Study on Internet Banking Services of Commercial Banks in Nepal

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Abstract

Most of the banks and financial institutions of Nepal have been moving towards the e-Banking system as all of them want to increase customer satisfaction and relationship (especially in terms of time), scope, and transaction facilities. The scope of this study is to analyze different Internet banking services and their parameters provided by commercial of Nepal.

The study used a questionnaire by using Google Form, which was provided to the respondents in their email addresses for primary data collection. A sample of four respondent's banks, from 27 banks(Nepal Rasta Bank 2021) and different 18 attributes were taken to analyze their performance.

The comparative study is done by analyzing_different Internet banking services and their parameters provided by commercial banks such as Transaction-Intra and Interbank, Merchant tie-up, Wallet Support, Utility payment, Transaction cost, Transaction Limit, and IPS connectivity by using bar charts analysis.

The study shows that there are no single parameters that can be used to compare the services. Thus, the model of study proposed here is helpful for the comparison of services of financial institutions. Further, the model can be implemented to compare any kind of services in any service-oriented organizations

1. INTRODUCTION

1.1 Background and Significance

e-Banking is simply the use of ICT for delivering financial services to different sectors as well as individuals through the use of the internet. Customers can access their account and conduct many transactions by using e-Banking with the help of Mobile, computer, or any other platform**.** Internet banking, also referred to as e-Banking in the context of Nepal, is going to be popular in terms of serving multiple financial services like fund transfer, utility payments, top-ups, etc.

Many of the banks and financial institutions of Nepal have been moving towards the e-Banking system as all of them want to increase customer satisfaction and customer relationship, especially in terms of time, scope, and transaction facilities. Kumari Bank started its e-Banking services in 2002; its e-Banking service is the first e-Banking service in Nepal(khalti 2020). Nowadays most financial institutions have their e-Banking service and they serve their service under Nepal Rastra Bank guidelines. In this paper, we are going to conduct a comparative analysis of different Internet banking services provided by commercial banks in Nepal. Under Nepal Rastra bank, a total of 27 commercial banks (NRB, 2020)is running and all of them have Internet banking. The comparative study is done by analyzing different Internet banking services and their parameters provided by commercial banks such as Transaction-Intra and Interbank, Merchant tie-up, Wallet Support, Utility payment, Transaction cost, Transaction Limit, and IPS connectivity.

1.2 Statement of Problem and Scope

Although Internet Banking is the most popular and essential service for each customer as well as banks, in the context of Nepal, there are many limitations and obstacles over internet banking due to the limited access of internet facilities and ICT awareness.

Even if almost all banks of Nepal have started Internet banking, they are not able to provide all of the services under it. In terms of service delivery through e-Banking, variations can be observed between the commercial banks, e.g., all of them do not have the same transaction charge and limitation. Some of them support Merchant payment and some of them do not. Banks should enhance their internet banking services to attract more customers. This study so focuses on the comparison of different internet banking services of different commercial banks. This study is most important for both banks and customers as customers will be able to choose their needs for convenient internet banking. On the other hand, the number of customers will increase due to effective internet banking. As a service provider, banks should know the influencing factors that affect the customer's relations, revenue, and overall business objectives. Internet banking service is one of the important influencing factors so every bank should manage their internet banking most effectively and efficiently.

1.3 Research Objectives

This research aims to compare different banking services provided by commercial banks in Nepal. Further, it also works to identify the different internet banking services provided by commercial banks.

2. Literature Review

In this 21st era, most of the banking sectors, as well as financial sectors, are running with virtual banking services. Not only in developed countries, but developing countries are also applying virtual banking to there are customers. In the context of Nepal, many researchers researched internet banking services and they tried to convey the message about all services provided by Nepalis banks.

Kumar and Gaire, (2018) researched the group of 199 customers of different 19 Commercial banks of Surket District and information collected from the respondent was analyzed by using a linear regression model to identify the critical factors of customer satisfaction. In this study, ANOVA analysis and coefficient have been calculated and examined the cause of independent variable on the dependent variable. The results suggested that accessibility, convenience, security, privacy, processing speed and fee, and charges, etc., significantly influence client satisfaction with Internet banking. In this study, only influencing factors are predicted, but Comparative analysis was not performed.

Jyoti Raj Khattri (2013) conducted similar types of research that mainly focused on the use of internet banks and their challenges in the context of Nepal. In this study internet banking facilities and service-related data were collected through different five commercial banks and in another phase, customer-related data were collected through 60 customers of these five commercial banks. These collected data were plotted into different bar diagrams and represented by different diagrams. This study highlighted different challenges of adaptation of new technology and suggested different internet banking service improvement methodologies.

In another research, Durgapal and Bhatta (2016) noted different six service quality factors named as reliability, assurance, tangibility, empathy, access, and responsiveness to finding the comparisons of service quality between public, foreign venture, and private sector banks in Nepal. For this research, a total of 300 respondents is taken from the public, foreign and private sectors. The collected data from these respondents were compared using ANOVA, Kruskal Wallis tests, Tukey's HSD, and Dunn's test. This study found that among the service quality dimensions assurance and tangibility did not show significant differences between banks.

Dr-Pooja Choudhary n.d. (2015)in her research entitled "E-Banking: A Pioneering Service Approach in Commercial Banks in India" tried to explore the role and relevance of e-Banking in India. Instead of a comparison of different e-Banking services provided by

Indian Bank, this paper focused on the process of moving traditional banking to the virtusal banking system, its advantages, challenges, and security issues over internet banking. For this study, different secondary data were collected and these data were represented by different bar diagrams. Simple tabular analysis and relevant graphs were used for analysis purposes.

Hossain et al. (2013) studied different forms and natures of e-Banking systems as well as benefits and Constraints of the e-Banking system in Bangladesh. They tried to suggest effective strategies for developing the e-Banking system in Bangladesh. In this research, secondary data were collected through four different commercial banks in Bangladesh. Not only suggestions and features of the e-Banking system are noted, but a comparative analysis of the e-Banking system among these four commercial banks was also performed. According to this paper, Dutch- Bangala bank provides far better service than the others three.

3. Research Methodology

In this study, only primary data were being used. The questionnaires method was adopted for the generation of data. No, secondary data have been used. Questionnaires have been created by using Google Form, which was provided to the respondents in their email addresses. The email address of respondents was collected by a physical visit to the nearest branch of respective banks.

The responses and questions are reflected in table 1 below.

3.1 Data Collection:

The data set used in this study was collected through different four commercial banks of Nepal in 2021. For data collection, a questionnaire method was used and a total of 22 questions were asked for each respondent with different dimensions. From each respondent, 18 attributes were selected for comparison and others attributes were not relevant for the purpose. The abbreviations used onwards in the tables are as-

- CCBL: Century Commercial Bank

- SBI: Nepal SBI Bank Ltd

- SCB: Standard Chartered Bank Nepal Ltd

- NBB: Nepal Bangladesh Bank

SN	Questions	CCBL	SBI	NBB	SCB
1	**Available Services**				
2	Merchant Payment	YES	YES	YES	YES
3	Utility Payment	YES	YES	YES	YES
4	Fund Transfer	YES	YES	YES	YES
5	IPS Transfer	YES	YES	NO	NO
6	Load Wallet	YES	No	YES	YES
7	Statement	YES	YES	NO	YES
8	Check Book Request	YES	YES	YES	YES
9	DMAT Statement	NO	YES	NO	NO
10	Others	NO	No	NO	2 Services
11	IPS Transfer Support?	YES	YES	0	NO
12	Linked Account Verification of Connect IPS through internet banking.	YES	NO	YES	NO
13	Any Charges for Intra-Bank Transfer?	NO	NO	NO	YES
15	Number of Transaction Allowed per Day	10	100	10	100
16	Limit of amount per transaction.	100000	Unknown	50000	500000
17	What is the limit of transaction amount per day?	1000000	100000	100000	1000000
18	Limit of transaction amount per month.	3000000	10000000	500000	50000000

SN	Questions	CCBL	SBI	NBB	SCB
19	If your bank provides services other than those noted above, please mention them below.	1	0	0	1

Table 1 Raw Data

4. Analysis

4.1 Data Analysis

The response of all the criteria under consideration for analysis was quantified for the quantitative analysis and comparison and is shown in table 2. The value '1' was provided for one service available and '0' if the service was not available as shown in table 2. The value '1' was given for yes and '0' for no to the responses of yes/no questions. Criteria no. 8 was quantified as 17 being the highest value. A similar approach was applied to criterions no.2 and 10. Criterion 20 is the total from the transaction criteria quantified (Table 5).

For criterion 13 the answer yes indicates the negative response whereas no indicates positive, thus value '0' is provided for yes, and value '1' is provided for no.

SN	Criterions	CCBL	SBI	NBB	SCB
1	Available Services	7	7	5	8
2	Merchants supported	1	0.015	0	0.05
3	Number of Wallet Loading supported.	2	1	4	1
4	Water Bill Payment Support.	1	1	0	1
5	Electricity Bill Payment Support.	1	1	0	1
6	Top-up Service	4	2	4	4
7	Internet bill payment (ISP top-up) service	1	0	1	1
8	Number of ISPs Supported.	0.6	0	0.24	1
9	Fund Transfer Support?	1	1	1	1
10	Number of Banks associated for Inter Bank Fund	0.96	0.96	0	1

SN	Criterions	CCBL	SBI	NBB	SCB
	Transfer (Not IPS/NHCL transfer)?				
11	IPS Transfer Support?	1	1	0	0
12	Linked Account Verification of Connect IPS through internet banking.	1	0	1	0
13	Any Charges for Intra-Bank Transfer?	0	1	0	0
19	If your bank provides services other than those noted above, please mention them below.	1	0	0	1
20	Total from Table 5	1	2	0	3
	Total	**23.56**	**17.98**	**16.24**	**23.05**

Table 2 Overall Quantization

Available Services	CCBL	SBI	NBB	SCB
Merchant Payment	1	1	1	1
Utility Payment	1	1	1	1
Fund Transfer	1	1	1	1
IPS Transfer	1	1	0	0
Load Wallet	1	0	1	1
Statement	1	1	0	1
Check Book Request	1	1	1	1
DMAT Statement	0	1	0	0
Others	0	0	0	2
Total	**7**	**7**	**5**	**8**

Table 3 Quantified Available Services

Transaction Criterions	CCBL	SBI	NBB	SCB
Number of Transaction Allowed per Day	10	100	10	100
Limit of the amount per transaction.	100000	Unknown	50000	500000

What is the limit of transaction amount per day?	1000000	100000	100000	1000000
Limit of transaction amount per month.	3000000	10000000	500000	50000000

Table 4 Transaction Criterions

Table 2 shows the different transaction criteria of these 4-commercial banks. The records were quantified by converting the highest value as **1** and the lowest value as **0**. Table 3 is a quantification of table 2.

Transaction Criterions	CCBL	SBI	NBB	SCB
Number of Transaction Allowed per Day	0	1	0	1
Limit of amount per transaction.	0	0	0	1
What is the limit of transaction amount per day?	1	0	0	1
Limit of transaction amount per month.	0	1	0	0
Total	**1**	**2**	**0**	**3**

Table 5 Transaction Criterions Quantified
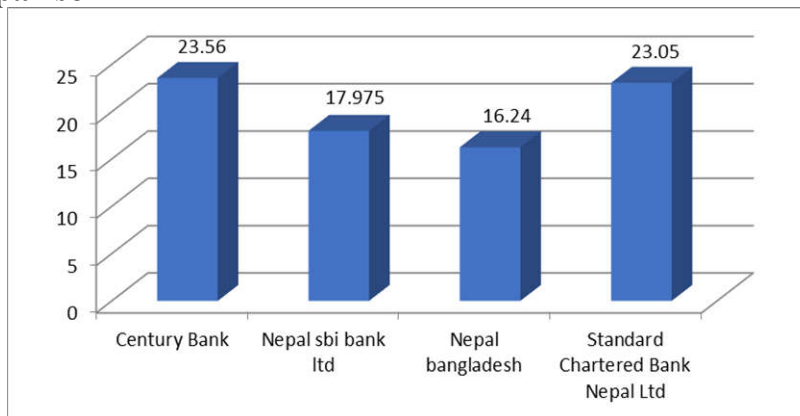
4.2 Comparison

Figure 1 Comparative value

Figure 1 shows the overall quantified value of the different four banks. It is clearly shown that Century commercial bank has the highest quantified value (23.56) than the other three. Then Standard Chartered bank has 23.05 average quantified values. The other two banks namely Nepal SBI and Nepal Bangladesh bank haves slightly lesser than others that is, 17.97 and 16.24 respectively.

4. Conclusion

Internet banking service is one of the important influencing factors so every bank should manage their internet banking most effectively and efficiently. The study above considered 18 different parameters of internet banking to compare the quality of internet banking in terms of features and services only, provide by four commercial banks of Nepal which were chosen randomly on the first response first basis. Among these banks, it is clear that the service of CCBL is of higher quality as its average quantified value is seen to be slightly higher than the others that can be observed in figure 1 above. The analysis and comparative study presented in this study propose the model that can be utilized to perform the comparative study in any service-oriented industry.

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