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Factors Influencing Consumer Adoption of Online Banking in Nepal

Phul Prasad Subedi*
Amita Tamang**

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ABSTRACT

This research examined the factors influencing consumer adoption of internet banking in Nepal, using the Technology Acceptance Model (TAM) and incorporating trust and government support as additional variables. It presents a comprehensive study focused on Nepal, with data collected through a survey method from 233 participants and analyzed through multiple regressions. The results demonstrated that the perceived usefulness and ease of use significantly impact customers' intentions to embrace online banking services. However, trust and government support had no significant impact. The insights from this study can aid banks in developing effective approaches to encourage the adoption of online banking in Nepal and potentially serve as a model for other developing nations in the e-commerce and internet banking domains.

Keywords: Online banking, technology acceptance model (TAM), trust, government support, transaction security

1. INTRODUCTION

The internet's rapid expansion since the 1990s has revolutionized businesses, influencing services, products, and communication. Its user-friendly interface and role in information dissemination, awareness building, and shaping attitudes have driven its growth (Shih & Fang, 2006). Technological advancements have transformed customer engagement, particularly in the service sector like banking, leading to significant changes in how banks interact with customers (Bhaskar & Hebbar, 2023). Although customers have been familiar with internet usage and aware of these services for more than a decade in major cities, traditional banking methods are still

* Mr. Subedi is a PhD Scholar and an Assistant Professor at the Central Department of Management, Tribhuvan University. Email: phulsubedi14@gmail.com
** Ms. Tamang is a Freelance Researcher. Email: tamangamita2017@gmail.com
Corresponding Author: Mr. Phul Prasad Subedi.

preferred. Yet adoption remains limited, with many customers not fully utilizing internet banking (Khatri & Dhungel, 2013).

The Nepalese Government acknowledges the significance of online banking and has enacted strategies like Digital Lendling Guidelines, Digital Nepal Framework, Financial Literacy Framework, and Nepal Financial Action Plan. However, the triumph of online banking relies on the customers' perceptions and their readiness to embrace it, irrespective of government initiatives (Chong et al., 2010). Internet banking adoption relies heavily on customer perceptions. Users are more inclined to embrace it if they see it as safe, easy to use, and trust their bank. To boost acceptance, banks should mitigate perceived risks and enhance user-friendliness.This leads to improved service and increased internet banking use (Shahriar, 2014).

Moreover, commercial banks are facing tough competition from non-banking entities and must respond to globalization challenges to enhance services. A comprehensive study is crucial to identify factors driving top-level performance in the banking sector. There are a few studies on online banking issues within the Nepalese context. Notably, Khatri and Dhungel (2013); and Mastran (2021) explored the challenges and utilization patterns of internet banking. Furthermore, the research conducted by Pokhrel (2022) as well as Giri and Ghimire (2020) provided valuable insights into the acceptance of online banking in Nepal.

In addition, the current literature regarding the Nepalese context reveals a significant gap in the thorough analysis of factors that affect consumers' adoption of online banking. In particular, there is scarce research on the complex relationship among trust, government support, and the factors defined in the Technology Acceptance Model (TAM). This study endeavors to bridge this gap through a detailed examination of the influence of trust, government support, and TAM components on the adoption of online banking, especially within the unique context of Nepal.

Therefore, this study, by incorporating unique Nepalese elements, such as government support, as well as aspects related to transaction security and privacy, contributes to the enrichment and expansion of the TAM framework. The ensuing findings carry substantial significance for decision-makers within the banking sector, offering them pivotal insights that can aid in the formulation of effective strategies geared toward enhancing the adoption of online banking. Furthermore, these insights duly recognize the pivotal role of the government in fortifying such initiatives and advocate for a holistic approach that factors in governmental support.

The paper is composed of six unique sections, each playing a significant role in thoroughly discussing the subject. It commences with an introduction, setting the stage by providing a broader context for the adoption of online banking. Section II is dedicated to an in-depth literature review, offering a comprehensive analysis of existing research and insights. Moving forward, Section III delves into the particular details of the data and research methodology used in this study. In Section IV, the study's findings are meticulously examined and presented. This segment encapsulates the empirical outcomes of the research. Lastly, Section V encapsulates the study's concluding remarks, summarizing the key takeaways derived from the research. Furthermore, Section VI provides insightful recommendations for future research undertakings, emphasizing potential avenues for further exploration in this field.

2. LITERATURE REVIEW

The literature review section has been compartmentalized into six distinct subsections to facilitates a more structured and reader-friendly exploration of the subject matter. These subsections encompass Internet Banking, Technology Acceptance Model (TAM), Perceived Usefulness, Perceived Ease of Use, Trust, and Government Support.

2.1 Internet Banking

Internet banking, an electronic banking concept often used interchangeably with online banking, encompasses various services provided by banks via the Internet (Hassan & Awan, 2017). By utilizing cutting-edge technologies such as the Internet and World Wide Web, internet banking has revolutionized the way customers participate in financial transactions (Shih & Fang, 2006). Research highlights that online consumer banking approach offers enhanced efficiency, effectiveness, reliabilty, and dedication compared to traditional methods (Hassan & Awan, 2017). Banks must offer Internet banking services if they are to succeed in the electronic commerce sector in the long run (Tan & Teo, 2000).

In today's competitive business landscape, numerous organizations have adopted e-business as an integral component of their overall strategy (Chong et al., 2010; Wang et al., 2003). The use of information technology in the banking industry enables innovative products and services to be offered to customers, improving the quality of service. It supports data acquisition, management, and delivery to clients, benefiting public, private, and foreign banks (Tan & Teo, 2000).

With the emergence of the Internet and its advancements, the banking system has become increasingly advanced and user-friendly. Current and future generations have grown to find internet banking more convenient and advanced. However, its complexity persists, as consumers need to adapt to the technology and change their behavioral patterns. Some consumers find it challenging to adapt both internet technology and the intricate nature of financial services, making internet banking adoption more complicated. Consumer understanding of these factors significantly influences their acceptance and intention to use internet banking services (Hassan & Awan, 2017). Although the Bank is advocating for and investing in building a digital commerce infrastructure, the eventual success of such a movement will be determined by customer opinion and their readiness to accept e-banking (Shahriar, 2014).

2.2 Technology Acceptance Model

To determine how widely IT applications like internet are being used, various studies and research have been carried out. To understand the factors that influence consumer acceptance of new technologies, different frameworks have been developed. Since, online banking falls within the category of technological innovations, it can be examined by drawing insights from existing research on how people adopt new innovations (Chong et al., 2010). Based on TAM, users' perception of usefulness and ease of use is what determines their willingness to use new technology (Davis, 1989).

The TAM was deemed to be the most appropriate core theoretical foundation for the study out of all other theories and analytical models available (Al Khasawneh, 2015; Eriksson, Kerem & Nilsson, 2005). TAM is a widely employed model for investigating how individuals adopt technology (Davis, 1989). The TAM constructs, however, lack the ability to fully capture the unique effects of technology and usage context that might influence acceptance of technology (Koksal, 2016). Numerous studies contend that solely relying on TAM is inadequate to elucidate users' decisions for adopting technology. Consequently, researchers employ TAM as a foundational model while augmenting it with extra variables tailored to the specific technologies examined (Chong et al., 2010). For example, Pikkarainen et al. (2004) utilized TAM as a core model and incorporated various aspects like enjoyment, the volume of information, and security and privacy

concerns. In another study, Al Khasawneh (2015) expanded TAM by incorporating perceived credibility, perceived trust and attitude. Likewise, Gefen, Karahanna, and Straub (2003) combined trust and TAM in their study of online shopping. Drawing from previous research, this study will utilize TAM as its fundamental framework and expand the model by integrating essential variables for examining the adoption of online banking in Nepal. In particular, the emphasis will be on Nepal-specific factors, such as government support and the degree of confidence Nepalese consumers have in security and privacy features.

2.3 Perceived Usefulness

Davis (1989) asserts that perceived usefulness (PU) is defined as the degree to which a system user believes that utilizing it will save time and effort while improving work efficiency. In relation to internet banking, perceived usefulness is the extent to which it is considered superior to traditional business practices, allowing clients to conduct banking activities with ease, regardless of their location or the time (Chong et al., 2010). Numerous studies have empirically demonstrated the strong and positive influence of perceived usefulness on people's attitudes towards technology adoption (Davis, 1989; Venkatesh & Bala, 2008, Chong et al., 2010). Therefore, the following hypothesis is proposed:

H_1: Perceived usefulness has a significant impact on adoption of internet banking.

2.4 Perceived Ease of Use

Davis (1989) states that Perceived Ease of Use (PEOU) is the extent to which individuals think using a technology will be stress-free and without any complications. Enhancing the user-friendliness and simplicity of a website can eliminate potential obstacles and boost the adoption of online banking services by consumers (Chong et al., 2010). Users anticipate convenience when conducting financial transactions online, aiming to save time and reduce travel (Sanchez-Torres et al., 2018). As a result, technologies that are simple to use and have a faster learning curve tend to be more accepted by users (Pikkarainen et al., 2004). Therefore, the following hypothesis is proposed:

H_2: Perceived ease of use has a significant impact on adoption of internet banking.

2.5 Trust

According to Koksal (2016), trust can be defined as a person's subjective confidence that a specific transaction will proceed in line with their expectations. A customer's trust is influenced by their perception of how well a bank has implemented safety measures and maintained the confidentiality of their personal information. In order for customers to trust their bank, they have to be confident of its reliability and integrity (Eriksson, Kerem & Nilsson, 2005; Chong et al., 2010). When it comes to internet banking, trust is manifested as the conviction that online banking systems are secure and do not present any threats to privacy (Chong et al., 2010). Establishing trust relies heavily on factors like security and privacy. Ensuring customer privacy and security fosters comfort and enhances the confidence towards bank. Consequently, both users of internet banking and the banking sector must emphasize the protection and confidentiality of online transactions and personal data (Hassan & Awan, 2017). Therefore, the following hypothesis is proposed:

H_3: Trust has a significant impact on adoption of internet banking.

2.6 Government Support

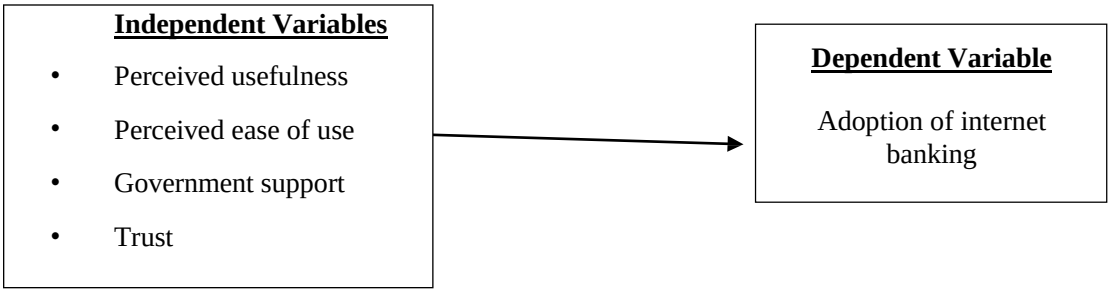
The importance of government support in the adoption of internet banking is widely acknowledged (Tornatzky & Klein, 1982; Jaruwachirathanakul & Fink, 2005). By providing support, the government enables the banking industry to develop a strong infrastructure that

encourages the implementation of online banking services. Furthermore, enacting effective regulations and device policies empowers banks to deliver secure and efficient online banking services to consumers (Shahriar, 2014), thereby facilitating appropriate usage of online banking for Nepalese customers. Research conducted by Tan and Teo (2000) demonstrated the significant influence of government support in Singapore. The government's proactive engagement in promoting the adoption of innovative technologies directly affects customers' choices to use online banking services. Likewise, Chong et al. (2010) discovered that government support significantly influences customers' intentions to use internet banking. Government support, through promotional initiatives, infrastructure support, and well-defined cyber laws, contributes in enhancing users' trust and confidence in online banking. Therefore, the following hypothesis is proposed:

H_4: Government support has a significant impact on adoption of internet banking.

Building upon the preceding discussion, the ensuing conceptual framework has been formulated.

Figure 1
Conceptual Framework



Source: Chong et al., 2010, p.274.

3. RESEARCH METHODOLOGY

The research methodology section comprises the sub-sections on research design, sampling and data collection, variable measurement, reliability test, and analytical tools. Each sub-section is discussed in the following sequence.

Research design serves as a comprehensive blueprint encompassing the plan, structure, and strategic approach for conducting an investigation. Its primary objective is to address research inquiries while adeptly managing variables. In this particular study, a combined approach of descriptive and analytical research methodologies has been employed for both data collection and analysis.

The target population of this study comprises customers of banks within Kathmandu Metropolitan City. The scope of the study was focused on five specific banks located in Kathmandu: Nepal SBI Bank, Global IME Bank, Kumari Bank, Sanima Bank, and Siddhartha Bank. The study employed a convenience sampling method, carefully executing the research using this method while effectively managing biases and uncertainty to obtain valuable information (Golzar et al., 2022). Furthermore, this method does not require a comprehensive list of the entire population (Acharya et al., 2013). In addition, Alvi (2016) states that convenience sampling is a technique that provides

a wealth of qualitative data. Every third bank customer received the survey questionnaire, including both online banking users and non-users.

A total of 306 respondents participated in this survey, of which 73 samples were excluded for incomplete responses, missing data, or low engagement with demographic questions. While customers were handed the survey forms before departing the bank premises, a significant number did not complete the forms in their entirety. As a result, these incomplete submissions were omitted from the analysis. The final usable sample size amounted to 233 respondents, indicating a commendable response rate of 76 percent.

Drawing on the insights of Green (1991), it is recommended that the ratio between independent and dependent variables be within the range of 15 to 1 or 25 to 1. In this study, a total of five variables are considered. Consequently, a sample size of 125 (5 x 25) would suffice for conducting a regression analysis. Given this consideration, the sample size of 233 chosen for this research proves to be more than adequate.

A set of 17 comprehensive items was created to cover the four main independent adoption factors, based on the research by Chong et al. (2010). The survey used ranking-based questions with a five-point Likert scale to measure respondents' level of agreement, from 1 (representing "strongly disagree") to 5 (meaning "strongly agree"). The evaluation of the dependent variable - consumers' intention to use internet banking - also utilized items derived from Chong et al. (2010).

A Cronbach's Alpha value is shown in Table 1, reflecting the variable's reliability, along with the number of items that make up each variable. Notably, Perceived Usefulness yields a reliable coefficient of 0.883 for its 5 items, Perceived Ease of Use attains a high consistency score of 0.943 with 5 items, Trust demonstrates good internal consistency with an Alpha of 0.903 across 3 items, Government Support showcases a satisfactory consistency level of 0.844 with 4 items, and Intention secures a strong internal consistency of 0.915 with 4 items. In general, a Cronbach's Alpha value above 0.6 is considered to be an acceptable indicator of reliability. (Nunnally and Bernstein, 1994). Consequently, the results validate the reliability of the measurement instruments, improving the credibility of the data collected for future studies.

Table 1

Reliability Test

Variables	Cronbach's Alpha	No. of items
Perceived usefulness	0.883	5
Perceived ease of use	0.943	5
Trust	0.903	3
Government support	0.844	4
Intention	0.915	4

Source: Survey data, 2023

Correlation and regression analysis are invaluable tools for assessing and understanding relationships between variables. Correlation analysis helps assess both the nature and strength of connections among a group of variables. The Pearson and Spearman correlation coefficients are used to clarify the relationship between dependent and independent variables. Correlation analysis assesses the degree of association between two variables, while regression analysis goes one step

beyond. It provides detailed insights into the relationship, including slope, forecasting, and outcome characterization. In this context, regression analysis elucidates the relationship's slope, aiding in outcome prediction and relationship characterization. The following regression is used in this study:

$$INTENT = \alpha + \beta_1 PU + \beta_2 PEOU + \beta_3 T + \beta_4 GS + e_i$$

Whereas,

INTENT = Consumer Intention to Use Internet Banking PU = Perceived Usefulness

PEOU = Perceived Ease of Use T= Trust

GS = Government Support e_i= Error Factor

4. RESULTS AND DISCUSSION

The data analysis section has been structured into the following sub-segments: profile of respondent demographics, descriptive statistics, correlation analysis and regression analysis. The subsections are discussed sequentially in the following sections.

4.1 Profile of Respondent Demographics

The survey found that 60.5 percent of respondents were male and 39.5 percent were female. The age distribution indicated that 12.4 percent were below 20, 49.4 percent were in the 20-30 range, 28.3 percent were aged 31-40, and 9.9 percent were above 40. Marital status showed 60.5 percent as single and 39.5 percent as married. Regarding education, 2.6 percent had SLC/SEE qualifications, 15.5 percent had Intermediate (10+2), 51.9 percent held Bachelor's degrees, 28.3 percent had Masters, and 1.7 percent had education above Masters. In terms of occupation, 2.6 percent were in government service, 33.9 percent were private employees, 21.0 percent were self-employed, 31.8 percent were students, and 10.7 percent fell under other categories. This comprehensive overview of demographics provides insights into the composition of the surveyed population. This meticulous breakdown underscores the intricate sociodemographic fabric of the survey participants, offering valuable insights for further analysis and interpretation.

4.2 Descriptive Statistics

A concise description of key survey variables is presented in Table 2, such as Perceived Usefulness (PU), Perceived Ease of Use (PEOU), TRUST, Government Support (GS), and Consumer's Intention to Use Internet Banking (INTENT), based on 233 participants' responses. It presents data on the mean and standard deviation (S.D) for each variable. With a mean of 3.92 (1.02), PU demonstrates a significant impact on respondents' intention to utilize internet banking services. PEOU has the highest mean at 4.00 (1.04), which implies that participants perceive the ease of use of internet banking as advanced when considering their intentions. Meanwhile, TRUST has a mean of 3.59 (1.07), showing that users have an acceptable degree of confidence in internet banking's privacy and security. GS has a mean of 3.21 (0.93), indicating that its influence on users' intentions is satisfactory. Likewise, the INTENT variable has a mean of 3.94 (1.02), suggesting that respondents are notably willing to use internet banking services provided by five banks in

Kathmandu Metropolitan City: Nepal SBI Bank, Global IME Bank, Kumari Bank, Sanima Bank, and Siddhartha Bank. This overview highlights the respondents' views and inclinations about the topic under investigation.

Table 2
Descriptive Statistics

Variables	N	Mean	Std. deviation
PU	233	3.92	1.02
PEOU	233	4.00	1.04
TRUST	233	3.59	1.07
GS	233	3.21	0.93
INTENT	233	3.94	1.02

Source: Survey data, 2023

4.3 Relationships among Variables

Table 3 displays a correlation matrix that illustrates the relationships among variables. Each cell's values depict Pearson correlation coefficients, signifying the associations' strength and direction between pairs of variables, thus providing a more profound comprehension of their interdependencies and potential effects. The empirical data demonstrated that all independent variables had strong connections with internet banking usage at a 1 percent significance level.

There was a high positive and statistically significant Pearson correlation ($r = 0.729$, $p < 0.01$) observed between perceived usefulness and a consumer's intention to use internet banking. This implies that when perceived usefulness rises, so does the intention to use internet banking. In a similar manner, the notable Pearson coefficient (r) value for the relationship between perceived ease of use and intention to use internet banking was 0.818 (2-tailed, $p < 0.01$). This signifies a strong positive connection between the two variables that is also statistically significant. Consequently, we can deduce that an increase in the intent to utilize internet banking corresponds with an increase in perceived ease of use.

Similarly, the Pearson coefficient (r) for trust and intention to use internet banking stood at 0.685, with a significance level of r (2-tailed) $p < 0.01$, signifying a moderate positive correlation between the two variables and demonstrating statistical significance. As a result, the information implies that with an increase in trust, the intention to employ internet banking also rises. Moreover, the Pearson correlation (r) for government support and the intention to use internet banking was found to be 0.625 at a 0.01 significance level, indicating a moderate positive correlation between these variables and a statistically significant relationship. Consequently, it can be inferred that greater government support leads to an increased inclination to adopt internet banking, suggesting that individuals are more likely to engage in internet banking when they perceive government support. The study employed the Variance Inflation Factor (VIF) to evaluate multicollinearity among independent variables. VIF values spanned from a minimum of 2.494 to a maximum of 3.427, as indicated in Table 4. Since all VIF values fall below ten, there is no indication of multicollinearity (Chong & Ooi, 2008). Furthermore, Tolerance values exceeding 0.10 serve as additional proof that no multicollinearity issues are identified in this research (Chong et al., 2010).

Table 3

Correlation Matrix

	INTENT	PU	PEOU	T	GS
INTENT	1				
PU	0.729**	1			
PEOU	0.818**	0.793**	1		
TRUST	0.685**	0.714**	0.751**	1	
GS	0.625**	0.655**	0.686**	0.746**	1

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

Source: Survey data, 2023

4.4 Impact Analysis

A Multiple Regression analysis was conducted to examine the association between factors influencing online banking adoption and users' intention to use online banking services. Regression analysis represents a statistical method for determining relationships among variables within statistical modeling. This approach covers various techniques for modeling and evaluating multiple variables, primarily concentrating on comprehending the connection between dependent and independent variables.

Table 4

Regression Analysis

	Beta	SE	B	P-value	Tolerance	VIF
(Constant)	2.007	0.641		0.002		
Perceived Usefulness	0.140	0.051	0.173	0.007	0.333	3.006
Perceived ease of use	0.457	0.053	0.582	0.000	0.292	3.427
Trust	0.116	0.082	0.091	0.160	0.321	3.112
Government Support	0.049	0.064	0.045	0.440	0.401	2.494
R^2	0.693					
F-statistic	128.599					
Adj. R^2	0.687					
N	233					

Note. *$p < 0.05$

Source: Survey data, 2023

As illustrated in Table 4, the model, without considering any moderating variables, has an R-squared (R^2) value of 0.693 and an adjusted R-squared (Adj. R^2) value of 0.687, indicating that 69.3 percent of the dependent variables can be explained by independent variables. The p-value for F in each model amounts to 128.599, while the significance value stands at 0.000 with a level of significance at 0.01. As a result, the research infers that regression possesses explanatory capabilities and that every independent variable influences a consumer's intent to adopt online banking.

Based on empirical evidence, perceived ease of use (PEOU) has the most significant impact on consumer intention to use internet banking, with a coefficient of 0.457. It is followed by perceived usefulness (PU) at 0.140, trust (T) at 0.116, and government support (GS) at 0.049. The p-values for PU and PEOU are under 0.05, signifying a substantial effect on consumers' intention to use internet banking. Concerning individual model variables, the first variable indicates that PU ($\beta = 0.140$, $p < 0.05$) significantly and positively influences consumer intention to adopt online banking, aligning with earlier research (Eriksson et al., 2005; Jaruwachirathanakul & Fink, 2005; Pikkarainen et al., 2004; Chong et al., 2010).

Similarly, the second variable, PEOU ($\beta = 0.457$, $p < 0.05$), considerably and positively affects consumer intention to use internet banking. This finding resembles the TAM model and aligns with previous studies (Hassan & Awan, 2017; Wang et al., 2003; Koksal, 2016; Shahriar, 2014). However, it contradicts earlier research findings (Chong et al., 2010; Pikkarainen et al., 2004) that reported no significant influence of PEOU on internet banking adoption intentions.

Trust, the third variable ($\beta = 0.116$, $p > 0.05$), does not have a significant impact on consumer intention to use online banking, contradicting previous studies (Shahriar, 2014; Sanchez-Torres et al., 2018; Chong et al., 2010). However, this finding aligns with Pikkarainen et al.'s (2004) research, suggesting that security and privacy do not significantly affect internet banking intentions. Additionally, the fourth variable, government support ($\beta = 0.049$, $p > 0.05$), does not significantly influence consumer intention to adopt online banking, confirming Sanchez-Torres et al.'s (2018) results and contradicting earlier research that found this variable to be crucial, especially in Asian countries (Jaruwachirathanakul & Fink, 2005; Shahriar, 2014; Chong et al., 2010; Tan & Teo, 2000).

5. CONCLUSION

This research aimed to explore factors that differentiate customers with high intentions to embrace online banking in Nepal. The findings show that online banking aspects are measured by perceived usefulness, perceived ease of use, trust, and government support. Using multiple regression for empirical analysis reveals significant influences of perceived usefulness and ease of use on internet banking adoption, consistent with prior TAM research. However, the extended variables – trust and government support – displayed no considerable impact on adoption, though the overall model exhibits statistical significance. From Pearson correlation analysis, it is evident that there is a strong relationship between independent variables (perceived usefulness, perceived ease of use, trust, and government support) and the dependent variable – consumers' intention to use online banking.

This research aimed to contribute both theoretically and practically by improving the Technology Acceptance Model (TAM) through the addition of two new constructs: trust and government support. In developing countries, particularly those like Nepal actively pursuing economic development, trust in security and privacy holds special significance in shaping consumers' intentions to embrace online banking. Furthermore, in numerous developing countries where the government significantly influences economic planning, the model effectively highlights

the crucial role of government support in promoting online banking adoption. This model holds potential for utilization in future studies on online banking within developing nations. The empirical examination of this model, designed to clarify the intent to use internet banking in Nepal, offers an in-depth understanding of the factors behind internet banking success, particularly in developing countries like Nepal. While internet and e-commerce have been well-established in Western and developed countries for an extended period, in Nepal, the internet is relatively new, especially in rural areas. For most consumers, conducting online banking transactions is still a novel concept. Furthermore, since e-business is a relatively novel concept in Nepal and considering that Nepalese users may possess unique cultural aspects compared to Western users, it is essential to investigate whether factors such as government support and trust in privacy and security influence their decision to adopt online banking.

In addition to theoretical considerations, the study's outcomes can guide bank decision-makers in devising effective strategies for enhancing online banking adoption. Enhancing website security and privacy can boost user trust, facilitate the incorporation of user-centric features by banks, and foster adoption. The model's applicability extends to developing nations like Nepal, emphasizing the significance of government support in driving online banking adoption. The insights hold significant value for professionals, online banking developers, decision-makers, and service providers, proposing forward-thinking strategies to advance the widespread adoption of internet banking. This contributes to banking industry growth, enhances consumer online banking habits, and opens avenues for industry expansion.

This research study possesses several limitations. Firstly, it operates under the assumption that the majority of internet banking users in Nepal are urban residents with higher levels of education. The study exclusively focused on respondents within Kathmandu Metropolitan City, thereby reducing the generalizability of the outcomes to the broader population. Subsequent research endeavors should consider extending the model to encompass other geographical areas. Secondly, the study's sample size was restricted to just 233 respondents from Kathmandu Municipality. Consequently, there exists the potential for variance in results if the sample size and coverage were expanded to a larger scale.

Thirdly, all analyses conducted in this study were quantitative in nature. The possibility remains that different outcomes could be obtained through the utilization of alternative mechanisms, such as interviews or diverse research methodologies. Furthermore, this research establishes a basis for future inquiries in the field of internet banking. Specifically, the lack of previous research examining the role of Nepalese government support as an additional variable within the Technology Acceptance Model (TAM) is noteworthy, as it directly affects online banking adoption. Consequently, this investigation offers a basis for additional inquiries within the Nepalese banking sector.

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