

Relationship between digital finance technology and profitability in Nepalese commercial banks

Abhishek Shrestha*

Abstract

This study examines the relationship between digital finance technology and profitability in Nepalese commercial banks. The selected independent variables are ATM networks, mobile banking, internet banking, digital wallet, digital lending and point of sales. The profitability of banks is selected as a dependent variable. The primary source of data is used to assess the opinions of the respondents regarding digital finance technology and profitability in Nepalese commercial banks. The study is based on primary data which were collected from 125 respondents. To achieve the purpose of the study, a structured questionnaire is prepared. Regression models are estimated to test the significance and importance of digital finance technology on the profitability in Nepalese commercial banks.

The result shows that ATM network has a positive impact on profitability of banks. It indicates that the increase in ATM networks of commercial banks leads to an increase in profitability of banks. Similarly, internet banking has a positive impact on profitability of banks. It indicates that the increase in use of internet banking of commercial banks leads to an increase in profitability of banks. Likewise, mobile banking has a positive impact on profitability of banks. It indicates that better mobile banking facilities of commercial banks lead to an increase in profitability of banks. In addition, digital wallets have a positive impact on profitability of banks. It indicates that better digital wallets lead to an increase in profitability of banks. Further, digital lending has a positive impact on profitability of banks. It indicates that the increase in digital lending provided by commercial banks leads to an increase in profitability of banks. Moreover, the point of sale has a positive impact on profitability of banks. It indicates that the better point of sale technology of commercial banks leads to an increase in profitability of banks.

Keywords: profitability of banks, ATM networks, mobile banking, internet banking, digital wallet, digital lending and point of sales

1. Introduction

The financial industry has undergone a digital transition over the past decades, with the emergence of FinTech. This rapidly growing concept has transformed how individuals, businesses and institutions access financial services. It has reshaped the financial landscape through internet connectivity, spearheaded by internet giants. According to Leong and Sung (2018), financial technology is the process of digitizing and modeling data in order to become the main source of income and have economic worth. According to Abreu and Mendes (2012), technological advancements have significantly raised the bar for service delivery in the financial institution industry. The days of clients waiting in line in banking halls to pay their energy bills, school fees, or other financial activities are over thanks to the development of digital finance (Berger and Deyoung, 2006). They can now use their ATM cards or the internet from the comfort of their homes to do this whenever it's convenient for them. The majority of financial institutions have also taken advantage of the unexplored potential and teamed up with mobile phone network providers to provide banking services to their customers, increasing their profitability, as a result of the digital platform's phenomenal growth from industries like mobile phones (Athanasoglou et al., 2008). The internet and mobile technology can simplify instant access for individuals to various financial services such as payments, savings, credit, and investments. In other words, the penetration of mobile phones and the use of the internet can affect access to financial services, which significantly enhances financial inclusion (Lenka and Barik, 2018). This increase in financial access might promptly affect the stability of the financial system (Utari et al., 2012). The

* Mr. Shrestha is a Freelance Researcher, Kathmandu, Nepal.

advancement of digital finance technology, an increasing number of individuals are engaging in formal banking, thereby reducing market risk and enhancing the stability of the financial sector. The reality that digital finance technology fosters growth in the financial sector also presents opportunities for systemic risks.

Financial technology or Fintech is a terminology used to define the use of technology in financial services. FinTech is an application of technology that supports the process of providing financial solutions. FinTech is not limited to specific sectors (e.g. the banking sector) or to a specific business model (e.g. peer-to-peer lending) but covers all financial services and products in the traditional sense. Digital technologies have different natures of origin, which creates their heterogeneity and generates the specifics of the legal relations in which they find coverage, because of their peculiarities. It is important and extremely relevant, based on the nature of their origin and existing properties, to formulate a proper classification of existing elements of digital technologies, in an environment where they have a super-powerful influence - the financial sector of the world economy (Hrytsai, 2022). FinTech companies are emerging and gaining a good market share of the financial services sector. Mobile applications, social networks, machine learning, distributed ledger technology, cloud computing, big data analytics and artificial intelligence increase our access to financial products and services, while raising new risks to financial stability and integrity (Jedrzejowska-Schiffauer et al., 2019). On the one hand, the functionality of digital technologies creates a new platform for human financial activity (including new types of investment assets resulting from blockchain technology, the availability of financial products and services and their personification through the processing and analysis of big data, etc.). On the other hand, moving more and more financial activity into virtual space, changing the format of interaction (from traditional business-to-customer to peer-to-peer and even digital profile-digital profile).

Profitability is defined as a corporation's capacity to generate income over a defined period. Profitability assesses a firm's capacity to produce income from the use of its resources within a defined time period. Profitable refers to the ability to gain benefits from all of a company's activities, firms, or businesses (Muya and Gathogo, 2016). Ogbadu (2009) claimed that profits are frequently used as a benchmark for evaluating a business's performance. The difference between a company's sales revenue and all other costs incurred to produce those sales is its profit. Profitability is considered as a major factor in evaluating the performance of any financial institution such as commercial banks. Earning more money than the bank spends on expenses is how banks become profitable (Bassett and Brady, 2001). The fees a bank charges for its services and the interest it receives in its assets account for the majority of its profit. Interest paid on its liabilities is its biggest outlay of funds. A bank's primary assets are the securities it owns and the loans it makes to people, companies, and other entities; its primary liabilities are its deposits and the money it borrows, either from other banks or through the sale of commercial paper on the money market (Collier et al., 2003). By integrating digital financial technologies banks can enhance profit by reducing overhead costs and attracting larger customers. Cobb (2004) asserts that electronic payments can improve financial transparency, promote government efficiency, strengthen financial intermediation, cut transaction costs, and drive higher GDP and consumption. Customers can manage their everyday financial transactions without physically visiting their local bank branch thanks to electronic payments. Merchants may save money and time by using electronic payment systems instead of cash (Appiah et al., 2016).

Motwani and Vora (2021) investigated impact of digital banking on profitability of public and private sector banks in India. The study discovered that there is a significant relationship between ROE, ROA, and the volume of transactions of public banks' ATM, POS, and mobile banking, but there is an insignificant relationship between ROE, ROA, NPM, and the volume of transactions of private banks. Additionally, Kumar et al. (2024) examined the impact of e-banking on the profitability performance of selected commercial banks in India. The study stated that, using e-banking has positive effect on banks profitability in India. Furthermore, Sujud and Hashem (2017) explored on effect of bank innovations on profitability and return on assets (ROA) of commercial banks in Lebanon. The study revealed that there is a significant positive impact of bank innovations on profitability of Lebanese commercial banks. Likewise, Isa-Olatinwo et al. (2022) assessed the impact of digital financial services on financial performance of commercial banks in Nigeria. The study revealed that there exists a positive relationship between digital financial services (DFS) and bank financial performance. In contrast, Nwakoby et al. (2020) analyzed effect of cashless policy on deposit money banks profitability in Nigeria. The study indicated that cashless policy has a negative and insignificant effect on profit before tax of deposit money banks in Nigeria. Likewise, Wachira et al. (2021) investigated about the digital financial services and their impact on financial performance of commercial banks in Kenya. The study revealed that there was a negative correlation between mobile money, digital payments and performance of commercial banks but the relationship between customer deposits, gross non-performing loan and performance of commercial banks was positive and significant. The study also concluded that the digital financial services offered by commercial banks had a negative impact on the performance of the commercial banks.

In the context of Nepal, with the increasing use of internet, smartphones and digital platforms commercial banks of Nepal are utilizing digital technology to improve service quality and meet customer's demand. Khatiwada (2022) examined the relationship between customer happiness and the quality of e-banking services offered by Nepalese commercial banks. The study found that consumer satisfaction is positively impacted by system availability and dependability, responsiveness, website design, and internet security and privacy. However, online security and privacy are the main factors influencing consumer satisfaction in Nepalese commercial banks, followed by responsiveness. Moreover, the impact of mobile banking, a recent technological development, and its profitability within Nepal's banking industry were investigated by Kunwar and Thakur (2019). The study found that users' intents, attitudes, and perceptions of the bank's profitability are positively impacted by the features of mobile banking. Chhetri (2023) explored electronic banking and its impact on customer satisfaction of Nepalese commercial banks. The findings suggested that there is a strong association between electronic banking and customer satisfaction. In contrast, Khatri and Upadhyaya-Dhungel (2013) investigated online banking's effects on the banking industry in Nepal, as well as its use and difficulties. The study highlighted the challenges banks face while creating and deploying online banking systems. The study concluded that Nepalese commercial banks' inability to effectively draw clients because of their inadequate knowledge of online banking has had a detrimental effect on their productivity and profitability.

The above discussion shows that empirical evidences vary greatly across the studies on the digital finance technology and profitability in banks. Though there are above mentioned empirical evidences in the context of other countries and in Nepal, no such findings using more recent data

exist in the context of Nepal. Therefore, in order to support one view or the other, this study has been conducted.

The major objective of the study is to analyze the relationship between digital finance technology and profitability in Nepalese commercial banks. More specifically, it examines the relationship of ATM networks, internet banking, mobile banking, digital wallet, digital lending and point of sales with the profitability of Nepalese commercial banks.

The remainder of this study is organized as follows: Section two describes the sample, data and methodology. Section three presents the empirical results, and the final section draws the conclusion.

2. Methodological aspects

The study is based on the primary data. The data were gathered from 125 respondents through questionnaire. The respondents' views were collected on ATM networks, internet banking, mobile banking, digital wallet, digital lending, point of sales and profitability of banks in Nepal. The study is based on descriptive and causal comparative research design.

The model

The study assumes that profitability of banks depends upon different variables. The dependent variable selected for the study is profitability of banks. Similarly, the selected independent variables are ATM networks, internet banking, mobile banking, digital wallet, digital lending and point of sales. Therefore, the model takes the following form:

$$PB = \beta_0 + \beta_1 \text{ATM} + \beta_2 \text{IB} + \beta_3 \text{MB} + \beta_4 \text{DW} + \beta_5 \text{DL} + \beta_6 \text{POS} + e$$

Where,

ATM = ATM network

IB = Internet banking

MB = Mobile banking

DW = Digital wallet

DL = Digital lending

POS = Point of sales

PB = Profitability of banks

ATM network was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 7 items and sample items include "The availability of ATMs influences my choice of banks", "ATMs are reliable for cash withdrawals" and so on. The reliability of the items was measured by computing the Cronbach's alpha ($\alpha = 0.833$).

Internet banking was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 7 items and sample items include "Internet banking saves me time compared to traditional banking", "The platform is secure for financial transactions" and so on. The reliability of the items was measured by computing the Cronbach's alpha ($\alpha = 0.792$).

Mobile banking was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 7 items and sample items include “Mobile banking apps are easy to use”, “I find mobile banking safer than carrying cash” and so on. The reliability of the items was measured by computing the Cronbach's alpha ($\alpha = 0.865$).

Digital wallet was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 7 items and sample items include “Digital wallets are a cost-effective alternative to cash”, “I find digital wallets secure for financial transactions” and so on. The reliability of the items was measured by computing the Cronbach's alpha ($\alpha = 0.883$).

Digital lending was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 7 items and sample items include “Digital lending platforms provide faster loan approvals”, “I trust digital lending platforms for borrowing money” and so on. The reliability of the items was measured by computing the Cronbach's alpha ($\alpha = 0.926$).

Point of sales was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 7 items and sample items include “POS terminals make shopping more convenient”, “I trust POS terminals for secure transactions” and so on. The reliability of the items was measured by computing the Cronbach's alpha ($\alpha = 0.895$).

Profitability of bank was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 8 items and sample items include “The adoption of digital finance technologies has improved banking profitability”, “Increased usage of ATMs contributes to profitability” and so on. The reliability of the items was measured by computing the Cronbach's alpha ($\alpha = 0.921$).

The following section describes the independent variables used in this study along with hypothesis formulation.

ATM networks

ATM stands for automated teller machines which are basically used to withdraw cash instantly and balance inquiries. An ATM is a computerized telecommunication device that provides the customer of a financial institution with access to financial transactions in a public space without the need for a human cashier, clerk or bank teller (Cronin, 1998). With time, ATMs have changed from being straightforward cash dispensers to multipurpose gadgets that provide a greater range of financial services (Driga and Isac, 2014). Harelimana (2014) investigated the automated teller machines and profitability of commercial banks in Rwanda. The study found that there is a positive significant relationship between automated teller machines and profitability of banks. Likewise, Abusharbeh (2024) studied technology-profitability paradox in banking sector: evidence from Palestine. The study revealed that investment in ATMs is positively and significantly related to profitability. Furthermore, Nader (2011) examined the effect of banking expansion on profit efficiency of Saudi banks. The study found that number of ATMs makes

positive contribution to profit efficiency of Saudi Banks. Based on it, this study develops the following hypothesis:

H₁: There is a positive relationship between ATM networks and the profitability of banks.

Internet banking

Internet banking refers to the use of the Internet as a remote delivery channel for banking services. Such services include traditional ones, such as opening a deposit account or transferring funds among different accounts, and new banking services, such as electronic bill presentment and payment (allowing customers to receive and pay bills on a bank's Web site) (Furst et al., 2002). Internet banking refers to a set of financial services delivered through digital channels. In essence, this allows customers to access and use financial services via mobile phones, computers, Point-of-Sale (POS) terminals, and Automated Teller Machines (ATMs) (Hakizimana et al., 2023). Rauf et al. (2014) investigated internet banking as determinant of Pakistan banking sector profitability. The study revealed a positive and significant impact of internet banking on ROE and ROA of Pakistan banking sector. In addition, Sukmamuliawanty et al. (2024) studied analyzing the impact of internet banking on profitability in the Indonesian banking sector. The study found that internet banking has a significant positive impact on return on assets. Moreover, Ghose and Maji (2022) analyzed internet banking intensity and bank profitability evidence from emerging Indian economy. The study indicated that the volume and value of internet banking increase the overall profitability of the banks. Based on it, this study develops the following hypothesis:

H₂: There is a positive relationship between Internet banking and the profitability of banks.

Mobile banking

Mobile banking is a term used for performing banking transactions via mobile devices such as mobile phones (Anyasi and Otubu, 2009). Mobile banking provides a few advantages for both banks and customers. Mobile banking removes geographical limitations to customers and therefore brings convenience. Mobile banking also provides efficient cash management and security of cash. Rauf et al. (2014) analyzed the impact of mobile banking on financial performance of commercial banks in Pakistan banking sector. The study revealed that there exists a positive relationship between mobile banking and bank performance. Furthermore, Atukwatse et al. (2024) investigated mobile banking withdraws and profitability of commercial banks in Uganda. The study found that there was a significant positive correlation between profitability and mobile banking. Moreover, Udobi-Owoloja et al. (2020) assessed digital banking and bank profitability in Nigeria. The study found that mobile banking has a positive and significant impact on banks profitability in Nigeria. Based on it, this study develops the following hypothesis:

H₃: There is a positive relationship between Mobile banking and the profitability of banks.

Digital wallet

Digital wallet or e-wallet is where one can keep his money safely. Digital wallets are safe to use as it reduces the complexity of carrying physical money for payment, instead the payments are made electronically which helps in promoting cashless transactions. With the digital wallet, transaction in the current technological era became easier. Transaction processing systems provide

tools to facilitate or automate application programming, execution, and administration (Bogaard et al., 2019). Sukmamuliawanty et al. (2024) investigated positive attitudes towards digital wallets in Banjarmasin, Indonesia. The study showed a positive attitude towards using electronic wallets for transactions, based on both direct statements and the Fishbein Model's analysis. In addition, the adoption of digital wallets in Malaysia was observed by Nizam et al. (2019). The study found a positive correlation between the use of digital wallets and bank performance and profitability. Furthermore, Wachira et al. (2021) examined the impact of modern technology on bank performance with a focus on electronic payment. The study showed that digital wallets had a positive effect on bank performance, both in the short run and long run. Udobi-Owoloja (2022) concluded that e-channels including digital wallets contribute positively to banks profitability. Based on it, this study develops the following hypothesis:

H₄: There is a positive relationship between digital wallet and the profitability of banks.

Digital lending

Digital lending refers to the process of providing loans or credit to individuals and organizations through online platforms, leveraging technical breakthroughs and digital networks (Akhileshwari and Majumdar, 2023). Digital lending is the process of offering loans that are applied for, disbursed, and managed through digital channels, in which lenders use digitized data to inform credit decisions and build intelligent customer engagement (Hrytsai, 2022). Ogbadu (2009) analyzed effects of digital lending on bank performance and showed a significant positive relationship between digital lending and overall financial performance. Furthermore, Sedera (2019) investigated the impact of fintech lending on commercial banks and rural banks. The study indicated a strong relationship between Fintech lending and rural banks but with a moderate relationship compared to commercial banks. Moreover, Atukwatse et al. (2024) examined mobile banking loans and profitability of commercial banks in Uganda. The study showed that there was a significant positive correlation between profitability and mobile bank loans. Based on it, this study develops the following hypothesis:

H₅: There is a positive relationship between digital lending and the profitability of banks.

Point of sales

The point of sale (POS) or point of purchase (POP) is the time and place where a retail transaction is completed. It is the point at which a customer makes a payment to the merchant in exchange for goods or after the provision of a service (Okeke et al., 2017). An electronic point of sales terminal of payment system is used for instant payment of goods and services, the terminal is user-friendly, simple to operate, and has multi-functional equipment with many possibilities of use. It enables the operators to receive and transmit payments to/from customer account in a simple way and subsequently to record the payments for proper accounting purposes (Mohammed et al., 2022). Le and Ngo (2020) investigated the determinants of bank profitability. The study found that there is a positive relationship between the point of sale (POS) terminals and bank profitability. Furthermore, Karimzadeh et al. (2014) analyzed the effects of electronic banking expansion on profitability of a commercial bank (Sepah bank of Iran). The study showed that POS has a positive effects on the bank profitability. Based on it, this study develops the following hypothesis:

H₆: There is a positive relationship between Point of Sales and the profitability of banks.

3. Results and discussion

Correlation analysis

On analysis of data, correlation analysis has been undertaken first and for this purpose, Kendall's Tau correlation coefficients along with means and standard deviations have been computed, and the results are presented in Table 1.

Table 1

Kendall's Tau correlation coefficients matrix

This table presents Kendall's Tau correlation coefficients between dependent variable and independent variables. The correlation coefficients are based on 125 observations. The dependent variable is PB (Profitability of bank). The independent variables are ATM (ATM networks), IB (Internet banking), MB (Mobile banking), DW (Digital wallets), DL (Digital lending), and POS (Point of sales).

Variables	Mean	S.D.	PB	ATM	IB	MB	DW	DL	POS
PB	4.077	0.660	1						
ATM	3.944	0.680	0.413**	1					
IB	3.993	0.613	0.397**	0.627**	1				
MB	4.073	0.613	0.506**	0.511**	0.522**	1			
DW	3.966	0.680	0.590**	0.482**	0.453**	0.521**	1		
DL	3.727	0.835	0.435**	0.554**	0.534**	0.495**	0.558**	1	
POS	3.879	0.719	0.451**	0.539**	0.501**	0.450**	0.535**	0.598**	1

Notes: The asterisk signs (**) and (*) indicate that the results are significant at one percent and five percent level respectively.

The result shows that ATM network is positively correlated to profitability of banks. It indicates that the increase in ATM networks of commercial banks leads to an increase in profitability of banks. Similarly, internet banking has a positive relationship with profitability of banks. It indicates that the increase in the use of internet banking of commercial banks leads to an increase in profitability of banks. Likewise, mobile banking has a positive relationship with profitability of banks. It indicates that better mobile banking facilities of commercial banks lead to an increase in profitability of banks. In addition, digital wallets are positively correlated to profitability of banks. It indicates that better digital wallets lead to an increase in profitability of banks. Further, digital lending is positively correlated to the profitability of banks. It indicates that the increase in digital lending provided by commercial banks leads to an increase in profitability of banks. Moreover, the point of sale has a positive relationship with profitability of banks. It indicates that the better point of sale technology of commercial banks leads to an increase in profitability of banks.

Regression analysis

Having indicated the Kendall's Tau correlation coefficients, the regression analysis has been carried out and the results are presented in Table 2. More specifically, it shows the regression results of ATM networks, internet banking, mobile banking, digital wallet, digital lending and point of sales on profitability of banks in Nepal.

Table 2

Estimated regression results of ATM networks, internet banking, mobile banking, digital wallets, digital lending, point of sale on the profitability of banks

The results are based on 125 observations using linear regression model. The model $PB = \beta_0 + \beta_1 ATM + \beta_2 IB + \beta_3 MB + \beta_4 DW + \beta_5 DL + \beta_6 POS + e$, where dependent variable is PB (Profitability of bank). The independent variables are ATM (ATM networks), IB (Internet banking), MB (Mobile banking), DW (Digital wallets), DL (Digital lending), and POS (Point of sales).

Models	Intercepts	Regression coefficients of						Adj. R_{bar}^2	SEE	F-value
		ATM	IB	MB	DW	DL	POS			
1	1.728	0.595						0.371	0.524	74.091
	(6.243) **	(8.608) **								
2	1.238		0.711					0.431	0.498	95.104
	(4.201) **		(9.752) **							
3	0.816			0.801				0.549	0.443	151.812
	(3.048) **			(12.321) **						
4	1.425				0.699			0.470	0.480	111.174
	(5.585) **				(10.544) **					
5	2.519					0.418		0.274	0.563	47.767
	(10.902) **					(6.911) **				
6	2.060						0.520	0.315	0.546	58.128
	(7.659) **						(7.624) **			
7	1.001	0.286	0.488					0.471	0.480	56.234
	(3.410) **	(3.198) **	(4.932) **							
8	0.564	0.150	0.150	0.571				0.570	0.433	55.719
	(2.036) *	(1.772)	(1.371)	(5.379) **						
9	0.459	0.050	0.131	0.445	0.274			0.600	0.417	47.546
	(1.708)	(0.576)	(1.240)	(4.058) **	(3.201) **					
10	0.455	0.055	0.134	0.443	0.278	-0.010		0.597	0.419	37.731
	(1.678)	(0.591)	(1.238)	(3.993) **	(3.044) **	(-0.149)				
11	0.434	0.044	0.131	0.437	0.271	-0.029	0.052	0.595	0.420	31.331
	(1.582)	(0.469)	(1.198)	(3.914) **	(2.935) **	(-0.385)	(0.596)			

Notes:

- Figures in parenthesis are t-values
- The asterisk signs (**) and (*) indicate that the results are significant at one percent and five percent level respectively.
- Profitability of bank is the dependent variable.

Table 2 shows that the beta coefficients for ATM network are positive with the profitability of banks. It implies that ATM network has a positive impact on the profitability of banks. This finding is consistent with the findings of Abusharbeh (2024). Similarly, the beta coefficients for internet banking are positive with the profitability of banks. It indicates that internet banking has a positive impact on the profitability of banks. This finding is similar to the findings of Sukmamuliawanty et al. (2024). Moreover, the beta coefficients for mobile banking are positive with the profitability of banks. It implies that mobile banking has a positive impact on the profitability of banks. This finding is consistent with the findings of Udobi-Owoloja et al. (2020). Likewise, the beta coefficients for digital wallets are positive with the profitability of banks. It implies that digital wallet has a positive impact on the profitability of banks. This finding is similar to the findings of Nizam et al. (2019). Furthermore, the beta coefficients for digital lending are positive with the profitability of banks. It means digital lending has a positive impact on the profitability of banks. This finding is consistent with the findings of Atukwatse et al. (2024). Lastly the beta coefficients for point of sale are positive with the profitability of banks. It implies that point of sale has a positive impact on the profitability of banks. This finding is similar to the findings of Le and Ngo (2020).

4. Summary and conclusion

Digital finance technology refers to the use of digital tools and systems to deliver and manage financial services provided by banks. It is taking traditional financial activities like banking, payments, lending and investing and performing them using technologies such as computers, smartphones and the internet instead of using physical branches and manual processes. By improving digital finance technology commercial banks can save time, improve efficiency and improve customer experience, ultimately improving profitability. So, commercial banks should focus on adopting new technologies to enhance their performance and profitability.

This study attempts to examine the impact of digital finance technology on the profitability in Nepalese commercial banks. The study is based on primary data with 125 respondents.

The major conclusion of the study is that ATM networks, internet banking, mobile banking, digital wallet, digital lending and point of sales have positive impact on the profitability of Nepalese commercial banks. The adoption and integration of ATM networks, internet banking, mobile banking, digital wallet, digital lending and point of sales have had a beneficial and revolutionary effect. Together with increasing operational efficiency and cost-effectiveness within their business, these services from commercial banks have significantly improved customers' convenience and satisfaction. The study also concludes that mobile banking, followed by internet banking and digital wallet, are the most significant factors that impact the profitability of Nepalese commercial banks.

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