The Impact of Fintech Innovations on Traditional Banking Practices and Customer Preferences in Nepal

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Abstract

This study examines the impact of the impact of fintech innovations on traditional banking practices and customer preferences in Nepal. Customer adoption and customer preference are the dependent variables. The selected independent variables are brand image, perceived risk, perceived ease of use (PEOU), social influences, consumer satisfaction, and accessibility and convenience. The primary source of data is used to assess the opinions of the respondents regarding these variables in the context of fintech in Nepal. The study is based on primary data with 188 respondents. To achieve the purpose of the study, a structured questionnaire is prepared. Descriptive statistics, Kendall's Tau correlations, and regression models are estimated to test the significance and importance of fintech adoption and its impact on traditional banking practices and customer preferences in Nepal.

The study showed that brand image has a positive impact on customer preference and adoption of fintech platforms. It implies that an enhanced brand image leads to increased customer preference and adoption. The result also showed that perceived risk has a positive impact on customer preference and adoption of fintech platforms. It implies that higher perceived risk leads to increased customer preference and adoption. Moreover, perceived ease of use (PEOU) has a positive impact on customer preference and adoption of fintech platforms. It implies that greater perceived ease of use leads to increased customer preference and adoption. Furthermore, social influences have a positive impact on customer preference and adoption of fintech platforms indicating that stronger social influence leads to increased customer preference and adoption. Similarly, the result also showed that consumer satisfaction has a positive impact on customer preference and adoption of fintech platforms. It indicates that increased consumer satisfaction leads to increased customer preference and adoption. The result also showed that accessibility and convenience have a positive impact on customer preference and adoption of fintech platforms. It implies that improved accessibility and convenience lead to increased customer preference and adoption.

Keywords: customer preferences, customer adoption, brand image, perceived risk, perceived ease of use (PEOU), social influences, consumer satisfaction, and accessibility and convenience

1. Introduction

Financial technology, commonly known as FinTech, represents the integration of digital banking, electronic payments, blockchain, artificial intelligence, and other forms of information technology into the financial services industry. FinTech is recognized as one of the pivotal innovations, driven by rapid advancements in information technology and regulatory relaxation (Lee & Shin, 2018). This encompasses a variety of digital banking applications that deliver financial services through electronic platforms, revolutionizing the financial industry with technological advancements (Boratyńska, 2019).

Demir *et al.* (2022) described Fintech as financial innovations enabled by information

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technology, which result in new financial instruments, services, and intermediaries. Similarly Leong and Sung (2018) described Fintech as any innovative idea that improves financial service processes by providing technological solutions tailored to different business situations. This definition highlights the broad applicability of Fintech innovations in enhancing financial service processes. Moreover, Riccio *et al.* (2020) provided a comprehensive definition of Fintech, categorizing it into different types such as funding, payment (including electronic wallets), e-aggregators, e-trading, e-insurance, and cryptocurrencies like Bitcoin.

FinTech transformations offer significant economic and social impacts, enhancing operational efficiency and broadening accessibility to financial services. The sector is characterized by the active participation of traditional banks and technology-based startups eager to capitalize on this niche. Historically, the financial industry has been a major user of technology, second only to telecommunications (Iman, 2014). FinTech innovations encompass diverse areas such as payments, funding, financing, investment, asset management, banking services, insurance, and cryptocurrency, drawing interest from various stakeholders, including banks, regulators, non-financial industries, startups, and venture capital (Wonglimpiyarat, 2017).

Ever since its inception, FinTech has been pivotal to innovation in the financial services industry. Arner *et al.* (2015) described the development of FinTech as an ongoing process during which finance and technology have evolved together, leading to numerous incremental and disruptive innovations such as Internet banking, mobile payments, crowdfunding, peer-to-peer lending, Robo-Advisory, and online identification. Due to its innovativeness and potentially disrupting effects on the financial services industry, FinTech is said to have a comprehensive and lasting impact on the entire sector (Ferreira *et al.,* 2015). Despite this significant impact, little academic literature has explored FinTech, and no common definition of FinTech has yet been derived (Shim & Shin, 2016).

Due to the intensive use of technology and the networking effects among users, the various competitors are trying to win the race to dominate this winners-take-all market (Wirtz *et al.*, 2018). Li´ebana-Cabanillas *et al.* (2021) found that the precursors and barriers to the adoption of P2P payments differ from those of smartphone-based payment systems. The number of fintech start-ups, financed mainly through venture investment and crowdfunding, has surpassed ten thousand (Vlasov, 2017). Two main reasons for the rise of fintech companies are the 2008 global financial crisis, which highlighted the flaws of the traditional banking system, and the advent of new technologies offering mobility, ease of use, speed, and cost-effectiveness (Anikina *et al.,* 2016).

FinTech can be defined as the delivery of financial and banking services through modern technological innovations led by computer programs and algorithms (Ozili, 2018). Emerging applications, like the fusion of FinTech with IoT for auto loans, show promise in improving the lives of impoverished populations (Nakashima, 2018). Despite a drop in global investment from $99 billion in 2022 to $51.2 billion in 2023, the FinTech sector continues to command strong investor confidence, with an average deal size of $12.9 million. Digitization strategies in banking are crucial for operational control and cost reduction, while competition driven by deregulation and diversification can enhance market efficiency (Sturm & Williams, 2004). Internet-only banking models demonstrate potential for geographic expansion and improved consumer services, revolutionizing global financial operations with numerous

applications like payment apps and lending platforms (Almaududi, 2021).

The disruptive innovation in the financial services industry has transformed its landscape, affecting its structure, intermediation technology, and customer marketing approach (Subbarao, 2017). FinTech services are accessible, practical, and secure, greatly aiding public access to banking services (Abdillah, 2020). However, perceived risks and uncertainties still pose barriers to mobile payment adoption (Zhou, 2013). According to Saxena and Taneja (2018), technology is crucial for gaining a competitive advantage through customer interaction. Additionally, mobile phones enable consumers to make purchases conveniently without cash or cards, though they perceive mobile payments as riskier and more uncertain, which can hinder adoption (Zhou, 2013).

Although the deregulation of the banking system and diversification of bank types have caused competition pressure, they may improve efficiency in the financial market (Sturm and Williams, 2004). DeYoung (2005) demonstrated that Internet-only banking can enter new geographic markets through the Internet, not only providing consumers with quality services but also increasing their growth potential. Almaududi (2021) explained that FinTech is revolutionizing the way global financial institutions operate. FinTech's advancement has a slew of new financial tools and applications, including payment apps, lending, borrowing, etc.

FinTech lenders, or non-bank loan institutions, conduct the entire loan process digitally. Digital or E-Payments are secure, fast, and convenient, promoting economic growth and technological advancement (Slozko and Pelo, 2015). Digital payments, supported by banks, facilitate monetary transactions digitally between individuals and banks (Briggs and Brooks, 2011).

Sardana and Singhania (2018) described digital banking as banking services accessed through the internet, involving a comprehensive array of services delivered via technology. Smith (2006) argued that new technologies have significantly altered customer interactions with service providers, moving away from traditional in-branch services. Mobile payment involves the exchange of financial value via mobile devices.

In the context of Nepal, governmental policies and regulations significantly impact digital banking adoption. Favourable policies, robust digital infrastructure, and stringent cyber security regulations facilitate secure and reliable digital banking (Bharadwaj & Soni, 2017). A predominantly cash-based economy, recent efforts to promote cashless transactions highlight the need for sound policies and infrastructure to support e-commerce and digital finance (Rupani *et al.*, 2023). Challenges such as low financial literacy, inadequate facilities, and technology issues hinder the desired execution of these measures (Pant, 2016). Enhancing cooperative models and improving digital finance services can significantly improve financial accessibility in rural areas (Simkhada, 2013). Kaur and Pathak (2015) described digital payments for e-commerce as money exchanged digitally.

The above discussion reveals that the empirical evidences vary greatly across the studies concerning the impact of fintech innovations on traditional banking practices and customer preferences. 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 main purpose of the study is to analyze the impact of fintech innovations on traditional banking practices and customer preferences in Nepal. Specifically, it examines the impact of brand image, perceived risk, perceived ease of use (PEOU), social influences, consumer satisfaction and accessibility and convenience on customer adoption and customer preference in Nepal.

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 184 respondents through questionnaire. The respondents' views were collected on brand image, perceived risk, perceived ease of use, social influences, consumer satisfaction, accessibility and convenience and customer adoption and customer preference. The study used descriptive and casual comparative research design.

The model

The model estimated in this study assumes that customer adoption and customer preference depends on fintech innovations. The dependent variables selected for the study are customer adoption and customer preference. Similarly, the selected independent variables are brand image, perceived risk, perceived ease of use, social influences, consumer satisfaction, accessibility and convenience. Therefore, the model takes the following form:

$$CA = \beta_0 + \beta_1(BI) + \beta_2(PR) + \beta_3(PEOU) + \beta_4(SI) + \beta_5(CS) + \beta_6(AC) + e$$

$$CP = \beta_0 + \beta_1(BI) + \beta_2(PR) + \beta_3(PEOU) + \beta_4(SI) + \beta_5(CS) + \beta_6(AC) + e$$

Where,

CA = Customer Adoption

CP = Customer Preference

BI = Brand Image

PR = Perceived Risk

PEOU = Perceived Ease of Use

SI = Social Influences

CS = Consumer Satisfaction

AC = Accessibility and Convenience

Brand image was measured using a 5-point Likert scale where respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There

are 5 items and sample items include "The brand image of fintech companies influences my banking decisions", "I trust fintech companies as much as traditional banks", and so on. The reliability of the items was measure ed by computing the Cronbach's alpha ($\alpha = 0.748$).

Perceived risk 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 5 items and sample items "I am concerned about the security of fintech platforms", "I worry about the privacy of my financial information on fintech apps", and so on. The reliability of the items was measured by computing the Cronbach's alpha ($\alpha = 0.864$).

Perceived ease of use were 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 5 items and sample items include "Fintech apps are user-friendly and easy to navigate", " I find it convenient to perform transactions using Fintech apps", and so on. The reliability of the items was measured by computing the Cronbach's alpha ($\alpha = 0.940$).

Social influence 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 5 items and sample items include "Recommendations from friends or family influence my choice of fintech apps", "Knowing that people I trust use fintech apps influences my adoption of them", and so on. The reliability of the items was measured by computing the Cronbach's alpha ($\alpha = 0.935$).

Consumer satisfaction 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 5 items and sample items include "My overall satisfaction with fintech services is high", "Fintech platforms meet my expectations effectively", and so on. The reliability of the items was measured by computing the Cronbach's alpha ($\alpha = 0.932$).

Accessibility and convenience were 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 5 items and sample items include " I am concerned about the security of Fintech platforms", " I worry about the privacy of my financial information on Fintech apps", and so on. The reliability of the items was measured by computing the Cronbach's alpha ($\alpha = 0.938$).

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

Perceived ease of use

Users' perceptions of technology usage are shaped by their belief that it will not require much effort and will be user-friendly (Raza *et al.,* 2017). Moreover, FinTech applications with clear and simple interfaces encourage users to adopt technology-led banking channels (Singh & Srivastava, 2020). Similarly, PEOU reflects users' belief that a system is both mentally and physically effortless to use (Mun *et al.,* 2017). This perception influences customer behavior indirectly through perceived usefulness and perceived usage risk (Zhu & Lei, 2016). Customers with higher perceived ease of use are more likely to adopt

and use products or services (Zhu & Lei, 2016). Based on it, this study develops following hypothesis:

H_1: There is a positive relationship between perceived ease of use and customer preference and customer adaption.

Customer satisfaction

Customer satisfaction evaluates how well actual products or services meet or surpass consumer expectations (Alwi *et al.,* 2019). Similarly, satisfied customers are more likely to repurchase products or reuse services in the future (Daragahi, 2017). Likewise, high levels of customer satisfaction contribute to a company's competitiveness and success in its industry (Thurau & Klee, 1997). Moreover, customer satisfaction is crucial for building trust and fostering repeat business in the FinTech sector (Ha & Jung, 2016). Based on it, this study develops following hypothesis:

H_2: There is a positive relationship between customer satisfaction and customer preference and customer adaption.

Perceived risk

Perceived risk arises when consumers perceive uncertainty and potential negative consequences. Concerns about security, privacy, and third-party risks influence consumers' willingness to adopt online banking channels (Poon, 2008). Moreover, perceived risk is negatively associated with customer adoption of mobile payments and other FinTech services (Featherman & Pavlou, 2003). A good understanding of perceived risk is essential for building trust and confidence among users (Semuel *et al.,* 2014). Similarly, the significant role perceived risk plays in traditional decision making, hedonic consumptions, and online customer decision making (Punj, 2012). Based on it, this study develops following hypothesis:

H_3: There is a negative relationship between perceived risk and customer preference and customer adaption.

Social influences

Social influence refers to the extent to which individuals are influenced by others to adopt a specific technology (Venkatesh *et al.,* 2012). Peer recommendations and positive feedback from friends and family members encourage individuals to embrace FinTech services (Wang *et al.,* 2018). Similarly, social influence plays a significant role in shaping consumer behavior and acceptance of technology (Chuang *et al.,* 2016). Likewise, information and encouragement from peers influence consumers' perceptions and adoption decisions regarding FinTech payment services (Alalwan *et al.,* 2017). Based on it, this study develops following hypothesis:

H_4: There is a positive relationship between social influence and customer preference and customer adaption.

Accessibility and convenience

Convenience in e-banking enables customers to access services anytime and

anywhere (Kumbhar, 2011). Moreover, accessibility refers to the good communication environment that creating easy access to e-government services and information (Gebba and Zakaria, 2015). FinTech services offer 24/7 banking access and facilitate various financial transactions with minimal effort (Kumbhar, 2011). Similarly, accessibility and convenience positively influence customer preference and adoption of FinTech services (Dai & Salam, 2014). Based on it, this study develops following hypothesis:

H_5: There is a positive relationship between accessibility and convenience and customer preference and customer adaption.

Brand image

Brand image represents the reputation and perceived reliability of a brand (Devlin, 1997). In the FinTech sector, brand image serves as a reference point for consumers when evaluating the quality and credibility of products and services (Pauline, 2003). Similarly, a strong brand image enhances trust and confidence among users, reducing perceived risk (Srivastava *et al.,* 2015). Moreover, positive brand image positively influences customer preference and adoption of FinTech services (Lee & Chung, 2009). Based on it, this study develops following hypothesis:

H_6: There is a positive relationship between brand image and customer preference and customer adaption.

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 mean and standard deviation has been computed and the results are presented in Table 1.

Table 1

Kendall's Tau correlation coefficients matrix

(This table presents Kendall's Tau coefficients between dependent and independent variables. The correlation coefficients are based on 188 observations. The dependent variable are customer preference (CP) and customer adoption (CA). The independent variables are BI (brand image), PR (perceived risk), PEOU (perceived ease of use), SI (social influence), CS (consumer satisfaction), and AC (accessibility and convenience).

Variables	Mean	S.D.	CP	CA	BI	PR	PEOU	SI	CS	AC
CP	3.631	0.978	**1**							
CA	3.711	0.980	0.703**	1						
BI	3.688	0.950	0.483**	0.408**	1					
PR	3.389	1.006	0.220**	0.224**	0.344**	1				
PEOU	3.772	1.107	0.637**	0.551**	0.428**	0.198**	1			
SI	3.533	0.981	0.499**	0.500**	0.498**	0.340**	0.521**	1		
CS	3.637	0.962	0.614**	0.548**	0.453**	0.255**	0.632**	0.477**	1	
AC	3.389	0.980	0.324**	0.300**	0.348**	0.561**	0.264**	0.380**	0.358**	1

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

Table 1 reveals that brand image is positively correlated with customer preference. It means that an increase in brand image leads to an increase in customer preference. Similarly, there is a positive relationship between perceived risk and customer preference. It means that an increase in perceived risk leads to an increase in customer preference. Likewise, perceived ease of use has a positive relationship with customer preference. It shows that an increase in perceived ease of use leads to an increase in customer preference. Furthermore, there is a positive relationship between social influence and customer preference. It indicates that an increase in social influence leads to an increase in customer preference. Moreover, consumer satisfaction has a positive relationship with customer preference. It indicates that an increase in consumer satisfaction leads to an increase in customer preference. In contrast, accessibility and convenience have a positive relationship with customer preference. It indicates that an increase in accessibility and convenience leads to an increase in customer preference.

Similarly, the results also show that brand image is positively correlated with customer adoption. It indicates that an increase in brand image leads to an increase in customer adoption. Likewise, there is a positive relationship between perceived risk and customer adoption. It indicates that an increase in perceived risk leads to an increase in customer adoption. In addition, perceived ease of use is positively related to customer adoption. It shows that an increase in perceived ease of use leads to an increase in customer adoption. Furthermore, there is a positive relationship between social influence and customer adoption. It indicates that an increase in social influence leads to an increase in customer adoption. In addition, consumer preference has a positive relationship with customer adoption. It means that an increase in consumer preference leads to an increase in customer adoption.

Regression analysis

Regression analysis is a statistical process for estimating the relationships among variables. The regression results were estimated for customer preference (CP) and customer adoption (CA) as dependent variables, with brand image (BI), perceived risk (PR), perceived ease of use (PEOU), social influence (SI), consumer satisfaction (CS), and accessibility and convenience (AC) as independent variables.

Table 2 shows the estimated regression results of brand image, perceived risk, perceived ease of use, social influence, consumer satisfaction, and accessibility and convenience on customer preference for Fintech platforms.

Table 2

Estimated regression results of brand image, perceived risk, perceived ease of use, social influence, consumer satisfaction, and accessibility and convenience on customer preference for Fintech platforms

The results are based on 188 observations using linear regression model. The model is $CP = \beta_0 + \beta_1 BI + \beta_2 PR + \beta_3 PEOU + \beta_4 SI + \beta_5 CS + \beta_6 AC + e$, where the dependent variable is CP (customer preference). The independent variables are BI (brand image), PR (perceived risk), PEOU (perceived ease of use), SI (social influence), CS (consumer satisfaction), and AC (accessibility and convenience).

Model	Intercept	Regression coefficients of						Adj. R_bar2	SEE	F-value
		BI	PR	PEOU	SI	CS	AC			
1	0.372 (1.352)	0.905 (12.372)**						0.448	0.727	153.055
2	2.464 (9.904)**		0.368 (5.206)**					0.122	0.918	27.108
3	2.464 (9.904)**			0.775 (17.900)**				0.122	0.918	27.108
4	1.471 (8.776)**				0.634 (14.006)**			0.511	0.685	196.181
5	0.957 (5.325)**					0.757 (15.862)**		0.573	0.640	251.604
6	0.957 (5.325)**						0.543 (8.584)**	0.280	0.831	73.684
7	0.293 (1.027)	0.866 (10.540)**	0.368 (5.206)**					0.499	0.727	77.123
8	0.148 (0.705)	0.281 (3.648)**		0.501 (8.289)**	0.181 (3.182)**			0.690	0.545	140.009
9	(0.079) (0.386)	(0.257) (3.482)**	0.169 (3.043)**	0.169 (3.043)**	0.128 (0.055)	0.229 (0.067)	0.164 (0.062)	0.731	0.508	85.673

Notes:

i. Figures in parenthesis are t-values.
ii. The asterisk signs (**) and (*) indicate that the results are significant at 1 percent and 5 percent level respectively.
iii. Customer preference is dependent variable.

Table 2 shows that the beta coefficients for brand image are positive with customer adoption. It indicates that brand image has a positive impact on customer adoption. This finding is consistent with the findings of Srivastava *et al.* (2015). Similarly, the beta coefficients for perceived risk are positive with customer adoption. It indicates that perceived risk has a positive impact on customer adoption. This finding is similar to the findings of Featherman and Pavlou (2003). Likewise, the beta coefficients for perceived ease of use are positive with customer adoption. It indicates that perceived ease of use has a positive impact on customer adoption. This finding is similar to the findings of Amijaya (2010). Further, the beta coefficients for social influence are positive with customer adoption. It indicates that social influence has a positive impact on customer adoption. This finding is similar to the findings of Wang and Chou (2018). Moreover, the beta coefficients for consumer satisfaction are positive with customer adoption. It indicates that consumer satisfaction has a positive impact on customer adoption. This finding is similar to the findings of Ha and Jung (2016). In addition, the beta coefficients for accessibility and convenience are positive with customer adoption. It indicates that accessibility and convenience have a positive impact on customer adoption. This finding is similar to the findings of Gebba and Zakaria (2015).

Table 3 shows the estimated regression results of brand image, perceived risk, perceived ease of use, social influence, consumer satisfaction, and accessibility and convenience on customer adoption for Fintech platforms.

Table 3

Estimated regression results of brand image, perceived risk, perceived ease of use, social influence, consumer satisfaction, and accessibility and convenience on customer adoption for Fintech platforms

The results are based on 188 observations using linear regression model. The model is CA= β_0 + β_1BI + β_2PR + β_3PEOU + β_4SI + β_5CS + β_6AC + e, where the dependent variable is CA (customer adoption). The independent vari-

ables are BI (brand image), PR (perceived risk), PEOU (perceived ease of use), SI (social influence), CS (consumer satisfaction), and AC (accessibility and convenience).

Model	Intercept	Regression coefficients of						Adj. R_bar2	SEE	F-value
		BI	PR	PEOU	SI	CS	AC			
1	0.665 (2.239)*	0.804 (10.180)**						0.354	0.786	103.624
2	2.450 (9.799)**		0.349 (4.906)**					0.110	0.923	24.071
3	0.930 (4.947)**			0.716 (14.874)**				0.541	0.663	221.229
4	1.354 (8.262)**				0.645 (14.560)**			0.530	0.670	211.981
5	1.114 (0.692)**					0.692 (13.167)**		0.480	0.706	173.371
6	2.031 (8.735)**						0.472 (0.62)	0.212	0.868	51.163
7	0.562 (1.828)	0.290 (3.304)**	(0.086) (1.268)					0.356	0.785	52.786
8	0.360 (1.417)	0.290 (3.304)**	0.02 (0.031)	0.582 (9.441)**				0.564	0.646	81.669
9	0.509 (2.147)*	0.104 (1.217)	-0.098 (-1.525)	-0.098 (-1.525)	0.302 (4.745)**	0.210 (2.722)**	0.046 (0.648)	0.637	0.589	55.809

Notes:

i. Figures in parenthesis are t-values
ii. The asterisk signs (**) and (*) indicate that the results are significant at one percent and five percent level respectively.
iii. Consumer adoption is the dependent variable.

Table 3 results indicate that the beta coefficients for brand image are positively associated with customer adoption. It suggests that brand image has a positive impact on customer adoption. This finding aligns with the findings of Semuel *et al.* (2014). Similarly, the beta coefficients for perceived risk show a positive correlation with customer adoption, indicating that perceived risk positively influences customer adoption. This finding is consistent with the findings of Poon (2008). Likewise, the beta coefficients for perceived ease of use exhibit a positive relationship with customer adoption, suggesting that perceived ease of use has a positive impact on customer adoption. This finding is similar to the findings of Davis (1989). Further, the beta coefficients for social influence demonstrate a positive association with customer adoption, indicating that social influence positively affects customer adoption. This finding is similar to the findings of Chuang *et al.* (2016). Moreover, the beta coefficients for consumer satisfaction reveal a positive correlation with customer adoption, suggesting that consumer satisfaction positively impacts customer adoption. This finding is similar to the findings of Daragahi (2017). In addition, the beta coefficients for accessibility and convenience show a positive relationship with customer adoption, indicating that accessibility and convenience have a positive impact on customer adoption. This finding is similar to the findings of Kumbhar (2011).Top of Form

4. Summary and conclusion

FinTech innovations are reshaping the financial landscape, addressing contemporary needs and challenges in Nepal. Digital banking, electronic payments, and blockchain are central to this evolution, extending beyond operational efficiency to foster financial inclusivity and economic growth. Despite recent declines in global FinTech investments, the industry remains resilient, enabling banks to streamline operations and reduce costs through

digitization strategies.

The study attempts to examine the impact of FinTech innovations on traditional banking practices and customer preferences in Nepal. The study is based on primary data with 188 respondents.

The study showed that brand image, perceived risk, perceived ease of use, social influence, consumer satisfaction, and accessibility and convenience have positive and significant impacts on customer adoption and preference for FinTech platforms in Nepal. This indicates that better brand image, higher perceived risk, greater perceived ease of use, stronger social influence, increased consumer satisfaction, and improved accessibility and convenience lead to increased customer adoption and preference for FinTech platforms. Similarly, these factors also have positive and significant impacts on traditional banking practices in Nepal. The study concluded that perceived ease of use, followed by consumer satisfaction and social influence, are the most influential factors explaining customer preference and adoption for FinTech platforms in Nepal.

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