

## Chapter 2

# Customer Behavioral Intention Towards Internet Banking During COVID–19: Empirical Evidence From Nepal


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## ABSTRACT

*Providing banking services through digital platforms is an emerging channel of service delivery by commercial banks to their customers. especially in a developing country such as Nepal. However, this study aims to determine the customers' behavioral intention towards internet banking usage during COVID-19 in Kathmandu Valley. Data were evaluated quantitatively by using both descriptive and inferential statistics where questionnaire was designed to collect the data and were entered in a KOBO Toolbox. SEM was used to analyze the relationships from 279 responses from Kathmandu Valley. Findings revealed perceived ease of use and perceived usefulness play a significant role in the behavioral intention towards internet banking during COVID-19, which fits TAM theory. Customers must experience better use of internet banking services without any interruptions, and a revolution in internet services is required in the Nepalese banking industry.*

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## INTRODUCTION

The internet is one of the most recent developments in communication, with the first email being delivered in a fraction of a second in 1972. This technology enables the transmission of almost endless amounts of data around the world (Poster, 2011). As a result of the use of information and communication technology, most organizations' methods of conducting commercial transactions and responding to client requests have changed (Apulu & Latham, 2011). ICTs have facilitated the development of more business-oriented information systems that support management tasks such as planning, controlling, and coordination, as well as the introduction of new products and service market opportunities (Matos et al., 2009). In the banking sector, BFIs are attempting to increase their competitiveness, expand their customer base, lower transaction costs, improve response quality and timeliness, expand advertising and branding opportunities, enable self-service and service customization (Mohammed & Ward, 2006).

Many financial institutions have noticed that one of the competitive marketing techniques is the distribution channel (Mols, 1999). Nowadays, a bank can use a variety of new channels to serve customers and differentiate itself from competitors, such as telephone banking and Internet banking (Calisir & Gumussoy, 2008) where internet technologies have fundamentally altered how banks deliver services and how customers perform their banking transactions. However, internet banking is one of these technologies that is gradually becoming a preferred distribution route for both service providers and clients (Haque, 2009). The use of the internet as a remote delivery channel for banking services is characterized as internet banking, and an internet bank is defined as a bank that provides (web-based) transactional services (Gopalakrishnan et al., 2003) where customers can utilize internet banking to perform all of their normal banking tasks, such as online bill payments, balance inquiries, and fund transfers to other accounts, without having to visit a bank branch (Sandhu & Arora, 2020; González et al., 2008; Adhikari, 2019).

In developing countries like Nepal, providing banking services via digital platforms is an emerging route for commercial banks to deliver services to its consumers, particularly in developing countries like Nepal (Dasgupta et.al, 2011). Customers' behavior is influenced by the various factors in adopting the banking services. Nepal's E-Participation Index has soared to 55th place in the world in 2018, up from 89th place in 2016. From 0.5085 in 2016 to 0.7809 in 2018, the E-Participation Index (EPI) score has improved. This demonstrated that the country's e-Participation has gradually expanded and thus Nepal is improving in terms of technology deployment and application (UN, 2020). Nepal's banking industry has been making tremendous progress in terms of technological innovation and aggressive integration of information technology into bank operations (Banstola, 2008) which results a great opportunity to increase internet banking users in Nepal. Moreover, Nepal Rastra Bank is focused on developing and upgrading payment infrastructures, formulating and executing legal and regulatory frameworks, supporting innovation, and boosting digital payment awareness (NRB, 2020). Internet Banking users in one survey in Nepal made by Tan et al., (2020) revealed that it had a positive view and experience with internet banking services. In all situations, the acceptance showed that more than half of the population saw perceived utility, perceived danger, and perceived usability of internet banking services as good. So, due to the extensive usability and usefulness of internet banking in Nepal and in the global context this concern has become popular.

Moreover, the cashless system has been emerging widely not only in Nepal but all around the globe. But despite of all the positive sides, in Nepal internet banking is almost being replaced by the mobile banking users due to the extensive use of mobile phones in Nepal. According to the FY 2076/77 the number of mobile banking users are 1,13,06,797 whereas the number of internet banking users are only

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