

Effects of Mobile Banking on Customer Satisfaction

by

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for

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55th PGDCBM Batch



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March 2022

CENTRE FOR COOPERATIVE MANAGEMENT VAIKUNTH MEHTA
NATIONAL INSTITUTE OF COOPERATIVE MANAGEMENT
PUNE 07

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1. Introduction

Agricultural Development Bank Limited (ADBL) Nepal was established in 1968 under the ADBN Act 1967, as successor to the cooperative Bank. Subsequent amendments to the Act, empowered the bank to extend credit to small farmers under group liability and expand the scope of financing to promote cottage industries. The amendments also permitted the bank to engage in commercial banking activities for the mobilization of domestic resources. The main objective of the bank is to provide institutional credit for enhancing the production and productivity of the agricultural sector in the country. The bank worked as a premier rural credit institution since its establishment, contributing substantial agricultural credit supply in the country. Rural finance has been the principal operational area of ADBN in the past. However, the bank is also involved in commercial banking operations since 1984, to provide commercial banking services. Having glorious history of more than 53 years, the bank is one of the leading commercial banks of the country. With its investment in agriculture, industry, trade, commerce and households, the bank has above 1.2 million happily satisfied customers. ADBL, Lamjung is one of the many branches of ADBL all over Nepal where the number of customers is around 6000 where the idea of banking services and saving is quite new. But Nepal being an agricultural country, the awareness raising programs by ADBL focusing on agriculture sector of Nepal has quite positive impact on people in Lamjung, influencing them to adopt to the banking services and encourage the habit of saving.

Another milestone achieved in a banking sector of Nepal is Internet Banking or e-banking. Internet banking (or E-banking) refers to any user with an electronic device, internet connection and a browser to log in to their bank's website to execute any virtual banking services. The bank has a web-enabled centralized database in the online banking system. All of the online services that the bank has approved are included in the menu. Any branch will have no physical identification once the bank's branch offices are connected through terrestrial or satellite networks. It is a borderless entity permitting banking services anytime, anywhere, and anyhow. The term "e-banking" refers to a method of delivering banking services through the internet. Banks have been using electronic channels to connect and do business with local and international corporate clients for many years. Banks are increasingly embracing electronic channels for receiving instructions and providing their products and services to their clients,

thanks to the advent of the Internet and the Worldwide Web (WWW) since the late 1990s. The variety of goods and services supplied by banks through the electronic channel varies greatly in content, capacity, and complexity. This type of banking is commonly referred to as e-banking or Internet banking. E-banking is the automated provision of new and classic banking goods and services to consumers via electronic, interactive communication channels.

2. Background of the Study

This research focuses on the present state of e-banking in Nepal, including its possibilities, growth, and obstacles. This study is qualitative research where the primary data is taken from one of the branches of Agriculture Development Bank in Lamjung for the conceptual modeling and data analysis while the generic effect of mobile banking across Nepal is conducted mainly through literature review. In Nepal, like in other industrialized nations, there has been a significant increase in the number of mobile phone users. According to NTA (Nepal Telecommunication Authority) figures from 2014, telephone penetration has reached 84.77 percent. The penetration rate of mobile phones accounts for 74.97 percent of the total telephone penetration rate (Nepal Telecommunication Authority 2014). The introduction of e-banking and its current status appears to be devoid of technological and physical components. As a result, the purpose of this study is to determine the relative obstacles and issues in the sector of online banking. The report also includes a strategic measure for e-growth banking and an innovative strategy for overcoming social, economic, and geographic hurdles to e-banking access.

Mobile banking has been used in industrialized nations for quite some time. In 2012, developing nations such as Nepal began to use mobile banking. Laxmi Bank Limited, one of Nepal's top commercial banks, offered the Nepal's first mobile banking service with its Mobile Khata product. Following Laxmi Bank Limited's introduction of mobile banking in Nepal with the Hello Paisa platform, other financial institutions such as Siddhartha Bank, Bank of Kathmandu, Commerzbank and Trust Bank Nepal, and the International Leasing and Finance Organization launched mobile payment systems using the same platform.

This payment infrastructure, which is compatible with various financial institutions and telecommunications, was the first of its kind globally. Several banks in Nepal have begun to offer this sort of service to make utility payments and conduct financial transactions. Hello Paisa and FonePay established Nepal's dominant mobile payment platform. These services made it feasible to conduct interbank transactions in Nepal. Their contribution to the launch of a new payment system in the country provided a foundation for other financial institutions to launch mobile banking in the country.

3. Statement of the Problem

People in Nepal, outside the Kathmandu Valley, often had to take three to four hours to get across the bank for transactions, which could charge large part of the money placed or withdrawn. Customers can execute monetary operations on a secure server using e-banking. They have become much more accustomed to user-friendly technology, and yet most banks increasingly offer e-banking services at this time and place.

Nepal is a place where technology advances at a glacial pace. Nepal is still behind the times in terms of technology compared to wealthy countries. Despite appropriate technology services in metropolitan regions, individuals in rural areas are denied access to modern technological services. More than 70% of Nepalese remain unbanked, posing a significant barrier to mobile banking adoption (SAARCFINANCE, 2020). People in capital city regions have a higher level of education than those in rural areas. Below are some elements that may provide difficulty to mobile banking in Nepal.

Mobile banking is not developing at the predicted rate in Nepal due to a lack of understanding among Nepalese people. Even though several commercial banks in Nepal have launched mobile banking services for their customers, people continue to rely on outdated banking practices. Most people prefer to deal with cash rather than banks, particularly in rural regions. As a result, only a small percentage of people use mobile banking services. Also, most literate people live in cities, and mobile banking appears popular among the younger population. Although the number of mobile phone users in Nepal is rapidly increasing, they have little knowledge of utilizing mobile banking, one of the simplest forms of banking.

Security is a crucial concern in any type of technology service. Security is an issue that should be prioritized in mobile banking. Banstola claims that “Risk management, infrastructure development and policy formulation the three major challenges of E-banking in Nepal.”

Nepal's technological foundation is not as solid as one may assume. In comparison to industrialized nations, Nepal's technical security system has to be much upgraded. Furthermore, any product's growth is equivalent to the number of times its clients use it. The many software faults that Nepalese customers have reported can be used as an illustration of how dependable mobile banking is in Nepal.

Infrastructure development is one of the most visible indicators of progress. The infrastructural development in Nepal is quite inadequate. The situation is considerably worse in rural locations, where residents cannot access various services. Because of the old structure among Nepalese people have shied away from modern technical services because of the old structure. To have a smooth mobile banking experience, communication channels must be quick enough to respond in a timely manner. Moreover, many Nepalese individuals can speak and write Nepali but not any other languages. There are also numerous government schools/colleges where most of the learning is done in the native language, Nepali, resulting in a lack of awareness of other languages, such as English. Because Nepal's mobile banking applications are now only available in English, there is a desire for mobile banking in the native language. The creation of mobile banking in the Nepali language makes life simpler for Nepalese people and helps improve mobile banking's popularity in Nepal. Customer's lack of knowledge about the internet and its applications along with their concern for security because of lack of information from the bank or lack of innovation of alternative approach from the banks are recognized as major barriers of development of e-banking (Khatri and Dhungel, 2013).

4.Scope and Significance of the Study

With the introduction of a new payment method known as mobile banking, customers' lives have gotten easier regarding financial transactions. It is not only safe, but it is also simple to access from any place in the world where technology has evolved and developed. Mobile banking is a payment mechanism that allows users affiliated with a financial institution to do various

financial activities. The mobile banking service is accessible via browser-enabled mobile phones or a simple mobile banking application downloaded from various app stores.

Lamjung, Nepal is the research area of this study, and the goal is to learn about people's attitudes toward e-banking services. ADBL Lamjung was chosen because of the availability of local information and access of the bank's internal records. Also, Lamjung is semi urban district of Nepal where modern technologies are slowly penetrating the market, thus, this analysis shall assist residents in Lamjung, along with banking institutions, in becoming more familiar with e-banking services and learning about many aspects of e-banking.

5. Research Questions & Research Objectives

The study's major goal is to figure out where the Nepalese e-banking system is right now in comparison to its status in previous years. This study can be used to determine the rate at which Nepalese banking is moving toward contemporary Internet banking, which is enjoying substantial and sustained expansion throughout the world. This research might be useful to Nepalese banking clients and banks to determine the online banking sector's size, sophistication, and competitiveness. The study's research questions are as follows:

- Is convenience crucial in Nepal when it comes to e-banking?
- Is time saving an essential consideration in Nepalese e-banking?
- Is e-banking security a major concern in Nepal?
- Is communication a critical component of e-banking in Nepal?

The study's major purpose is to investigate the elements influencing e-banking in Nepal. For this study, the following research goals were chosen:

- To investigate the relevance of convenience in e-banking in Nepal.
- To assess the relevance of time savings in Nepal e-banking.
- To assess the relevance of security in Nepal e-banking.
- To examine the relevance of communication in e-banking in Nepal.

6. Research Methodology and Data Collection

The primary data was gathered through the use of a questionnaire and a simple randomized sample approach. 110 participants were chosen following snowball sampling. The customers who visited the branch office of ADBL in Lamjung along with random passerby were questioned with consent. Secondary data was gathered through the online, publications, journals, periodicals, and newspapers, among other sources.

7. Limitations of the Study

- The timeline for acquiring Primary Data was limited because the time length was minimal.
- Socializing was tricky for quite some time.
- The replies of numerous responders seemed insufficient because they didn't understand the question.
- There was a linguistic difficulty with elders as it came to answering the survey.

8. Data Analysis

The general idea of collection data regarding the online mobile banking, is to determine the state of mobile banking throughout certain period of time. With the help of collected data it's seen that the users of mobile banking have increased significantly during these years. And with the sudden occurrence of COVID-19, the whole system of online transactions has increased due to social distancing and various precautions, as instructed by WHO. The future of mobile banking in Lamjung looks promising as more and more costumers find it more easy and reliable mode of payment.

Table 1: TOTAL NO. OF MOBILE BANKING USERS IN ADBL, LAMJUNG

Year (A.D)	2017/18	2018/19	2019/20	2020/21
TOTAL NO. OF USERS	32	175	215	606

Source: ADBL, Lamjung

The above table shows the significant increase in number of e-banking or mobile banking users in the past years in the customers of ADBL Lamjung district. It is seen that during Covid-19, there was a huge increase in the numbers i.e., more than 180% increase in the number of users. We can say that more and more people are engaging in cashless transaction thus, we can expect positive change in the banking activity even in the near future.

Table 2: AGE CONCENTRATION OF MOBILE BANKING USERS IN ADBL, LAMJUNG

AGE (in years)	18-25	26-30	31-35	35-45	Above 45
TOTAL NO. OF USERS	35	37	23	10	5

Source: Primary Sources

From the above table, we can see that the mobile banking is more popular in the youths aged between 18-35 while very few users who are elderly are mobile banking friendly. Around 32 % of the respondents are aged between 18-25, another 34 % is covered by users aged 26-30 while 20% cover 31-35 and the other 14% are above 35 years.

Table 3: INTEREST OF RESPONDENTS USING MOBILE BANKING

CRITERIA	NO OF RESPONDENTS	PERCENTAGE (%)
INTERESTED	88	80
NOT INTERESTED	22	20
TOTAL	110	100

Source: Primary Data

80% of the respondents said they are using mobile banking and are interested in development of other features through e-banking while 20% respondents are neither interested nor are interested to use mobile banking.

Table 4: MOBILE BANKING FACILITIES USED BY RESPONDENTS

CRITERIA	NO OF RESPONDENTS	PERCENTAGE (%)
BALANCE ENQUIRY	44	40
FUND TRANSFER	22	20
PAYMENT	22	20
OTHER	22	20
TOTAL	110	100

Source: Primary Data

The above table shows that most of the mobile banking users (40%) use balance enquiry facility. The other services such as fund transfer and online payment are done in low numbers.

Table 5: SAFETY OF MOBILE BANKING

CRITERIA	NO OF RESPONDENTS	PERCENTAGE (%)
YES	88	80
NO	22	20
TOTAL	80	100

Source: Primary Data

It can be seen that 80% of the respondents feel that online banking transactions are safe while the other 20% do not feel secured enough to make their payments through e-banking.

Table 6: DIFFICULTY OF MOBILE BANKING TRANSACTION

CRITERIA	NO OF RESPONDENTS	PERCENTAGE
EASY	11	10
MODERATE	66	60
DIFFICULT	22	20
EXTREMELY DIFFICULT	11	10
TOTAL	110	100%

Source: Primary Data

From the above table it is understood that 60% of the respondents find e-banking moderate while 20% of them find it difficult and 10% find it extremely difficult. Only 10% of the respondents said they do not find e-banking difficult at all and can easily access through the process.

Table 7: NEED OF IMPROVEMENT ON MOBILE BANKING

CRITERIA	NO OF RESPONDENTS	PERCENTAGE (%)
YES	77	70
NO	33	30
TOTAL	110	100

Source: Primary Data

When asked if there was a need to improve the e-banking facilities, 70% of the respondents said that there was a lot of room for improvement from the bank side specially, regarding the language as most of them are not very good in English. 30% of the respondents were okay with the present available services and need no improvement.

Table 8: RELIABILITY IN MAKING FUND TRANSFER AND ONLINE PAYMENT

CRITERIA	NO OF RESPONDENTS	PERCENTAGE (%)
CONFIDENT	55	50
VERY CONFIDENT	5	4
LESS CONFIDENT	33	30
NOT AT ALL CONFIDENT	17	16
TOTAL	110	100

Source: Primary Data

From the above table, it is clear that 4% of the respondents are very confident with online payment, 50% of respondents are confident in making fund transfer and payment through m-banking while 30% respondents are less confident and 16% are not at all confident.

Table 9: USAGE OF MOBILE BANKING FACILITIES

CRITERIA	USAGE				TOTAL
	Daily	Weekly	Monthly	Rarely	
BALANCE ENQUIRY	15	60	20	15	110
FUND TRANSFER			40	70	80
ACCOUNT INFO		30		80	80
PAYMENT		50	35	25	80
DEMAT SERVICE			20	90	80

Source: Primary Data

From the above table it is clear that out of 110, 15 respondents use balance enquiry daily, 60 use weekly, 20 use monthly and 15 use rarely. Fund transfer is used mostly by 40 respondents monthly and 70 respondents use rarely. Account information is used weekly by 30 respondents and rarely by 80 respondents. Payment services are used weekly by 50 respondents, monthly by 35 respondents and rarely by 25 respondents. Demat service is used monthly by 20 respondents and rarely by 90 respondents.

Table 10: SERVICE CHARGES

CRITERIA	NO OF RESPONDENTS	PERCENTAGE (%)
Reasonable	88	80
Not Reasonable	22	20
TOTAL	110	100

Source: Primary Data

The above table shows that 80% of respondents said the service charges on mobile banking are reasonable, while rest of 20% feel that service charges are not reasonable and should be lessened.

Table 11: REASON FOR USING MOBILE BANKING

CRITERIA	NO OF RESPONDENTS	PERCENTAGE
EASY	33	30
CONVENIENCE	55	50
SECURITY	0	0
LESS TIME OF OPERATION	22	20
TOTAL	110	100

Source: Primary Data

From the above table it is seen that 50% of respondents choose mobile banking for convenience, 30% due to easy access to services and 20% of them use mobile banking because it is time saving.

Table 12: COMPARISON OF MOBILE BANKING WITH OTHER BANKING SERVICES

CRETERIA	RATE OF USAGE				TOTAL
	High	Medium	Rarely	Not Used	
ATM	65	35	7	3	110
CHEQUE	-	-	25	85	110
EFT	-	20	55	45	110
Mobile Banking	50	30	15	15	110
Credit Card	-	-	95	15	110

Source: Primary Data

The above table shows that out of 110 respondents the total of using ATM is high and used by 65 respondents, medium for 35 respondents, rarely used by 7 respondents, not used by 3 respondents. CHEQUE is rarely used by 25 and not used by 85 respondents. EFT (Electronic Fund Transfer) is medium used by 20 respondents, rarely used by 55 and not used by 45 respondents. Usage of M-BANKING is high for 50 respondents, medium for 30, rarely used by 15 and not used by 15 respondents. CREDIT CARD is rarely used by 95 and not used by 15 respondents.

Table 13: RATE THE EASE OF USING THE MOBILE APPLICATION

CRITERIA	NO OF RESPONDENTS	PERCENTAGE
EXTREMELY SATISFIED	0	0
SATISFIED	88	80
DISSATISFIED	22	20
EXTREMELY DISSATISFIED	0	0
TOTAL	110	100

Source: Primary Data

From the above table, it is clear that 80% of respondents are satisfied with application, 20% are dissatisfied with the mobile application. While most of the respondents think there could be an improvement in the system but no sign of extreme dissatisfaction. Nor they are highly satisfied with the service yet.

9. Findings and Recommendations

The banking sector and its services have been radically transformed due to its advancement of technology. Today's financial industry is more organized, modernized, and well-managed than it was two decades ago. Financial software, ATMs, Internet Banking, Mobile Banking, Debit Card, Credit Card, Prepaid Card, and other banking services are now accessible in Nepalese banks. Specifically speaking, Lamjung, a part of Gandaki Province and one of the 77 districts of Nepal, has seen significant development in terms of mobile banking. Between 2017 and 2018, 32 people in the district used mobile banking for their convenience. Similarly, the number increased in 2018-2019, reaching 175 people, and it increased again in 2019-2020, reaching 215 people. People seemed to see the necessity for mobile banking as the years passed. However, the COVID-19 that struck Nepal in 2020 significantly impacted mobile banking patterns. The pandemic altered how people paid their bills and purchased for needs almost immediately - in other words, how we all make, save, and transfer money. The number of mobile banking in ADBL Lamjung drastically increased to 606 individuals in 2020/21. It is seen that the customers in Lamjung developed the new habits of mobile banking.

Because of the old structure of banking in Nepal, Nepalese people have moved away from modern technical services. To have a smooth mobile banking experience, communication channel must be quick enough to respond in a timely manner. Many Nepalese people are fluent in the native Nepali but still struggle with the international language, English. There are also numerous government schools/colleges where most of the learning is done in the native resulting in a lack of fluency in English. Because Nepal's mobile banking applications are now only available in English, people seem to have desire for mobile banking in the native language. The creation having an alternative option of mobile banking in the Nepali language shall definitely make life simpler for Nepalese people and help improve mobile banking's popularity in Nepal. Thus, the need to find an alternative to make it more accessible to the other population who do not have much knowledge in English, is seen more from this study.

Furthermore, majority of the respondents said it takes too long to process their accounts through internet which is quite frustrating and misleading. A proper workshop to train the individuals willing to learn the mobile banking should be provided by the banks. The banks can also

advertise the procedure of accessing mobile banking through television ads or other awareness raising campaigns. Respondents also showed the concern their account being hacked or losing their password if they use digital transactions, banks should come up with high security IT management to keep such incidents under control and help the customers build stronger faith towards them. In addition, latest features in smartphones, the application for mobile payments is not compatible with all mobiles. As a result, in order to appease clients, bankers must adopt appropriate steps to ensure that proper software is available for all sorts of mobile phones.

10. Conclusion

In conclusion, it can be inferred that mobile banking will continue to grow in Nepal. Every year, the number of people who use mobile banking grows numerous, especially in metropolitan regions where technology is rapidly evolving. Nepal's ancient banking system has been transformed into a modern banking system with ATMs, online banking, and mobile banking facilities. Although mobile banking has not yet reached Nepal's rural areas, several organizations are working on various programs and attempts to spread mobile banking knowledge. Currently, more than 60% of Nepalese homes remain unbanked. Still, it is predicted that the introduction of mobile banking in various areas of Nepal would enable those unbanked households to understand standard banking systems. It is also envisaged that, as a result of mobile banking, payment systems in Nepal would undergo significant changes, making life easier and more efficient for Nepalese people in terms of financial transactions. And although mobile banking in Nepal faces hurdles, particularly in rural areas, the Nepalese government can take a significant role in the country's economic growth if it can address the challenges discussed above, such as building infrastructure, people's attitudes toward banking, security concerns, and so on. As we can see, there is scope for the growth of mobile banking in Nepal. The Nepalese government should investigate this and move Nepal forward on the path to a new financial system.

Appendix

सवल, सुरक्षित र बृहत शाखा सञ्जाल भएको नेपालको एक मात्र बैंक



Features:

- SMS Alert/Transaction Report
- Balance / Amount Transfer
- Balance Inquiry
- Statement View
- Loan Shedule View
- Statement Request
- Cheque Book Request
- Cheque Stop
- ATM Card Stop
- ATM Card Renew Request



थप जानकारीको लागि नजिकैको शाखा कार्यालयमा सम्पर्क राख्नुहुन अनुरोध छ ।



Agricultural Development Bank Ltd.

कृषि विकास बैंक लि.

(नेपाल राष्ट्र बैंकबाट 'क' वर्गको इजाजतपत्रप्राप्त संस्था)

तपाईं हाम्रो घरआँगनको बैंक

www.adbl.gov.np

SWIFT : ADBLNPKA

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Questionnaire

A. Demographic Questions (consented to be kept confidential)

1. First Name
2. Occupation
3. Age
4. Address

B. Mobile Banking Service Related:

1. Do you use mobile banking of this bank?
2. If not, are you interested in using or learning to use?
3. What do you mostly use the mobile banking for? Can you choose from below?
 - a) BALANCE ENQUIRY
 - b) FUND TRANSFER
 - c) PAYMENT
 - d) DEMAT SERVICE
 - e) ACCOUNT INFO
 - f) OTHER
4. Do you feel safe and secured while using mobile banking?
5. How do you find using mobile data? Choose from below
 - a) SIMPLE
 - b) MODERATE
 - c) DIFFICULT
 - d) EXTREMELY DIFFICULT
6. Do you think the mobile banking system needs to be improved?
7. Do you feel confident while making payments through mobile banking?
8. Do you feel the service charge is reasonable?
9. Why do you prefer using mobile banking?
10. Do you use other banking services? How often do you use them?
11. How satisfied are you with the mobile banking application?