results are statistically significant.

4.2 Discussion

The primary aim of this study is to examine the factors influencing perception to use digital banking in Nepal. Four factors were taken into consideration and analyzed. Data are collected using google form. Both descriptive (mean, standard deviation) and inferential (correlation, regression) statistical methods were used for data analysis.

The study collected the various demographic character-based respondents. The study collected the 6 commercial bank's customers to know the digital banking use. The 400 respondents have given responses with majority male and considering age, occupation, education and income level. The reliability of the responses is lowest 0.845 to highest 0.910 which is fall under criteria. The means value of each variable in descriptive analysis are above 3.5 which also presents the accepted mean value of responses.

The Pearson correlation analysis revealed significant positive relationships among variables. The use of digital banking has significant relation with transaction speed (r=0.442**), compatibility (r=0.404**), connectivity (r=0.458**), security (r = 0.392**), convenience and benefit (r = 0.396**). It confirms the factors like speed, security, and convenience strongly influences the regular use perception of digital banking services. The result shows the significant positive relation with the factors and the relation is similar with Grover (2022), Dhungana (2023), Khanal (2024), Pavithra and Geetha (2021).

The regression analysis indicates that five factors transaction speed, compatibility, connectivity, security, and convenience and benefits explain 71.6% of the variation in the use of digital banking services in Nepal ($R^2 = 0.513$). The model is statistically significant **(**$F = 82.882$, $p < 0.001$**).** It confirms a strong relationship between the

independent variables and digital banking usage. The regression analysis indicates that all independent variables significantly affect the use of digital banking services at the 5% significance level. Specifically, transaction speed ($\beta = 0.227$, $p = 0.009$), compatibility ($\beta = 0.243$, $p = 0.000$), connectivity ($\beta = 0.294$, $p = 0.024$), security ($\beta = 0.225$, $p = 0.003$), and convenience and benefits ($\beta = 0.230$, $p = 0.002$) all have p-values less than 0.05. This confirms that each variable has a statistically significant and positive influence. Among them, connectivity shows the strongest effect, and the constant value is 0.886. The test of hypotheses is also given the same result as assumed earlier. All study variables have significant positive relationship with use of digital banking product in the context of Kathmandu Metropolitan city. The results are similar with the Grover (2022), Dhungana (2023), Khanal (2024), Pavithra and Geetha (2021).

CHAPTER V

SUMMARY AND CONCLUSION

This chapter presents the summarize version of the whole research work to provide conclusion and recommendation. First of all, the summary section provides brief subject matters stating the objectives and methodology. The successive section summarizes the main concluded points and makes inferences from data analysis. At last, the third section has the information and details of the implications of the findings that explain their possible consequences in appropriate situations. It also shows the importance.

5.1 Summary

The present study has attempted to explore the key factors that influence consumer perception and their usage of digital banking services in Nepal. The study focused on five independent variables during the study i.e., transaction speed, compatibility, connectivity, security, and convenience and benefits. It examined how they affect the study variable in the context of the perception to use of digital banking services. The research sought to identify the influencing variables, evaluate their interrelationships through Pearson correlation, and analyze their effect using a multiple regression model. To meet these objectives, the study adopted both descriptive and causal-comparative research designs. Data were collected from 400 respondents, all of whom are users of digital banking services from six ‘A’ class commercial banks located in Kathmandu District among 24 commercial banks. The banks were chosen from Ward 28 (Putalisadak), Ward 32 (Koteshwor), and Ward 10 (Baneshwor). The quantitative nature data with closed ended structured questionnaire comprising 26 close-ended Likert scale items, ranging from strongly agree to strongly disagree and demographic questions has been collected. The questionnaire was administered both through personal visits at bank branches and through Google Forms distributed via social media. The data are analyzed using SPSS Version 25 through descriptive and inferential statistics. Demographic data show that 56% of respondents were male and 44% were female. The majority of participants (65.3%) were aged between 21–35 years, and 42.2% held a bachelor’s degree, followed by 28.5% with a master’s degree. In terms of occupation, 41.5% were employed and 32.3% were students. Most respondents (47.8%) had an annual income between 3 to 5 lakhs NPR, and 94% stated

they always use digital banking services. Smartphones were the dominant device (91.8%) used to access these services, and 47.5% had been using digital banking for 3 to 5 years. In addition, 77.5% reported being highly satisfied with their digital banking experience. The reliability of the survey tool was tested using Cronbach's Alpha, with all constructs showing strong internal consistency: Transaction speed (α = 0.910), Connectivity (α = 0.882), Compatibility (α = 0.875), Convenience and benefits (α = 0.874), Security (α = 0.845), and use of digital banking services (α = 0.871). These results confirm the soundness of the research instrument. The Pearson correlation has given the output that shows significant and positive relationships between all five independent variables and the use of digital banking services. The strongest correlation was found between connectivity and use of digital banking services (r = 0.458), followed by transaction speed (r = 0.442), compatibility (r = 0.404), convenience and benefits (r = 0.396), and security (r = 0.392). All correlations were significant at the 0.01 level, indicating that improvements in these factors can lead to increased digital banking usage. The result shows the significant positive relation with the factors and the relation is similar with Grover (2022), Dhungana (2023), Khanal (2024), Pavithra and Geetha (2021).

The multiple regression analysis showed that the five independent variables explain 51.3% of the variation in the use of digital banking services (Adjusted R^2 = 0.513, R = 0.716). The model was statistically significant (F = 82.882, $p < 0.001$), showing a strong predictive power. The stated variables of research had a positive and significant effect on the dependent variable. Connectivity had the strongest beta coefficient (β = 0.294, p = 0.024), highlighting its central role in facilitating digital banking. Compatibility (β = 0.243, p = 0.000), convenience and benefits (β = 0.230, p = 0.002), transaction speed (β = 0.227, p = 0.009), and security (β = 0.225, p = 0.003) also contributed significantly to digital banking usage. The results also confirmed all five research hypotheses i.e., transaction speed, compatibility, connectivity, security, and convenience and benefits had a statistically significant relationship with use of digital banking products at the 5% level of significance. Among the variables, connectivity shows the strongest effect, and the constant value is 0.886. The results are similar with the Grover (2022), Dhungana (2023), Khanal (2024), Pavithra and Geetha (2021).

From the demographic trends, it is evident that digital banking adoption is higher among young, educated, and employed users. Most users prefer mobile-based banking and express a high level of satisfaction, indicating that digital banking is not only widely used but also well-accepted in urban areas of Nepal. The study provides strong empirical evidence that the adoption and usage of digital banking services in Nepal are driven by multiple interconnected factors. Good internet connectivity, faster transaction processing, user-friendly interfaces, secure systems, and value-added services significantly improve user perception and frequency of use. The findings imply that banks and fintech providers should invest in digital infrastructure, simplify services, strengthen security, and offer convenient solutions to further expand digital banking adoption. This study will be useful for banks, developers, and policymakers who are working to improve digital banking services in Nepal. It also contributes to academic literature by offering an updated view of digital banking behavior in a developing country. The research findings may guide future decisions in designing effective strategies that enhance digital financial inclusion and customer satisfaction.

5.2 Conclusion

The research findings have a result that connectivity and compatibility are essential components for the successful adoption of digital banking services in Nepal. Focusing the essential of strong digital infrastructure and user-friendly systems is essential to ensure frequent and satisfied usage. While other variables of digital banking which are transaction speed, security, and convenience and benefits have a supportive role in the digital ecosystem. Their impact is comparatively less found less in this particular scenario. The findings of this study have practical benefits for commercial banks and digital service developers interested in creating a reliable, inclusive, and user-centric digital banking system in Nepal. The study has first objective to understand the key influencing factors behind consumer perception and usage of digital banking platforms within the urban Nepalese context. This objective is achieved by determining five key variables based on relevant literature review and empirical data collected from respondents across different commercial banks in Kathmandu. The research effectively evaluates the impact of transaction speed, compatibility, connectivity, security, and convenience and benefits in shaping digital banking behavior among users. Differences in the values attributed to these variables by respondents indicate their importance and influence in the context of digital banking

usage. This research identifies the primary drivers of digital banking adoption by interpreting consumer responses and applying statistical models. According to the second objective of the study, the correlation result shows a positive relationship among all five variables with the usage of digital banking services. The third objective has the results of the analysis of regression shows both connectivity and compatibility show a considerable positive impact on the usage of digital banking services. Notably, connectivity is determined as the most robust predictor, whereas compatibility also plays a significant role. Conversely, other factors including transaction speed, convenience and benefits, and security also show positive influence, but their predictive strength is slightly less compared to connectivity and compatibility in this analytical model. The predicted hypotheses are also tested and gave same result. The research data are received from the from 400 users of six commercial banks from three wards within the Kathmandu Metropolitan City. The study sample is limited to users from class 'A' class commercial banks and thus the findings may not reflect the overall digital banking experience across all regions and banking classes in Nepal. Thus, it would be beneficial to do another research with an increased sample size drawn from different provinces and both urban and rural banking users to examine the broader relationships and influences of these factors. This study will foster in analyzing of data collected from diverse segments of banking users to get better and more representative results.

5.3 Implications

5.3.1 General implication

Along with practical lessons from the study itself this research gives important meaning to the growing use of digital banking in Nepal. For banks developers and those who make financial rules the results show that improving internet access and creating easy to use banking systems should be a top goal for long term digital success. It is also important to keep services safe and helpful so that users can enjoy a smooth and trusted experience. The study suggests that digital banking should be able to adjust when new tools or user needs appear. This will help banks to focus more on users and grow in a fast-changing market. The study gives many ideas for future research in digital banking. Future work can study how outside things like better internet service or government plans to go digital affect how people use digital banking. Other studies can include more people from different places and compare

results between big and small banks. This may help us see how location or job type or income level makes a difference in using these services. Talking to people who use digital banking or who work in this area can also show problems and chances that forms cannot always find. These steps help to understand how people and systems really work together. Future studies based on this research can look at more questions like how trust is built in users or what makes people keep using digital banking again and again. This study gives a good start to make better plans in banks and gives clear ways for deeper study. If more work is done in this area, we can build a digital banking system that is strong safe and focused on what users really need. This will support more people to use banking services and help the economy of Nepal to grow.

5.3.2 Implication for future studies

This study the following implications have been conducted by researcher:

i. The study might be useful for an individual to want to know the consumer perception to use digital banking in Nepal.
ii. The study might be one more addition in research to use as literature.
iii. This study might help in a bachelor and a master's program thesis as a research gap in the context of methodology.
iv. The future research should continue to use real time data and trend of the environment.
v. It could be implied for the policy makers, researcher, students and the concerned organization.

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APPENDICES

Appendix I: Survey Questionnaire

April-May, 2025

Dear Respondents,

I'm Rahul Shrestha, Master of Business Studies (MBS) student of Shanker Dev Campus, Putalisadak, Kathmandu conducting a survey on "Consumer perception towards the usage of digital banking in Nepal" as a part of my Graduate Research Project to fulfill the course requirements of MBS, Tribhuvan University. Please take a moment to complete this survey. I would therefore be grateful if you could help me by filling the factual and actual answers. I promise to keep all the data and information provided by you very confidential. I would appreciate if you could provide your few minutes to fill out this survey.

Thank You.

Section 1: Demographic information

1. Gender:

   Male ☐ Female ☐ Prefer not to say ☐

2. Age-Group (in years):

   Below 20 years ☐ 21-30 years ☐ 31-40 years ☐

3. Educational Qualification:

   Up to High School ☐ Bachelor ☐ Master ☐ Above Master ☐

4. Occupation Status:

   Student☐ Employed☐ Business☐ Professional☐ Others☐

5. Annual Income:

   Below 1 Lakh ☐ 1 Lakh-3 Lakhs ☐ 3 Lakhs-5 Lakhs ☐
   Above 5 Lakhs ☐

6. Preference of Digital Banking:

   Always☐ Often☐ Sometimes☐ Rare☐ Never☐

7. Digital Banking Devices:

   Personal Computers☐ Laptops☐ Smartphones☐

8. Year of Accessing:

   Less than 2 Years☐ 3-5 Years☐ More than 5 Years☐

9. Satisfaction Level

   Highly Satisfied☐ Satisfied☐ Neutral☐

Section 2: Related Questionnaire

Please rate your agreement or disagreement as:
5: Strongly Agree
4: Agree
3: Neutral
2: Disagree
1: Strongly Disagree

A. Transaction Speed

Questions	5	4	3	2	1
Digital banking transactions are faster than traditional methods.					
Digital banking saves time and effort by eliminating the need to visit a bank or stand in queues.					
High-value transactions can be completed within minutes using digital banking.					
The 24/7 availability of digital banking helps save time.					
Digital banking improves transaction speed.					

B. Compatibility

Questions	5	4	3	2	1
Using digital banking is enjoyable as it suits personal needs.					
Digital banking fits well with daily lifestyle.					
Using digital banking enhances personal image.					
Digital banking is easy and hassle-free to use.					

C. Connectivity

Questions	5	4	3	2	1
Digital banking services are easily accessible and portable.					
Digital banking services are available whenever needed.					

A stable internet connection is essential for the success of digital banking.					
Digital banking connectivity is available anytime and anywhere.					

D. Security

Questions	5	4	3	2	1
Security concerns influence the use of digital banking.					
Security while using digital banking is a major concern.					
Trust in the network service provider is important for secure transactions.					
Performing secure digital banking transactions requires some technical knowledge.					

E. Convenience and Benefits

Questions	5	4	3	2	1
Various payments can be made easily anytime and from anywhere.					
Digital banking is a useful complement to cash transactions.					
Digital banking helps save time, effort, and money.					
Discounts, rewards, and cash back offers in digital banking are beneficial.					

Section 3: Use of Digital Banking Services

Questions	5	4	3	2	1
Digital banking is used frequently for financial transactions.					
Various banking services such as fund transfers, bill payments, and account management are performed using digital banking.					
Mobile banking applications and internet banking are preferred for day-to-day transactions.					
Digital banking is used for both personal and business-related financial activities.					
The ease of accessing digital banking services encourages frequent use.					

Thank you for participating in this survey. Your responses are valuable in helping us understand the consumer perception towards use of digital banking in Nepal. Hope you have a great day!!!

Appendix II: Result from SPSS

Correlations

		Transaction_speed	Compatibility	Connectivity	Security	Convenience_and_benefits	Use_of_digital_banking_services
Transaction_speed	Pearson Correlation	1	.188**	.250**	.175**	.244**	.442**
	Sig. (2-tailed)		0.000	0.000	0.000	0.000	0.000
	N	400	400	400	400	400	400
Compatibility	Pearson Correlation	.188**	1	.182**	.138**	.150**	.404**
	Sig. (2-tailed)	0.000		0.000	0.006	0.003	0.000
	N	400	400	400	400	400	400
Connectivity	Pearson Correlation	.250**	.182**	1	.168**	.109*	.458**
	Sig. (2-tailed)	0.000	0.000		0.001	0.029	0.000
	N	400	400	400	400	400	400
Security	Pearson Correlation	.175**	.138**	.168**	1	.190**	.392**
	Sig. (2-tailed)	0.000	0.006	0.001		0.000	0.000
	N	400	400	400	400	400	400
Convenience_and_benefits	Pearson Correlation	.244**	.150**	.109*	.190**	1	.396**
	Sig. (2-tailed)	0.000	0.003	0.029	0.000		0.000
	N	400	400	400	400	400	400
Use_of_digital_banking_services	Pearson Correlation	.442**	.404**	.458**	.392**	.396**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	
	N	400	400	400	400	400	400

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

*. Correlation is significant at the 0.05 level (2-tailed).

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.716[a]	0.513	0.506	0.386059620010631

a. Predictors: (Constant), Convenience_and_benefits, Connectivity, Compatibility, Security, Transaction_speed

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	61.765	5	12.353	82.882	.000[b]
	Residual	58.723	394	0.149		
	Total	120.487	399			

a. Dependent Variable: Use_of_digital_banking_services
b. Predictors: (Constant), Convenience_and_benefits, Connectivity, Compatibility, Security, Transaction_speed

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	0.886	0.173		5.117	0.000
	Transaction_speed	0.148	0.025	0.227	6.018	0.000
	Compatibility	0.149	0.022	0.243	6.650	0.000
	Connectivity	0.195	0.024	0.294	7.957	0.000
	Security	0.192	0.031	0.225	6.162	0.000
	Convenience_and_benefits	0.150	0.024	0.230	6.234	0.000

a. Dependent Variable: Use_of_digital_banking_services

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