Factors Influencing the Willingness to Use E-Banking: A Study of Management Students in Pokhara, Nepal

Shandhya Pokhrel* ⓘ

ABSTRACT

This study explores the factors that influence management students' intention to use online banking services in Pokhara, Nepal. Drawing on the Technology Acceptance Model (TAM), it examines the impact of perceived usefulness (PU), e-service quality (ESQ), and perceived ease of use (PEOU) on students' behavioral intention to adopt online banking. Data were collected from 155 students through a structured questionnaire, and the analysis employed descriptive statistics, correlation analysis, and multiple regression techniques. The results indicate that PU and PEOU significantly predict behavioral intention, whereas ESQ does not show a significant effect, suggesting that service quality functions as a basic expectation rather than a motivating factor for this technologically proficient group. The findings imply that Nepalese banks should focus their marketing efforts on highlighting the advantages and user-friendliness of e-banking platforms while consistently maintaining acceptable service quality standards. The study confirms the relevance of the TAM framework in the Nepalese context and enhances understanding of the role of ESQ in e-banking adoption. Students expressed highly positive perceptions across all measured dimensions, and the results contribute valuable insights into the usefulness of e-banking among business students and the key factors driving its continued use in routine banking activities.

Keywords: Behavioral intention, e-banking, e-service quality, perceived ease of use, perceived usefulness

INTRODUCTION

Technology has altered the global financial scene. Nowadays, a major component of the way financial services is provided is electronic banking, or e-banking. Customers benefit from e-banking's increased convenience, effectiveness, and service offerings. Banking practices and the standing of institutions are significantly impacted by this shift. This tendency is particularly apparent among younger, tech-savvy demographics, such as college students, who frequently use digital tools for money management.

The transition to a digital economy is accelerating in Nepal. With over 20 million mobile banking users and roughly 12 million debit card users, recent data from Nepal Rastra Bank (2023) demonstrates a sharp rise in usage. The introduction of credit cards by NABIL Bank in 1990 marked the beginning of this shift. Since then, a number of innovations have emerged, such as

---

* Ms. Pokhrel is a freelance researcher. Email : sandhya.pokhrel886@gmail.com

Himalayan Bank's ATM services, Kumari Bank's Internet banking, and Laxmi Bank's mobile banking (Ghimire, 2022). Despite the quick expansion of infrastructure, there is still a great deal to learn about the factors that influence users to use these services, especially in key demographic groups. For the banking industry's future, management students are a crucial demographic. They are prepared to enter the workforce and possess financial literacy. Future trends can be strongly inferred from their usage patterns. Knowing what motivates them to use e-banking is crucial. In addition to being fascinating from an academic standpoint, financial institutions that wish to develop successful digital strategies must have this knowledge.

The technology acceptance model (TAM) (Davis, 1989) serves as the foundation for this investigation. It looks at what motivates management students in Pokhara, Nepal, to use online banking. Pokhara has distinct socioeconomic dynamics and is a major urban center and educational hub. As the second largest city after Kathmandu and a well-liked domestic and international travel destination, its banking industry provides to a wide range of customers. This makes it an ideal and understudied environment for examining technology adoption trends outside of the capital region. In this case, contextually grounded analysis of user behavior is made possible by a targeted study.

Perceived utility (PU) and perceived ease of use (PEOU) are important considerations when choosing a technology, according to the Technology Acceptance Model (TAM). By including e-service quality (ESQ) as a significant variable, this study expands upon the key TAM components and produces a more comprehensive model for digital banking. By applying and extending the TAM in the unique economic and social context of a developing nation like Nepal, it will also contribute to the body of scholarly literature.

LITERATURE REVIEW

The Technology Acceptance Model (TAM), a groundbreaking framework created by Davis (1989) to explain and forecast user adoption of information systems, serves as the conceptual cornerstone of this study. Perceived usefulness (PU) and perceived ease of use (PEOU) are two fundamental perceptual beliefs that drive a person's behavioral intention (BI) to use a technology. TAM has remained one of the most popular and economical models in this field. The degree to which a person believes that utilizing a specific system would improve their overall effectiveness or job performance is known as PU, whereas the degree to which they believe that using the system would require no mental or physical effort is known as PEOU (Davis, 1989). One of the primary proximal determinants of actual system use is behavioral intention, which is shaped by an individual's attitude toward using the technology, which is formed by these cognitive evaluations.

In the context of e-banking adoption across various cultural and economic contexts, the robustness of TAM has been thoroughly validated. PU is a strong and accurate predictor of adoption intention, as empirical research continuously shows. This is due to the fact that people are inherently driven to use technologies that provide them with observable advantages, like time savings, cost savings, convenience, and enhanced control over their financial affairs (Chungu & Phiri, 2024; Subedi & Tamang, 2023). Similar to this, PEOU has a big impact on intention because users prefer systems that are easy to use, intuitive, and don't have a steep learning curve (Ajam & Nor, 2013; Mansour & Tahraoui, 2024). Additionally, the model identifies a critical causal relationship between these two constructs: It is hypothesized that PEOU significantly improves

PU. Essentially, a technology's perceived ease of use increases the user's perception of its utility, which in turn influences behavioral intention both directly and indirectly.

This study makes the case for the strategic extension of the core TAM constructs in order to better capture the subtleties of the contemporary digital banking environment, even though they offer a strong and verified foundation for comprehending technology adoption. We incorporate e-service quality (ESQ), a third crucial construct. Based on the research of Parasuraman, Zeithaml, and Malhotra (2005), ESQ includes important aspects like responsiveness (fast problem solving), security (safeguarding financial and personal information), and overall digital platform usability. Service quality is not just an extra feature but a basic requirement in the context of financial transactions, where trust and risk are critical considerations. One of the biggest obstacles to the broad adoption of e-banking services is often identified as concerns about system security, privacy, and dependability (Kaur & Sharma, 2022; Khatri & Upadhyaya-Dhungel, 2013). This is especially true in Nepal, where research has shown that characteristics of service quality are important factors that influence customer satisfaction and are closely associated with the sustained use of e-banking platforms (Ayer, 2023; Shrestha et al., 2020). By including ESQ, this study offers a more thorough model that recognizes that adoption is motivated by the basic expectation of a safe, dependable, and excellent service experience in addition to perceptions of ease and utility.

Beyond infrastructure, recent technological developments have fundamentally altered Nepal's e-banking environment. The primary motivator has been the regulatory push from Nepal Rastra Bank (NRB), which has released guidelines intended to encourage electronic payments in order to advance a cashless economy (Nepal Rastra Bank, 2020). As a result, third-party mobile wallets like eSewa and Khalti, which presently serve tens of millions of users, and national systems like the real-time interbank platform Connect IPS, whose transaction volume has significantly increased, have become more popular (IFC, 2023). Therefore, a comprehensive understanding of e-banking adoption in Nepal requires considering this interaction between a rapidly modernizing digital ecosystem and enduring socio-cultural foundations.

The association between these factors and behavioral intention is supported by empirical results in a variety of contexts. In Nepal, Subedi and Tamang (2023) discovered that PU and PEOU were important indicators of the intention to use online banking. According to a study conducted among Kathmandu management students, PU was the best predictor (Sthapit & Bajracharya, 2019). More recent research conducted worldwide continues to support these associations. For example, Mansour and Tahraoui (2024) have shown the importance of PU, PEOU, and trust in Algeria, while Chungu and Phiri (2024) have highlighted the impact of efficiency and dependability (two crucial ESQ components) on satisfaction.

However, there is a noticeable research gap in this area. Although there has been some targeted research among management students in Pokhara, a significant urban center with a unique socioeconomic environment, there has also been research in Kathmandu (Sthapit & Bajracharya, 2019). Additionally, not much research has been done in Nepal to examine the combined impact of PU, PEOU, and ESQ on behavior intention using the TAM model. The theoretical foundations of TAM and the relevant empirical literature:

H₁: Perceived usefulness is positively and significantly impact on intention to use e-banking.

H₂: E-service quality is positive significant influence on e-banking intention to use.

H_3: Behavioral intention to use e-banking is significantly and positively impacted by perceived ease to use.

H_4: behavioral intention to use e-banking is significantly influenced by perceived ease of use.

METHODS

This study combined a descriptive and causal-comparative design in a cross-sectional study design. Management students' current attitudes and e-banking usage were profiled using a descriptive design. The proposed cause-and-effect relationships between the independent variables (perceived usefulness, perceived ease of use, and perceived quality of e-service) and the dependent variable (behavioral intention to use e-banking) were compared and tested using a causal-comparative design.

The population of the study is 1,419 management students enrolled in the 2081/82 academic year at Tribhuvan University's Faculty of Management, Prithvi Narayan Campus, Pokhara. To find participants, a convenience sampling technique was used. The RaoSoft sample size calculator yielded a sample size of 155 with a margin of error of 7.5% and a 99.9% confidence level. It was decided that this sample size was adequate for efficient statistical analysis.

A structured questionnaire was used to gather primary data. To provide a guarantee of validity, the instrument was modified from published scales based on Davis's (1989) Technology Acceptance Model (TAM). Four items on the five-point Likert scale, with 1 denoting "strongly disagree" and 5 denoting "strongly agree," were used to measure the constructs of PU, ESQ, PEOU, and BI. A poor initial response rate from the online questionnaire distribution required a methodological change to provide a sufficient sample size, especially because online dissemination via social media was stated in the proposal. As a result, the last round of data collecting took place on campus, with management students filling out individually administered printed questionnaires. This adaption was critical for achieving the goal sample size, lowering potential digital access obstacles, and improving data dependability through direct contact and explanation of respondents' questions. Finally, the data collected from the physically delivered questionnaires were utilized to conclude the study.

Internal consistency of the scales was examined through Cronbach's Alpha to assess reliability. From Table 1, it can be seen that all constructs were of good to excellent reliability with the values well beyond the minimum requirement of 0.7 (Nunnally, 1978). Data was processed using the Statistical Package for the Social Sciences (SPSS version 20). Descriptive Statistics employ Mean and standard deviation were computed to describe the central tendency and dispersion of data for each construct.

Inferential Statistics employed Correlation analysis is employed Pearson's correlation was computed to determine the strength and direction of the relationships between variables. Multiple linear regression analysis was conducted to check the study's hypotheses and determine the effect of the independent variables (PU, ESQ, PEOU) on the dependent variable behavioral intention (BI). The regression model was specified as:

$BI = \alpha + \beta_1 PU + \beta_2 ESQ + \beta_3 PEOU + \mu$

Where: B_I = Behavioral Intention, α = constant, β_1-β_3 = regression coefficients, μ = error term.

Table 1

Reliability Analysis of Constructs

Variable	Number of Items	Cronbach's Alpha
Perceived Usefulness (PU)	4	0.786
E-Service Quality (ESQ)	4	0.723
Perceived Ease of Use (PEOU)	4	0.839
Behavioral Intention (BI)	4	0.897

Source: Field Survey, 2025

ANALYSIS AND RESULTS

Data was contributed by 155 management students of PN Campus Pokhara. The sample was primarily composed of students in the 20–30 age range (91.7%) and was fairly balanced in terms of gender (54.8% female, 45.2% male). A highly experienced user sample was indicated by the fact that all of the respondents were active e-banking users, with 56.13% using it every day and 76.13% having been using it for more than two years.

The core measures' descriptive statistics analysis showed consistently high mean scores, all of which fell within the "High" interpretation agreement band in Table 2. Behavioral Intention (BI) had the highest mean (M=4.05, SD=0.83), followed by Perceived Usefulness (PU, M=3.96, SD=0.79), E-Service Quality (ESQ, M=3.99, SD=0.86), and Perceived Ease of Use (PEOU, M=4.00, SD=0.83). This reflects a very strong positive attitude towards e-banking and an extremely strong intent to use it among management students.

Table 2

Status of Key Indicators and Behavioral Intention

Variables	Mean	Standard Deviation	Interpretation
Perceived Usefulness (PU)	3.96	0.79	High
E-Service Quality (ESQ)	3.99	0.86	High
Perceived Ease of Use (PEOU)	4.00	0.83	High
Behavioral Intention (BI)	4.05	0.83	High

n=155, Source: Field Survey, 2025

The Relationship between Perceived Usefulness, E-Service Quality, Perceived Ease of Use to Behavioral Intention

Pearson correlation analysis revealed significant, positive relationships between Behavioral Intention and all independent variables. Perceived Usefulness was significantly

positive correlated with BI (r = 0.62, p < .01), followed by E-Service Quality (r = 0.59, p < .01) and Perceived Ease of Use (r = 0.55, p < .01). The inter-correlations among the independent variables were positive and significant this means that when employed independents factors improved individually the behavioral intention of employees is enhanced.

Impact Analysis and Hypothesis Testing

Multiple regression was employed in modeling Behavioral Intention as a function of PU, PEOU, and ESQ. The model was significant, F (3, 151) = 93.29, p < .001, and explained 65% of the variance in Behavioral Intention (R² = 0.65, Adjusted R² = 0.64). The calculating variance influence factors (VIF) is less than five so that there is no collinearity effect among employed variables

The regression results indicate that Perceived Usefulness (PU) and Perceived Ease of Use (PEOU) have a significant positive impact on Behavioral Intention. PU shows the strongest influence (β = 0.43, t = 5.69, p < .001), suggesting that when users perceive the system as useful for improving their performance or efficiency, their intention to use it increases substantially. Similarly, PEOU has a significant positive effect (β = 0.37, t = 4.64, p < .001), indicating that systems perceived as easy to learn and operate enhance users' willingness to adopt and continue using the service. Accordingly, hypotheses H_1 and H_3 are accepted, supporting the core assumptions of the Technology Acceptance Model (TAM).

In contrast, E-Service Quality (ESQ) does not have a significant effect on Behavioral Intention (β = 0.01, t = 0.18, p = 0.860), leading to the rejection of H_2. This finding implies that, in the presence of strong perceptions of usefulness and ease of use, service quality attributes such as responsiveness, reliability, or online support may not directly influence users' intention to use the system. The significant constant term (β = 0.95, p < .001) also indicates a baseline level of behavioral intention independent of the predictors. The findings suggest that functional value and usability are more critical determinants of behavioral intention than e-service quality in the studied context.

Table 3

Impact of Perceived Usefulness, E-Service Quality, Perceived Ease of Use on Behavioral Intention

Predictor	B	t-value	p-value	Hypothesis	Accept / Reject
(Constant)	0.95	4.32	<.001		
Perceived Usefulness (PU)	0.43	5.69	<.001	H_1	Accept
E-Service Quality (ESQ)	0.01	0.18	0.860	H_2	Reject
Perceived Ease of Use (PEOU)	0.37	4.64	<.001	H_3	Accept

DISCUSSION

This study used an extended Technology Acceptance Model (TAM) to determine the factors influencing management students' behavioral intention to use e-banking in Pokhara, Nepal. The results provide strong support for the TAM model's fundamental tenets. The most powerful positive predictor of behavioral intention was perceived usefulness. The implication is that the main factor driving e-banking adoption among management students is the clear advantages it offers, such as convenience, time savings, increased productivity, and ease of handling financial matters. This aligns with numerous Nepalese studies (Subedi & Tamang, 2023), international studies (Mansour & Tahraoui, 2024), and the current TAM (Davis, 1989).

In a similar manner, intention was strongly predicted positively by perceived ease of use (PEOU). This suggests that students will be open to using convenient, user-friendly, and intuitive e-banking platforms. This outcome is consistent with a recurrent finding in international research: the necessity of high-quality user experience (UX) design in digital banking services (Tiong, 2020). The study's most interesting views relates to E-Service Quality (ESQ). After controlling for PU and PEOU, it did not have a significant unique impact in the regression, despite having a strong positive influence on behavioral intention. Accordingly, high service quality (reliability, security, and responsiveness) is a hygiene factor for this cohort of youthful, tech-savvy management students (Herzberg, 1968). High ESQ, which includes dependability, security, and responsiveness, appears to serve as a "hygiene factor" for this group of young, educated, and tech-savvy management students. That is, these characteristics are regarded a baseline expectation; their presence is expected and does not actively promote adoption, but their apparent absence is likely to be a strong barrier, leading to discontent and nonuse.

This finding offers a significant distinction from studies that found ESQ to be a major driver (Chungu & Phiri, 2024; Kaur & Sharma, 2022) in that as a technology develops and becomes more commonplace in a population, the role of factors can change from motivators to hygiene factors. The lack of notable variations by gender or educational attainment indicates that the factors influencing the adoption of e-banking are the same for every member of this uniform unit of management students. Financial institutions can now more easily concentrate on marketing usability and accessibility for everyone.

CONCLUSION

This study concludes that the extended technology acceptance model (TAM) provides a strong explanatory framework for considerate management students' behavioral intention to use e-banking in Pokhara, Nepal. Perceived Usefulness (PU) developed as the most influential predictor, indicating that students are primarily driven by the practical assistances of e-banking such as convenience, time savings, efficiency, and improved financial management. Perceived Ease of Use (PEOU) also had a significant positive effect, highlighting that simple, intuitive, and user-friendly platform improve students' willingness to adopt e-banking services. Together, these findings confirm the core assumptions of TAM and make parallel with both national and international empirical evidence. The contribution of this study is the finding that E-Service Quality (ESQ) does not have a significant exclusive effect on behavioral intention once PU and

PEOU are accounted for. This suggests that for young, educated, and technologically expert management students, service quality dimensions such as security, reliability, and responsiveness are perceived as baseline expectations rather than motivating factors. In this context, ESQ functions as a hygiene factor its presence does not actively encourage adoption, but its absence may lead to dissatisfaction and resistance to use.

Future research can extend these findings by examining different user sectors, such as rural populations, older customers, or non-management students, where ESQ may still function as a strong motivator rather than a hygiene factor. Longitudinal studies could explore how the reputation of TAM variables evolves as digital banking technologies mature further in Nepal. Additionally, future studies may include other constructs such as trust, perceived risk, financial literacy, or social effect to enhance the model's explanatory power and provide a more inclusive understanding of e-banking adoption behavior.

ORCID iD

Shandhya Pokharel https://orcid.org/0009-0001-5001-1651

REFERENCES

Al-Ajam, A. S., & Nor, K. M. (2013). Influencing factors on behavioral intention to adopt internet banking service. *World Applied Sciences Journal, 22*(11), 1652–1656.

Ayer, R. (2023). E-banking services and its impact on customer satisfaction in Nepalese commercial banks. *Perspectives in Nepalese Management*, 289.

Chungu, C., & Phiri, J. (2024). Factors affecting the adoption of e-banking on customer satisfaction in developing countries based on the ES-QUAL model: A case of Investrust Bank. *Open Journal of Business and Management, 12*(3), 1744–1765.

Davis, F. D. (1989). Perceived usefulness, perceived ease of use, and user acceptance of information technology. *MIS Quarterly, 13*(3), 319–340.

Ghimire, L. (2022). *Digital banking adoption by customers of commercial banks in Nepal* [Master's thesis]. Tribhuvan University, Prithvi Narayan Campus.

Herzberg, F. (1968). One more time: How do you motivate employees? *Harvard Business Review, 46*(1), 53–62.

IFC (2023). *Nepal financial inclusion report 2023*. World Bank Group.

Kaur, B., & Sharma, R. R. (2022). Factors affecting behavioural intentions to use e-banking services: An extension of TAM in Indian context. *International Journal of Business and Globalisation, 32*(4), 414–430.

Khatri, J. R., & Upadhyaya-Dhungel, K. (2013). Internet banking in Nepal: Use and challenges. *Banking Journal, 3*(2), 57–77.

Mansour, R., & Tahraoui, M. (2024). Factors affecting the use of e-banking services among customers of Algerian banks: A qualitative study. *Globalization and Business, 9*(17), 71–87.

Nepal Rastra Bank. (2020). *Annual consolidated directive on payment system (FY 2076/77).*

Nepal Rastra Bank. (2023). *Banking and financial statistics report.*

Nunnally, J. C. (1978). *Psychometric theory* (2nd ed.). McGraw-Hill.

Parasuraman, A., Zeithaml, V. A., & Malhotra, A. (2005). ES-QUAL: A multiple-item scale for assessing electronic service quality. *Journal of Service Research, 7*(3), 213–233.

Shrestha, D., Wenan, T., Rajkarnikar, N., & Jeong, S. R. (2020). Consumers attitude towards Internet banking services in an underdeveloped country: A case of Pokhara, Nepal. *Journal of Internet Computing and Services*, *21*(5), 75-85.

Sthapit, A., & Bajracharya, N. (2019). Customer perception towards adoption of e-banking services in Kathmandu: A survey of business school students. *Journal of Business and Social Sciences Research, 4*(1), 13–26.

Subedi, P. P., & Tamang, A. (2023). Factors influencing consumer adoption of online banking in Nepal. *Journal of Nepalese Business Studies, 16*(1), 99–111.

Tiong, W. N. (2020). Factors influencing behavioural intention towards adoption of digital banking services in Malaysia. *International Journal of Asian Social Science*, *10*(8), 450-457.