

A Study on Customer Responses to Mobile Banking in Nepalese Development Banks

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Abstract

The purpose of this research is to determine how different factors, such as responsiveness, speed, security, and user-friendliness, influence customers' opinions of mobile banking services offered by Nepali development banks. Combining causal-comparative and descriptive methods, this study investigates how various factors affect customers' satisfaction levels. A total of 540 people representing 17 different development banks filled out the questionnaires on their own time. When the data was processed, 385 responses were found to be reliable. The results demonstrate a robust and positive connection between these factors and customers' overall satisfaction. The research highlighted that the security dimension did not significantly affect customer satisfaction. This study will be very helpful for the leadership of Nepalese development banks that are looking to enhance the efficiency of their mobile banking services.

Keywords: Safety, Accessible, Interaction, Client Contentment, Time-efficient

I. Introduction

Mobile banking services have ushered in a new era in the banking industry by providing customers with unprecedented convenience, speed, and accessibility. With the global proliferation of mobile banking, it is imperative for development banks in Nepal to ascertain the factors that contribute to customer satisfaction in this dynamic industry. The significance of customer satisfaction cannot be overstated, as it fosters customer loyalty and trust, thereby increasing banks' profitability (Shakya, 2016). As a result, it is critical for banks operating in Nepal to possess a comprehensive understanding of the minute factors that influence customer satisfaction with regard to mobile banking services. Numerous nations' researchers have endeavoured to identify the primary determinants of mobile banking client satisfaction. The factors that have been given attention include reliability, perceived benefit, trustworthiness, quality of service, user-friendliness, security measures, and security measures (Paudel et al., 2020). To fully comprehend the distinctive dynamics at play in the region, however, a closer examination of the Nepalese commercial banking sector is necessary. Commercial banks in Nepal have made significant efforts to exhibit and advertise mobile banking services to their clientele. The proliferation of smartphones and internet connectivity has facilitated the accessibility of banking services via mobile channels for customers. Nonetheless, the Nepalese market has a number of issues and distinctive

characteristics that may have an impact on customer satisfaction. A significant barrier that exists is the digital divide, denoting the disparity in access to and proficiency with digital technology among individuals (Parajuli et al., 2020). A significant portion of the Nepalese populace faces challenges in obtaining smartphones and connecting to the internet, and they lack proficiency in utilizing technology effectively. The aforementioned circumstance may impede the widespread adoption and recognition of mobile banking services, thereby diminishing customer satisfaction (Shakya, 2016). There is also considerable debate and investigation in Nepal regarding the public's perception of banking communication. Nepalese banks have implemented information technology as a means of communication, and they continuously strive to enhance it in order to provide customers with the most current details regarding an extensive array of products and services. Despite the considerable body of research dedicated to communication and banking, Nepal has yet to undergo a comprehensive examination that encompasses all pertinent aspects. Nepal exhibits considerable unexplored research capacity with regard to discerning customer sentiments regarding banking communication. All stakeholders, according to Kharel et al. (2019), must have access to vital information and means to communicate and participate. Banks that adopt a proactive approach in disseminating information pertaining to a diverse array of financial products, services, and news have the potential to enhance customer satisfaction with their communication offerings. To accomplish this, the research investigates the sentiments of customers regarding banking communication with development banks in Nepal. Ensuring the safety and usability of mobile banking applications is of utmost significance for all users. In order to ensure security, financial institutions must assume accountability for unauthorized individuals inadvertently accessing mobile banking platforms. By providing the aforementioned advantages, they can potentially increase their customer base, revenue, market dominance, and transaction volume. The objective of this research endeavor is to address the existing knowledge gaps by examining the determinants that influence customer satisfaction with regard to mobile banking services provided by development banks in Nepal. It attempts to explain the relationship between customer satisfaction and factors such as safety, communication, ease of use, and time savings. Banks have the potential to devise astute strategies that bolster customer satisfaction and promote the adoption of mobile banking services by integrating and emphasizing communication, time management, security, and usability. This research will contribute to the existing literature on mobile banking. Furthermore, this data will furnish Nepalese development banks with valuable insights that can be leveraged to enhance their mobile banking offerings and increase customer satisfaction.

II. Literature Review and Hypothesis

The notion of customer satisfaction holds significant importance in the realms of marketing and consumer studies. It claims that positive experiences with a good or service make people happier in general, which encourages recurring business and loyalty. The difference in how a customer feels about a product or service's performance compared to their expectations determines how satisfied the customer is. When one performs better than anticipated, satisfaction levels increase (Oliver, 1980). Small variations in a product or service's quality don't bother customers too much

(Zeithaml et al., 1996). Based on how they affected customer satisfaction, Kano (1984) further divided product attributes into three groups: basic, performance, and delight.

Customer Satisfaction

In the ever-changing world of mobile banking, much research has been conducted on various aspects of customer satisfaction. Gumelar et al. (2020) conducted a novel study that examines how mobile banking features affect customer happiness. It depicts a web of connections in which mobile banking services are intricately linked to increasing customer trust and, as a result, customer satisfaction. Trust is critical because it connects how well mobile banking apps work to how satisfied customers are with them. As a result, this demonstrates how critical it is to establish trust before providing good mobile banking experiences. Majumdar and Pujari (2021) investigated mobile banking in the United Arab Emirates and launched an exploratory mission to identify the various patterns that comprise mobile banking application engagement. This study used sophisticated categorical analysis to provide a complete picture of trends in consumer behaviour and engagement, adding to what was already known. People working in the UAE banking industry can learn a lot from this method of categorising customers based on how they interact with services and products. They can create better marketing campaigns, improve technology, and provide better customer service by drawing on real-life examples. Metlo et al. (2021) looked at the big effects of mobile banking on customer satisfaction in the banking sector in a novel way by beginning their study from the outside. Their in-depth analysis revealed that the customer's mood, how much they believe they are worth, how easy it is to use, and how reliable the service is all have a significant impact on their level of satisfaction. The results above demonstrate how important these factors are in shaping how customers perceive and are satisfied with mobile banking interfaces. Rajaobelina et al. (2021) investigated how brand loyalty, the quality of mobile banking services, and the beginning of positive word-of-mouth (WOM) stories are all linked in a related article. Researchers discovered a strong correlation between brand loyalty and key features of excellent mobile service. These include value-added features, strict security and privacy policies, and interactive features that promote positive word-of-mouth. It's fascinating to see how the concept of usability evolved over time to include this type of interaction. This demonstrates the importance of brand attachment in spreading positive word of mouth, as service quality has a significant impact on customer praise and opinions.

Convenience

When considering mobile banking, convenience can be described as the extent to which the services effectively fulfil the requirements of the user, considering factors such as user-friendliness and operational efficiency (Kabir, 2013). In Tanzania's banking sector, Ngaida (2020) conducted an exhaustive analysis of the impact of electronic banking on client satisfaction, with a particular emphasis on the Kenya Commercial Bank (KCB). The research outcomes suggest that the implementation of online banking services has substantially boosted customer satisfaction. The primary factor contributing to this phenomenon is the heightened accessibility and user-friendliness offered by these digital platforms. Based on the findings of the study, KCB has

effectively tackled obstacles such as inadequate network coverage and limited public knowledge regarding electronic banking services. Furthermore, the bank has fulfilled customer demands through the implementation of state-of-the-art electronic banking solutions.

H1: Convenience has a big influence on how satisfied customers are with mobile banking.

Communication

Despite their progress, Nepalese commercial banks remain highly concerned about the quality of their customer communications (Gautam & Dhital, 2004). According to Shrestha (2018), maintaining clients' information current and attending closely to their needs can increase their satisfaction and loyalty to the bank. In spite of this, the majority of people continue to concur that bank employees' communication skills need to be greatly improved. Gautam and Dhital (2004) added to this narrative that ensuring mutual understanding between banks and customers has a significant impact on the efficiency of banks. During the same time frame, Sapkota et al. (2018) examined the function of ICT in the banking industry in Nepal and enumerated the benefits and drawbacks of ICT integration. Similarly, Gaire (2018) found that the quality of communication has a significant impact on customer satisfaction and recommended that banks continually assess and modify their customer-facing communication strategies.

H2: Communication has a significant impact on customer satisfaction with mobile banking.

Time Saving

A direct correlation exists, according to Zhang and Kim (2020), between the functionality of mobile banking services and customer satisfaction. Importantly, adding time-saving features has been recognised as a powerful way to improve user experiences, boost loyalty, and support the growing popularity of mobile banking interfaces. These studies make a strong case for how important quick and efficient features are for making mobile banking more enjoyable for customers. They talk about how appealing it is to be able to make transactions quickly, see your account balances easily, and have your financial information close at hand. Additional studies support the notion that customers of mobile banking are happier when certain time-saving features are available (Parajuli et al., 2020).

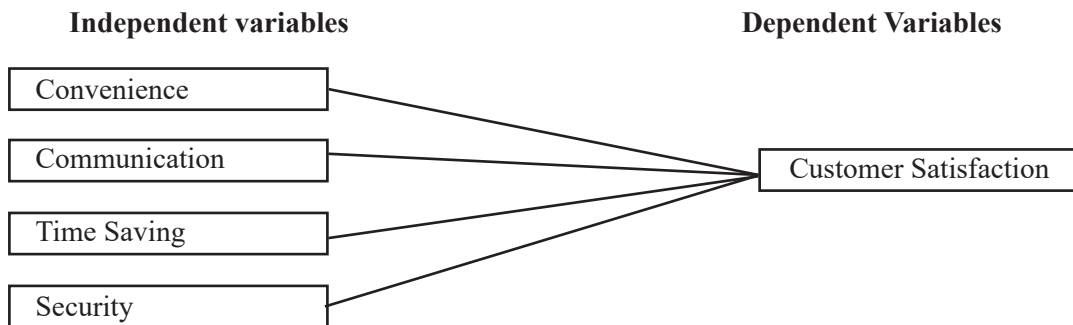
H3: Time savings have a significant impact on customer satisfaction with mobile banking.

Security

Mobile banking requires the implementation of stringent security measures to protect sensitive client data and transactions. Dey et al. (2018) assert that the implementation of multi-tiered authentication systems, encryption technologies, and more robust communication protocols is of utmost importance in safeguarding user data against the risk of breaches and unauthorized access. The level of customer satisfaction and propensity to utilize mobile banking again are significantly impacted by how they perceive the security of the service. An empirical study conducted by Cho and Lee (2017) established a positive and direct correlation between customers' satisfaction levels and their perceptions of the safety of a product. This demonstrates the criticality of establishing users' confidence and trust.

H4: Security has a significant impact on customer satisfaction with mobile banking.

Conceptual Framework



III. Research Methods

To determine what makes customers happy when using mobile banking services at Nepalese development banks, this study combined descriptive and causal-comparative methods. Cho and Lee (2017) provided the study's structured questionnaire to collect comprehensive data regarding the level of satisfaction among individuals in the region with regards to mobile banking services. Statistical techniques such as regression and correlation analysis were employed to demonstrate the interrelationships among the various variables. Models comprising no more than seven constructs had to have a minimum sample size of 150, per the recommendations made by Hair et al. (2014). An academic investigation was able to obtain a sample size of 385 responses from mobile banking users of various development banks in Nepal. Using a five-point Likert scale, where 1 represented "strongly disagree" and 5 represented "strongly agree," survey respondents submitted their answers using Google Forms. Data analysis and interpretation were facilitated through the utilization of SPSS and Microsoft Excel software. Subsequently, comprehensive elucidations were provided. The study's reliability is demonstrated by Cronbach's alpha values of 0.715, 0.805, 0.755, 0.825, and 0.7750, which correspond to measures of customer satisfaction, convenience, communication, and time savings, respectively. This finding demonstrates the validity and reliability of the study.

IV. Results and Discussion

The various statistical tests that were performed to test hypotheses and demonstrate the significance of customer engagement are included in this section of the study. First, a brief background on each participant is provided. The Pearson correlation analysis results are then displayed to illustrate the relationships between the various variables. The study's findings demonstrated that when correlations are positive, variables have direct relationships with one another, and when they are negative, they have inverse relationships. Looking at the respondents' demographics, the data reveals that 35% of the respondents were women and 65% of the respondents were men. The largest age group in the sample consisted of 35% of individuals who were between the ages of 15 and 25. With 25%, those in the 25–35 age range came in second. The remaining individuals were divided into two groups: those 45 and older (15%) and those 35 to 45 years old (25%). Thirty percent of respondents had only completed high school, while forty percent had earned

a bachelor's degree or more. Individuals with a master's degree or above (15%) and those with intermediate qualifications (15%) made up the other groups.

Table 1

Analysis of Correlations

	C.S.	CON	COM	T.S.	SEC
CS	1	0.755**	0.450	0.645**	0.650**
CON		1	0.645**	0.615	0.610**
COM			1	0.620**	0.640**
T.S.				1	0.750**
SEC					1

Note: Customer satisfaction, convenience, communication, and security are represented by the acronyms C.S., CON, COM, T.S., and SEC, in that order.

** The significance level for the correlation is 0.01 (2-tailed).

Table 1 presents the interrelationships among various variables and customer satisfaction. Notably, quality and convenience have a strong positive correlation (0.755), indicating simultaneous improvement in both of these aspects. Security (0.650), which exhibits a clear correlation with customer satisfaction, follows the same pattern. It also becomes more significant as satisfaction levels rise, as evidenced by a moderate correlation (0.645) with time-saving. Conversely, communication has a weaker link (0.450), meaning that customer satisfaction is less affected by it. Essentially, the correlations indicate that the most important factor influencing customer satisfaction is ease of use. Safety and time savings come next, and communication comes last.

Table 2

The result of regression

Model	Beta	t-value	p-value	VIF
(Constant)	0.505	2.650	0.025	
CON	0.750	4.850	0.000	1.850
COM	0.420	3.802	0.000	1.590
TS	0.450	3.165	0.000	2.530
SEC	0.490	0.345	0.705	1.250
R- Square	0.852			
F	17.125			
Sig(F)	0.000			

Note: Customer satisfaction, convenience, communication, and security are represented by the acronyms C.S., CON, COM, T.S., and SEC, in that order.

Based on the results of the regression, the following regression has been made:

$$CS = 0.505 + 0.750 \text{ CON} + 0.420 \text{ COM} - 0.450 \text{ TS} + 0.490 \text{ SEC}$$

The study reveals a noteworthy correlation between customer satisfaction and several variables, the majority of which pertain to maintaining the status quo. The beta coefficients indicate the potential impact on customer satisfaction when a single independent factor experiences a one-unit change while all other factors remain constant. It is worth mentioning that Parajuli et al. (2020) equate a 0.750 increase in customer satisfaction to a one-unit increase in convenience. This study corroborates the conclusions drawn in other research regarding the significance of communication, usability, and time savings in fostering customer satisfaction within the banking sector of Nepal. Gumelar et al. (2020) found that a substantial correlation exists between security and customer satisfaction with Islamic mobile banking. Nevertheless, the influence of security on banks operating in Nepal appears to be relatively negligible. In the interim, this research paper provides further support for the assertion made by Zhang and Kim (2020) that customer satisfaction is substantially enhanced by financial service attributes such as usability. Based on the obtained R-square value of 0.852 and p-values below 0.05, it can be inferred that these variables have a substantial impact on customer satisfaction, accounting for approximately 85.2% of the observed variations. The overall significance of the data is illustrated by the model's F-value of 17.125 and p-value of 0.000.

V. Conclusion

The present research investigated the viewpoints of clients concerning the communication tactics utilized by development banks operating in Nepal. While security showed little correlation with satisfaction with mobile banking services, the analysis focused special attention on the significance of four different variables. The study demonstrates the important role that convenience, effective time management, and clear communication play in fostering higher levels of customer satisfaction. Furthermore, the findings demonstrate that elements like timely features, effective communication, and ease of use have a statistically significant and positive influence on customer satisfaction levels. In essence, the perception of a service as time- and user-efficient, coupled with the presence of effective communication channels, significantly influences the level of customer satisfaction that is achieved. The results of the analysis, however, indicated that security concerns have little effect on customer satisfaction. This implies that, within the confines of this particular study, customer satisfaction levels are largely unaffected by perceived security measures. One could argue that, in this specific context, there is little to no impact of security perception on customer satisfaction levels.

To sum up, the examination of regression and correlation data provides insight into the main variables affecting customer satisfaction. Customers who receive convenient communication channels from services are generally inclined to view them favorably. It is clear that one of the main factors influencing satisfaction is convenience. Prioritizing the establishment of transparent communication channels, timely provision of accurate information, and prompt resolution of client concerns is imperative for businesses. This study suggests that security does not seem to have a

direct and significant impact on customer satisfaction, which is in contrast to its significance. As such, companies ought to take a more nuanced approach, maintaining strict security procedures while simultaneously enhancing other important factors that influence customer satisfaction. It is recommended that companies prioritize the enhancement of convenience features, time-saving attributes, and communication methods going forward to maintain a competitive edge and improve customer satisfaction. The study sheds light on important factors that affect how mobile banking features are developed in development banks. Subsequent studies could investigate components beyond the well-known elements of safety, ease of use, and communication effectiveness. This phenomenon opens up the possibility of looking into moderating variables that might alter these factors and affect the mobile banking services offered by commercial banks. Furthermore, a more thorough understanding of the global banking scene might be obtained by performing a comparative analysis that looks at the similarities and differences between domestic and international banking.

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