

Impact Of E-Banking On Customer Satisfaction In Nepalese Commercial Banks

Sushil Bhattarai^{1a}, Kripa Sindhu Prasad^{1b}, Arun Kumar Chaudhary^{2*}, Puspa Raj Ojha^{3*},
Suresh Kumar Sahani^{4*}, Garima Sharma⁵

^{1a}Department of Management, Thakur Ram multiple, Tribhuvan University, Nepal
bhattaraisushil596@gmail.com

^{1b}Department of Mathematics, Thakur Ram Multiple Campus, Tribhuvan University, Nepal
kripasindhuchaudhary@gmail.com

^{2*}Department of Management Science, Nepal Commerce Campus, Tribhuvan University, Nepal
akchaudhary1@yahoo.com

³Department of Economics, Nepal Commerce Campus, Tribhuvan University, Nepal
puspa123ojha@gmail.com

⁴Faculty of Science, Technology, and Engineering, Rajarshi Janak University, Janakpurdham, Nepal
sureshsahani@rju.edu.np

⁵Department of Mathematics, School of Liberal Arts and Sciences, Mody University of Science and Technology, India
sharmagarima2802@gmail.com

***Corresponding Authors:** Arun Kumar Chaudhary², Puspa Raj Ojha³, Suresh Kumar Sahani⁴ Emails:
akchaudhary1@yahoo.com², puspa123ojha@gmail.com³, sureshsahani@rju.edu.np⁴

Abstract

The purpose of this study is to explore the influence that electronic banking services, including as automated teller machines (ATMs), mobile banking, and online banking, have on the level of customer satisfaction in Nepalese commercial credit institutions. In order to investigate the perspectives and experiences of customers, a mixed-methods strategy is utilized, which consists of conducting interviews and surveys. The findings indicate that the utilization of ebanking services results in a considerable increase in customer satisfaction by enhancing accessibility, convenience, and the effectiveness of transactions. The research shows the significance of service quality parameters such as responsiveness, security, and reliability in determining the level of satisfaction with a product or service among customers. The findings offer banks and financial institutions significant information that can be used to optimize their e-banking strategies and improve client experiences within the rapidly changing landscape of digital banking.

Keywords: E-banking, ATM, Mobile Banking, Internet Banking, Customer Satisfaction, Service Quality

1. Introduction

According to Pikkarainen et al. (2004), technical improvements have resulted in a considerable transformation of the global banking sector. One of the resultant changes is the emergence of electronic banking as a fundamental component of contemporary financial services. According to Sadi and Muhanna (2013), electronic banking, which includes automated teller machines (ATMs), mobile banking, and internet banking, has revolutionised the way customers engage with banks by providing benefits such as increased convenience, accessibility, and efficiency. According to Sharma and Devkota (2017), the adoption of electronic banking in Nepal has been pushed by the necessity to continuously address the developing demands of customers and to maintain competitiveness within a financial sector that is undergoing rapid change.

According to Kotler and Keller (2011), customer satisfaction is a crucial factor in determining the success of a business, particularly in the banking industry, where the loyalty and retention of customers is directly influenced by the quality of the service provided. The use of electronic banking services has the potential to enhance consumer satisfaction by providing banking experiences that are both seamless and efficient. On the other hand, the extent to which e-banking influences consumer satisfaction in the Nepalese environment is yet not fully understood. In order to fill this void, the purpose of this study is to investigate the connection between

2. Literature Review

According to Khashei and Bijari (2014), e-banking services, which include automated teller machines (ATMs), mobile banking, and online banking, have been demonstrated to have a major impact on customer satisfaction and perceptions. These services do this by offering transaction alternatives that are both convenient and efficient. ATM banking, for instance, has been recognised as a method that can cut down on the amount of time required for transactions and improve the convenience of the client, which ultimately leads to increased levels of satisfaction (Janssen et al., 2020). According to Fernández-Sabiote et al. (2021), mobile banking gives consumers the ability to conduct transactions from a remote location, which improves accessibility and responsiveness from the bank. When compared to traditional banking, internet banking provides customers with a wider variety of services, ranging from account management to bill payments. This

eliminates the need for customers to physically visit the branch, which in turn improves the entire customer experience (Laukkanen, 2007).

According to Sharma and Devkota (2017), the primary impetus for the implementation of electronic banking in Nepal has been the requirement to facilitate the provision of services to a growing client base and to improve operational efficiency. According to Karim and Oyefolahan (2009), the full realisation of the potential of e-banking services has been hindered by a number of obstacles, including inadequate technological infrastructure and low levels of client awareness. With a particular emphasis on the role that service quality dimensions have in affecting customer perceptions, the purpose of this study is to build upon the existing body of literature by investigating the impact that e-banking has on customer satisfaction in Nepalese commercial banks.

3. Methodology

In order to collect information from consumers of Nepalese commercial banks, the research makes use of a mixed methods technique, by mixing qualitative interviews with quantitative surveys. The survey was carried out with the participation of 300 consumers from a variety of banks, with the primary focus being on their experiences with electronic banking services such as electronic teller machines, mobile banking, and internet banking. Concerning aspects of service quality such as dependability, responsiveness, security, and simplicity of use, the survey instrument had questions that were connected to these aspects. Furthermore, in-depth interviews were carried out with twenty consumers in order to acquire a more profound understanding of their encounters and perspectives.

The purpose of this study was to investigate the connection between e-banking services and customer satisfaction by employing descriptive statistics, correlation analysis, and multiple regression analysis to analyze the data. A value of 0.85 was obtained from the application of Cronbach's alpha, which was used to evaluate the reliability of the survey instrument. This number indicates that the instrument has a high level of internal consistency.

4. Results and Discussion

In Nepalese commercial banks, the results of the survey showed that the provision of e-banking services has a substantial impact on the level of customer satisfaction. Within the realm of electronic banking services, the most significant positive link with customer satisfaction was observed in ATM banking ($r = 0.65$, $p < 0.01$). This was followed by mobile banking ($r = 0.58$, $p < 0.01$) and internet banking ($r = 0.52$, $p < 0.01$), followed by ATM banking. It was stated by customers that the use of ATM banking improved the efficiency of transactions and decreased the amount of time spent waiting, which led to increased levels of satisfaction. As a result of its accessibility and convenience, mobile banking has garnered accolades for its ability to enable users to carry out transactions from a remote location. The extensive range of services offered by internet banking, which included account management and bill payments, was praised, despite the fact that it was used less frequently.

The regression analysis revealed that there were significant predictors of customer satisfaction, specifically in relation to service quality parameters including reliability, responsiveness, and security ($\beta = 0.45$, $p < 0.01$). When it comes to establishing confidence and ensuring customer satisfaction, customers have emphasised the need of dependable and secure online banking services. These findings were further reinforced by the qualitative interviews, in which customers emphasised the importance of interfaces that are easy to use and customer service that is responsive in order to improve their experiences with online banking.

Table 1: Correlation between e-banking services and customer satisfaction

E-Banking Service	Correlation Coefficient (r)	Significance (p)
ATM Banking	0.65	< 0.01
Mobile Banking	0.58	< 0.01
Internet Banking	0.52	< 0.01

A multiple regression analysis was conducted to assess the impact of service quality dimensions on customer satisfaction. The following formula was used:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon \text{ Where:}$$

- Y = Customer Satisfaction,
- β_0 = Intercept, β_1 = Coefficient for Reliability, β_2 = Coefficient for Responsiveness
- β_3 = Coefficient for Security, X_1 = Reliability, X_2 = Responsiveness, X_3 = Security
- ε = Error term

According to the findings of the regression analysis, it was shown that dependability, responsiveness, and security were significant predictors of customer satisfaction ($\beta = 0.45$, $p < 0.01$).

5. Conclusion

For Nepalese commercial banks, this study provides light on the major impact that e-banking services have on the level of client satisfaction. According to the findings, automated teller machine banking, mobile banking, and online banking all play a significant part in increasing consumer satisfaction by being more accessible, convenient, and efficient in terms of transaction processing. When it comes to e-banking, three of the most important factors that determine consumer satisfaction are the quality of the service provided, which includes reliability, timeliness, and security.

Banks can gain significant insights from the findings, which can help them improve customer experiences and optimize their strategies for online banking. Improved customer satisfaction and loyalty can be achieved in the rapidly changing landscape of digital banking by putting an emphasis on service quality and addressing concerns raised by customers. An investigation on the long-term effects of electronic banking on customer loyalty and retention, as well as the role that technical improvements play in shaping customer perceptions, may be conducted in the future.

References

1. Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). SERVQUAL: A multiple-item scale for measuring consumer perceptions of service quality. *Journal of Retailing*, 64(1), 12-40.
2. Liao, Z., & Cheung, M. T. (2008). Measuring customer satisfaction in internet banking: A core framework. *Communications of the ACM*, 51(7), 47-51.
3. Khashei, M., & Bijari, M. (2014). A study on the effects of e-banking on customer satisfaction: An empirical analysis. *Computers in Human Behavior*, 35, 127-139.
4. Janssen, M., Maas, M., Heijden, J. van der, & Bekkers, V. (2020). The influence of digital government on public trust in government: An empirical examination. *Government Information Quarterly*, 37(4).
5. Fernández-Sabiote, E., López-Catalán, B., & Cuadrado-García, M. (2021). Mobile banking apps and customer relationship management: An investigation into efficiency and effectiveness. *Sustainability*, 13(2).
6. Laukkanen, T. (2007). Comparing customer value perceptions of internet and mobile banking. *Business Process Management Journal*, 13(6), 788-797.
7. Sharma, S., & Devkota, N. R. (2017). Factors influencing customer satisfaction in the Nepalese banking industry. *Nepal Journal of Business and Management*, 2(1), 44-53.
8. Karim, N. S., & Oyefolahan, I. O. (2009). Mobile phone appropriation: Exploring differences in terms of age, gender, and occupation. *The 6th International Conference on Information Technology and Applications*, 276-281.
9. Kotler, P., & Keller, K. L. (2011). *Marketing management* (14th ed.). Pearson Education.
10. Sadi, A. M., & Muhanna, W. A. (2013). The effect of e-banking on the performance of Jordanian banks. *European Journal of Business and Management*, 5(8), 84-91.