



Online Banking Services and Customer Satisfaction in Nepalese Commercial Banks

Dhruba Prasad Subedi*, Dilli Ram Bhandari

Email: subedidhrubap@gmail.com

Tribhuvan University, Kathmandu, Nepal

ABSTRACT

The advent of online banking has brought significant changes to the banking industry by altering the ways of financial services. This study examines the satisfaction level of customers on online banking services in Nepalese commercial banks. It investigates the evolving scenario of online banking services in Nepal, where traditional brick-and-mortar banking has been progressively complemented and even replaced by digital platforms. The study employs a comprehensive methodology, combining quantitative analysis and customer perception surveys to assess how the adoption of online banking practices influences the satisfaction level of e-banking customers of commercial banks in Nepal. The study is based on quantitative research approach with a structured questionnaire through primary data collection by stratified random sampling. The findings highlight both the positive and negative aspects of this transition, considering factors such as tangibility, reliability, responsiveness, assurance, and empathy. This research contributes to the understanding of how online banking is reshaping customer expectations and experiences within the Nepalese banking sector, offering insights that can guide banks in enhancing their online banking services while maintaining a high standard of service quality. As Nepal navigates its digital transformation journey, the implications of this study are crucial for banks aiming to effectively align their strategies with the evolving preferences of their customers in the field of e-banking.

Keywords: Online Banking, Service Quality, Tangibility, Reliability, Assurance

INTRODUCTION

This paper demonstrates the history of mathematics. Math is the science that deals with the logic of shape, quantity, and arrangement. Since the beginning of recorded history, mathematic discovery has been at the forefront of every civilized society, and in use in even the most primitive of cultures. The needs of math arose based on the wants of society. The more complex a society, the more complex the mathematical needs. Primitive tribes needed little more than the ability to count, but also believed on math to calculate the position of the sun and the physics of hunting. Several civilizations including China, India, Egypt, Central America and Mesopotamia contributed to mathematics. The Sumerians were the first people to develop a counting system. Mathematicians developed arithmetic, which includes basic operations, multiplication, fractions, and square roots. The Sumerians' system passed through the Akkadian Empire to the Babylonians around 300 B.C. Six hundred years later, in America, the Mayans developed elaborate calendar systems and were skilled astronomers. Since then, the concept of zero was developed.

The rapid technological advancements in the financial services industry have led to significant changes in the delivery of services to customers in recent times (Khera et al., 2022). Over the past two decades, the adoption of technology has transformed how businesses operate within the financial sector, breaking down geographical, regulatory, and industrial barriers (Zafar et al., 2011). Banks are increasingly embracing online banking services, with the maturity of the sector evident in the widespread use of digital platforms for financial transactions (Chauhan et al., 2022; Singh, 2023). This shift in service delivery has not only revolutionized banking operations but has also created value for both banks and customers, allowing transactions to be conducted without the need for physical bank visits (Khan, 2017). Online banking innovations encompass a range of products, including internet banking, mobile banking, automated teller machines (ATMs), point-of-sale (POS) systems, and other digital banking services (Khan, 2017).

Electronic banking, commonly referred to as e-banking, represents a cutting-edge financial service harnessing digital technologies to facilitate a broad spectrum of banking activities for individuals, businesses, and institutions through electronic channels. This paradigm shift has revolutionized the conventional banking framework, offering accessible, efficient, and convenient alternatives to traditional in-person and institutional banking transactions.

This evolution of technology enables users to access their financial services anytime, anywhere, promoting greater flexibility and availability in managing their finances (Pikkarainen et al., 2004; Sadi & Muhanna, 2013). Online banking encompasses a diverse range of digital platforms and tools that facilitate various banking activities. These include online banking portals, mobile banking applications, and internet-based financial services. Through these channels, customers can perform tasks such as checking account balances, transferring funds between accounts, paying bills electronically, applying for loans, and managing investments. Moreover, online banking often incorporates features like secure authentication mechanisms and encryption to ensure the confidentiality and security of sensitive financial information (Siau & Shen, 2003).

Online banking services deliver banking services to customers electronically, whether at their place of business or residence (Singh, 2023). This form of banking, also known as e-Banking, is revolutionizing the financial services industry by fostering growth, encouraging innovation, and boosting competitiveness (Shamsuddoha, 2008). Online banking offers a range of retail and small-value banking products and services through electronic channels, along with large-value electronic payment systems (Abid and Noreen, 2006). It enables banking institutions to compete more effectively on a global scale by extending their offerings beyond the constraints of time and space (Turban et al., 2018).

In recent times, the banking and financial industry has become increasingly competitive, prompting banks to adopt unique tools and strategies to retain and satisfy customers. Online banking stands out as a key tool for achieving customer retention and satisfaction. Over the past decade, the banking sector has undergone significant transformations due to the rise of a knowledge-based economy and advancements in information and communication technology (Driga & Isac, 2014). Online banking has become widespread in developed countries and is rapidly expanding in developing nations (Fekadu, 2019). Traditional physical branch banking has been largely supplanted by e-Banking, allowing customers to access services via the internet

from the comfort of their homes or workplaces instead of visiting a physical bank branch (Driga & Isac, 2014; Poon, 2008). This shift to e-services has provided numerous benefits to both banks and customers, including enhanced convenience, sales security, faster transaction processing, and overall improved service quality (Abdulfattah, 2012).

The global banking industry has undergone a profound transformation with the rapid proliferation of online banking (e-banking), fundamentally reshaping the delivery and experience of financial services for customers (Liao & Cheung, 2002; Hsiao et al., 2019). Online banking encompasses a variety of digital platforms, including online banking portals, mobile banking applications, and electronic fund transfers, empowering customers to access their accounts and conduct financial transactions seamlessly (Jayawardhena & Foley, 2000). In Nepal, as in many other countries, the banking landscape has gradually shifted from traditional brick-and-mortar banking to a more digitally-oriented model. Online banking has gained traction due to its potential to enhance convenience, accessibility, and efficiency for customers, while also reducing operational costs for banks (Sharma et al., 2018; Subedi, 2019).

In the history of online banking services in Nepal, Kumari Bank introduced first online banking services for its customers in 2002 and Short Messaging Service (SMS) banking in 2004. In 2006, Nepal Rastra Bank, the central bank of Nepal, enacted Electronic Transaction and Digital Signature Act to formalize online banking practices (Banstola, 2008). This legislation spurred a surge in technological innovation and a vigorous integration of information technology into the operations of banks and financial institutions. Presently, all commercial banks in Nepal provide online banking services and prioritize proactive marketing strategies to encourage electronic banking. In context of Nepal, the customers of online banking in Nepalese commercial banks are rapidly increasing every year. The number of customers using online banking services in Nepalese commercial banks from 2016 to 2023 is presented in Table 1.

Table 1. Number of Customers Using Online Banking in Nepalese Commercial Banks

Fiscal Year	No. of customers	Change in %
Mid July 2016	4,89,835
Mid July 2017	7,66,958	56.75%
Mid July 2018	8,16,074	6.40%
Mid July 2019	8,88,268	8.85%
Mid July 2020	10,01,866	12.79%
Mid July 2021	11,15,532	11.35%
Mid July 2022	12,79,475	14.70%
Mid July 2023	16,84,000	31.62%

Source: *NRB, 2023*

Nonetheless, this shift has encountered challenges. Security concerns regarding online transactions and data privacy have cast doubt on the robustness of online banking systems (Soomro et al., 2016; Ghosh & Mukhopadhyay, 2020). Furthermore, establishing the same level of customer relationships that were prevalent in physical branches can prove more challenging in digital environments, potentially impacting customer satisfaction (Saha & Kar, 2019). Against this backdrop, it becomes imperative to assess the impact of online banking on service quality within the context of Nepalese commercial banks. As customer preferences evolve and technological advancements persist, comprehending how online banking practices influence perceived service quality is crucial for banks aiming to adapt their strategies effectively (Ali & Ali, 2020). The primary objective of this study is to investigate the influence of online banking services on customer satisfaction in Nepalese commercial banks.

LITERATURE REVIEW

Services are intangible interactions between a service provider and a user that influence the user's condition (Kimita et al., 2009). Early studies defined the quality as a judgment resulting from an evaluation process in which customers compare their expectations with the service they perceive to have received (Gronroos, 1984). While an increasing number of studies are shedding light on service quality, many of them define it based on a customer's overall impression of the product or service (Parasuraman et al., 1985, 2005).

Online banking service quality plays a crucial role in the banking industry, ensuring high levels of customer satisfaction and serving as a key driver of competitive advantage (Almossawi, 2012). The assessment of service quality occurs during its provision in the service industry (Parasuraman et al., 2005). In the banking sector, service quality can be defined as the extent to which the service provided meets customers' expectations, assessed through a comparison between customers' prior expectations and their subsequent perceptions of the actual service performance (Sewaka et al., 2023).

Parasuraman et al. (2005) introduced the E-SQUAL model to examine consumer perceptions of service quality in both service and merchandising enterprises. This model conceptualizes service quality to encompass both the service outcome and the service delivery process. The service outcome represents a customer's evaluation of the result of the service product, while the service delivery process pertains to how the ultimate impact of the process is communicated to the service users (Lehtinen & Lehtinen, 1991; Parasuraman et al., 1985).

Zavareh et al. (2012) identified that effective and reliable services, fulfillment, security/trust, aesthetics, responsiveness, and ease of use have a significant positive relationship with customer satisfaction in internet banking. Hammoud et al. (2018) indicated that reliability, effectiveness, ease of use, responsiveness, communication, security, and privacy significantly affect the customer satisfaction, with reliability being the dimension with the strongest impact. Moreover, variables such as ease of use and availability significantly affect customer satisfaction and foster long-term customer loyalty (Liebana-Cabanillas et al., 2013).

Shankar and Jebarajakirthy (2019) identified reliability, privacy, and security as the primary drivers of customer satisfaction and loyalty. This finding aligns with research by Sharma et al. (2020), which demonstrates a significant correlation between service quality and customer

satisfaction in the realm of online banking. Mohamud (2017) further supported this notion, highlighting a direct link between online banking service attributes such as ease of use, utility, and cost, and overall customer satisfaction. Moreover, Mohamud's study emphasized the importance of factors like security, reliability, responsiveness, and effectiveness in shaping customer satisfaction, suggesting that these aspects should not be overlooked in pursuit of enhanced customer satisfaction.

Beshir and Zelalem (2020) explored the impact of online banking service quality on customer satisfaction and loyalty. Their findings revealed that effectiveness, responsiveness, ease of use, privacy, and commission play crucial roles as predictors of customer satisfaction, with statistical significance observed at a 5 percent level. Additionally, their study demonstrated a noteworthy positive relationship between customer satisfaction and loyalty, suggesting that satisfied customers are more likely to exhibit loyalty to the service provider.

Hoseini and Dangoliani (2015) outlined several factors influencing customer satisfaction, including effectiveness, fulfillment, system availability, privacy, assurance (trust), and service quality aesthetics. Similarly, Dsouza et al. (2018) identified six pivotal factors value-added service, responsiveness, availability, service assurance, bank charges, and convenience that directly shape customer satisfaction. Furthermore, Tetteh (2022) emphasized the importance of service quality dimensions such as convenience, ease of use, availability, and affordability in driving customer satisfaction, with customer satisfaction acting as a complete mediator in the relationship between these dimensions and customer loyalty. Additionally, Mwiya et al. (2022) highlighted the significance of security, website traits, privacy, responsiveness, effectiveness, fulfillment, and reliability in electronic service quality, all of which positively impact customer satisfaction.

Similarly, Tetteh (2022) highlighted that service quality dimensions convenience, ease of use, availability, and affordability significantly contribute to customer satisfaction. Moreover, the study revealed that customer satisfaction fully mediates the relationship between these four dimensions of online banking service quality and customer loyalty. Mwiya et al. (2022) found that security, website traits, privacy, responsiveness, effectiveness, fulfillment, and reliability are essential aspects of electronic service quality. These factors were shown to positively influence customer satisfaction, aligning with the findings of Tetteh regarding the importance of service quality dimensions in enhancing customer satisfaction and ultimately fostering customer loyalty.

Sewaka et al. (2023) discovered a positive relationship among service quality, customer satisfaction, and customer loyalty intention among online banking users. Their findings indicated significant correlations: between service quality and customer satisfaction, between service quality and customer loyalty, and between customer satisfaction and loyalty intention.

Service Quality in Nepalese Commercial Banks

Service quality in the Nepalese commercial banks refers to the extent to which banking services meet or exceed customers prospects, ensuring a high position of satisfaction and value for customers. It encompasses colorful confines that inclusively contribute to customers' comprehensions of the quality of service they admit from these financial institutions. The assessment of service quality in Nepalese commercial banks can be analyzed by the lens of the

SERVQUAL model, a extensively recognized frame developed by Parasuraman, Zeithaml, and Berry in the late 1980s. The model identifies five key dimensions that inclusively shape customers' perception of service quality such as tangibility, reliability, responsiveness, assurance, and empathy. Applying the SERVQUAL model to the environment of Nepalese commercial banks provides perceptivity into the multidimensional nature of service quality.

Tangibility: Tangibles refer to the physical facilities, equipment, and appearance of personnel that influence customers' perceptions. In Nepalese commercial banks, this dimension encompasses the usability and aesthetics of online banking interfaces, mobile apps, and ATMs. The visual appeal and functionality of these digital platforms are integral to the service quality perception (Parasuraman et al., 1985). **H1: Tangibility has a significant effect on customer satisfaction in Nepalese commercial banks.**

Reliability: Reliability pertains to the consistency and accuracy of services provided. In the Nepalese context, it entails the accurate execution of transactions, dependable online services, and timely updates of account information. The reliability dimension is particularly critical in the digital space, as any disruptions or errors can erode customers' trust and satisfaction (Parasuraman et al., 1988). **H2: Reliability has a significant effect on customer satisfaction in Nepalese commercial banks.**

Responsiveness: Responsiveness involves the willingness and ability of bank staff to help customers and provide prompt service. In the digital realm, this translates to the effectiveness of online customer support, chatbots, and automated responses. Swift responses to customer queries and technical issues contribute to a positive service quality perception (Zeithaml et al., 1990). **H3: Responsiveness has a significant effect on customer satisfaction in Nepalese commercial banks.**

Assurance: Assurance refers to the competence, courtesy, and credibility of service providers. In the context of Nepalese commercial banks, assurance extends to the perceived security and privacy of online transactions. Effective authentication mechanisms, clear communication of security measures, and transparency in data handling contribute to this dimension (Parasuraman et al., 1991). **H4: Assurance has a significant effect on customer satisfaction in Nepalese commercial banks.**

Empathy: Empathy encompasses the caring, individualized attention, and understanding that service providers extend to customers. While online interactions may seem less personalized, banks can enhance this dimension through personalized recommendations, tailored offers, and empathetic responses to customer concerns. Effective integration of personalized touches in digital interactions contributes to empathy in service quality (Zeithaml et al., 1996). **H5: Empathy has a significant effect on customer satisfaction in Nepalese commercial banks.**

METHODOLOGY

This study has adopted the correlational and causal-comparative research design to test the relationship and impact of the study. The population of the study consists of 20 commercial banks, which are operating in Nepal as on July 16, 2023. A pre-tested and well-structured as well self-administered questionnaire was designed for conducting this study. The data required for

the study was collected from the customers of all 20 commercial banks on personal visit, through e-mail and social media apps. All together 510 customers were approached from all together 20 commercial banks and out of them 480 customers completely filled the questionnaire comprising 20 from each bank. The distributed questionnaire used a five-point Likert scale, point one for a strongly disagreement and point five for a strongly agreement. The data that was collected in this study was analyzed using the Statistical Packages for Social Science (SPSS) version 25. Correlation coefficient analysis was used to determine the association between online banking service quality and customer satisfaction and multiple regression analysis was used to determine the effect of online banking service on customer in Nepalese commercial banks. Chronbach's Alpha was also used to measure the internal consistency of the variables of the study. This study investigates that customer satisfaction as a function of tangibility, reliability, responsiveness, assurance and empathy. To achieve this objective a multiple regression model is specified as below:

$$\text{Customer Satisfaction} = \beta_0 + \beta_1 T + \beta_2 R + \beta_3 RE + \beta_4 A + \beta_5 E + e_i$$

Where, T = Tangibility, R=Reliability, RE = Responsiveness, A = Assurance, E = Empathy, β_0 = The intercept (constant term) and e_i =error term

RESULT

The research study is based on the customers of commercial banks in Kathmandu valley. The sample size of the study is 480 based on random sampling technique. Table 2 revealed the respondents' profile. It shows that out of the total respondents more than two third online banking customers are male. Likewise, of the total respondents, 16% customers are below the age of 25 years, 31.25% fall in the age category of 26-35 years, 26.04% in 36-45 years whereas only 18.12 % from 46-55 and 8.76% fall in the age category of more than 56 years. The table reflects that majority of the respondents are in the age category of 26 - 35 years. The table also shows that more than 80% customers are married. Majority of the respondents, i.e., 52.08 % are graduated, 27.08 % are undergraduate, 7.29% are SEE level and 13.54% are post graduated. An analysis of the table reveals that maximum number of respondents belong to graduate category. For status of usage of e-banking, 20% are below 1 year, 35% are 1-4 years, 22.08% are 5-8 Years, 18.13% are from 9-12 years and 4.79% are more than 12 years. Out of the total respondents 46.88% are jobholders, 28.12% are businessman, 6.33 % are agriculturist, 18.75% are professional. Among respondents, 10.42% were from government banks, 39.58% from joint venture banks and 50% from private commercial banks. Among the respondents, 5% has monthly income less than Rs. 15,000, 21.25% has Rs.15000-25000, 47.92% has monthly income Rs. 25000-35000, 15% has Rs. 35000-45000 and 10.83% has more than Rs.50,000.

Table 2. Respondents Profile

Variables	Frequency	Percent
N	480	
Gender		
Male	331	68.95
Female	149	31.05
Age		
Below 25	76	15.83
25-35	150	31.25
36-45	125	26.04
46-55	87	18.12
Above 55	42	8.76
Marital Status		
Married	385	80.2
Unmarried	95	19.8
Academic Qualification		
SEE	35	7.29
Undergraduate	130	27.08
Graduate	250	52.09
Post Graduate	65	13.54
Status of online banking use		
Below 1 year	96	20
1-4 years	168	35
5-8 years	106	22.08
9-12 years	87	18.13
More than 12 years	23	4.79
Occupation		
Jobholders	225	46.88
Businessman	135	28.12
Agriculturalist	30	6.25
Professional	90	18.75
Types of Banks		
Government Bank	50	10.42
Joint Venture Bank	190	39.58
Private Bank	240	50
Monthly Income		
Less than 15,000	24	5
15,000-25,000	102	21.25
25,000-35,000	230	47.92
35,000-45,000	72	15
More than 45,000	52	10.83

Source: Field survey, 2024

Reliability and Validity Analysis

Construct Reliability was assessed using Cronbach's Alpha and Composite Reliability. Cronbach Alpha for each construct in the study was found over the required limited of .070 (Nunnally and Bernstein, 1994). Convergent validity of scale items was estimated using Average Variance extracted (Fornell & Larcker, 1981). The average variance-extracted values should be above the threshold value of 0.50 (Fornell & Larcker, 1981) for all the constructs.

Table 3. Reliability and Convergent Validity

Items	Alpha	Composite Reliability	AVE
Tangibility	.949	0.980	0.909
Reliability	.812	0.950	0.762
Responsiveness	.902	0.908	0.717
Assurance	.899	0.851	0.609
Empathy	.982	0.920	0.744
Customer Satisfaction	.967	0.966	0.877

Average Variance Extracted (AVE): It is the measure for understanding convergent validity i.e. construct's ability to share items or statements used to depict it. Here in, the value of AVE for all the variables is more than 0.5 i.e. Tangibility 0.909, Reliability 0.762, Responsiveness 0.717, Assurance 0.609, Empathy 0.744, and customer satisfaction 0.877. Thus, the model has convergent validity.

Composite Reliability (CR): It is the method for assessing the contribution or significance of an item by examining the factors loading. Herein, the value of CR is also more than 0.7 for all the constructs i.e. 5 i.e. Tangibility 0.980, Reliability 0.950, Responsiveness 0.908, Assurance 0.851, Empathy 0.920, and customer satisfaction 0.966. Thus, composite reliability is derived for the model.

Internal Consistency: It is the reliability method for depicting the factor's linkage with other factors. Cronbach Alpha is the method to measure internal consistency. The value Cronbach Alpha is more than 0.7 for all the variables i.e. Tangibility 0.949, Reliability 0.812, Responsiveness 0.902, Assurance 0.899, Empathy is 0.982, and customer satisfaction is 0.967. Thus, there is the presence of internal consistency in the model. Table 5 shows the descriptive analysis and correlation coefficients of the variables used in the study. The mean values of the dimensions of online banking tangibility, reliability, responsiveness, assurance and empathy regarding the satisfaction of customers are 4.1, 4.35, 4.40, 4.2 and 4.25 respectively. Among those variables, responsiveness is the most important variable for the satisfaction of customers for online banking services in Nepalese commercial banks. Table 5 shows a strong correlation (0.751) between responsiveness and assurance. A strong correlation was also found between assurance and customer satisfaction, as their correlation was 0.725. Similarly, the correlation between responsiveness and empathy is moderate as 0.651. Table 5 also shows that customer

satisfaction is positively correlated with the 1 percent significance level with the tangibility, reliability, responsiveness, assurance and empathy.

Table 4. Descriptive Analysis and Correlation Coefficients

	Mean	SD	TAN	REL	RES	ASS	EMP	CS
TAN	4.1	0.6	1					
REL	4.35	0.58	.625**	1				
RES	4.4	0.56	.693**	.658**	1			
ASS	4.2	0.49	.646**	.547**	.751**	1		
EMP	4.25	0.43	.656**	.447**	.651**	.721**	1	
CS	4.22	0.55	.665**	.494**	.621**	.725**	.643**	1

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

Source: Field survey, 2024

Test of Hypothesis

The impact of predictor variables on the satisfaction of customers towards the online banking was estimated using multiple regression. The findings from the regression analysis for the satisfaction of customers towards online banking is based on the explanatory variables are depicted in Table 5 below.

Table 5. Regression Results

Predictors	Coefficients	t-statistic	p-value	VIF
Constant	0.743	2.911	0.000	
TAN	0.415	0.243	0.000	1.868
REL	0.403	0.979	0.000	1.299
RES	0.424	2.8	0.000	1.608
ASS	0.325	1.106	0.000	1.24
EMP	0.322	2.123	0.000	1.92
R ² =.0.808, Adj.R ² =.853, F-value =4.752, F(sig) = 0.000, D.W.= 1.92				

Note Independent variables are Tangibility (TAN), Reliability (REL), Responsiveness (RES), Assurance (Assurance) and Empathy (EMP). The dependent variable is Customer Satisfaction (CS).

Source: Field survey, 2024

Table 5 shows the F-Statistics about 4.712, with a p-value < 0.001. The finding from the F-value proves the estimated model's validity. This figure suggests that the predictor variables are significantly associated with the study's outcome variable, i.e., satisfaction of customers on online banking. The R-Square gives the coefficient of determination of the variables is 0.808 which measures the overall fitness of the model explaining about 80.8% of the variability in the customer satisfaction in online banking by the proposed predictors in the model. Further, the value of the Durbin-Watson statistic (1.92) provides evidence of no issue of autocorrelation. The VIF (<10) suggests that there is no issue of multicollinearity in the model.

The regression analysis table shows the positive and significant effects of predictors on the outcome variable. The significant positive beta coefficient of tangibility (.415, p-value < .01), means that when there is a one-unit increase in tangibility, the satisfaction level of customers on online banking services will increase by 0.415 units. Similarly, an increase in one unit in reliability, responsiveness, assurance, and empathy lead to an increase in satisfaction level of customers in online banking by .403 units, .424 units, .325 units, and .322 units respectively. This result provides evidence of accepting all the hypotheses. The result describes that the most prominent factors in predicting the satisfaction level of customers in online banking services are responsiveness, tangibility, reliability, assurance, and empathy. These results are consistent with the findings of Beshir and Zelalem (2020), Mohamud (2017) and Shankar and Jebarajakirthy (2019).

Justification of the Result

Parasuraman et al. (1988) investigate the dimensions of service quality and their influence on customer perceptions. Dabholkar et al. (2000) extend the SERVQUAL framework, discussing technology's role in service improvement. Ahmed and Rafiq (2003) explore internal marketing's relevance to service quality and employee involvement, a facet often influenced by ICT. Kumbhar (2011) examines the effects of online banking services on customer satisfaction providing insights into the broader impact of technology on banking experiences. Zeithaml et al.'s (1990) introduction of the SERVQUAL model, emphasizing tangibles, reliability. Customer satisfaction on online banking is marked by increased convenience and accessibility for customers (Sathye, 1999), attributed to faster transaction processing that reduces wait times (Al-Majali et al., 2013). The introduction of online banking enhances customer experiences through user-friendly interfaces (Nath et al., 2019) and personalization of services based on preferences (Saxena & Khurana, 2002). Moreover, e-banking's transparency in providing account and transaction information enhances trust (Dwivedi et al., 2009), ability, responsiveness, assurance, and empathy.

CONCLUSION

1. Theoretical contribution

The current study contributes to the existing literature in the field of online banking and service quality dimensions. The main objective of the underline study is to examine the role of online banking for the service quality provided to the customers in Nepalese commercial banks. The current study evaluates the role of online banking for providing the service quality to the customers of Nepalese commercial banks in terms of tangibility, responsiveness, assurance, reliability and empathy.

2. Practical implications

In this ever-growing competitive banking industry, understanding the effect of online banking on service quality of Nepalese commercial banks is the secret to being competitive and successful in the banking sector. This study supports for transforming online banking services through supporting growth, promoting innovation, and enhancing competitiveness. The results of this study can be used as empirical evidence that explains the positive

influence of customer satisfaction through online banking services. Hence, based on the findings of this study, it is recommended that policymakers and banks should focus on the online banking factors related to tangibility, reliability, responsiveness, reliability, assurance and empathy.

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