Impact of Transaction Attributes on Online Transactions of Customers and Retailers of Nepal

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Abstract

This research looks into the dynamics of Internet sales in Nepal with an emphasis on both consumers and merchants. The study examines the effects of important factors on online transactions, including technical knowledge, reliability, privacy and security, personal experience for customers, technological knowledge, reliability, customer trust, and technological trends for retailers. It does this by using a quantitative causal research design. With a sample size of 353 participants, primary data collection methods were self-administration tests, questionnaires, and interviews conducted in the Kathmandu Valley and Kavre districts. Strong internal consistency, a variety of responder profiles based on demographic traits, and descriptive statistics highlighting the importance of technical knowledge are all shown by the analysis. Technical Knowledge is found to be a major factor for both customers and retailers through regression analysis. The study accepts hypotheses related to Technical Knowledge while rejecting those concerning Reliability, Privacy and Security, Personal Experience (for customers), and Reliability, Privacy, and Security (for retailers). In conclusion, technological problems significantly impact online transactions in Nepal, and it shows a clear growing tendency. Key findings are concisely summarized in the abstract, offering insightful information to academics, business professionals, and legislators involved in e-commerce and digital transactions.

Executive Summary

In the context of Nepal, this research report explores the different aspects of online transactions with a focus on both customers and retailers. To determine cause-and-effect relationships between various independent variables (Technical Knowledge, Reliability, Privacy, and Security, Personal Experience for customers; and Technical Knowledge, Reliability, Trust for Customers, Technological Trends for retailers) and the dependent variable, Online Transaction, the study uses a quantitative research design, specifically causal research. Primary techniques for gathering data were questionnaires issued to customers and retailers in the Kathmandu Valley and Kavre districts, self-administration tests, and interviews. There were 177 shops and 176 customers in the sample.

Both customer's and retailers' data reliability assessments showed high Cronbach's Alpha values, indicating great internal consistency. After an analysis of the respondents' demographic data, different profiles of gender, age, education, income, and location were found. The influence of Technical Knowledge, Reliability, Privacy and Security, and Personal Experience for customers, and Technical Knowledge, Reliability, Customer Trust, and Technological Trends for retailers, was demonstrated by descriptive statistics, which highlighted the mean and standard deviation for variables.

To determine the associations between the variables, regression analyses were carried out. Technical knowledge was found to be a major element influencing online transactions by clients. Technological Trends and Technical Knowledge both greatly impacted online transactions among retailers.

Following evaluation of the study's hypotheses, the following conclusions were reached: while the hypotheses regarding Technical Knowledge for both customers and retailers were accepted, the hypotheses regarding Reliability, Privacy, and Security, as well as Personal Experience for customers, were rejected.

The study concludes by highlighting the significant impact that technological factors have on online transactions for both consumers and retailers. It was discovered that trust and reliability had less of an effect. The discussion section provides context and support for the findings by citing previously published works. According to the survey, the number of online transactions in Nepal is increasing due to ease of use, security, and satisfying individual experiences.

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Regards,

Trilochan Adhikari

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CHAPTER I

INTRODUCTION

1.1 General Background

According to the recent data released by Nepal Rastra Bank, as of Ashad's end, 2079 BS (Mid-July, 2022) total number of 1.99 crores people which is around 66 percent of the total population are currently using the online transaction service from the Bank from which, 1.83 crores are using mobile banking whereas 16.84 lakhs are using internet banking services. The number of people using online transactions is rapidly growing. There is an increment of 1.6 percent in 2022 compared to the data from 2021 and before. The Central bank and other financial institutions of Nepal focus on cashless transactions. Users mostly use online transactions for paying bills (water, electricity, internet, etc.), transferring money from one bank to another, payment of airline tickets and insurance, phone recharge, and many other facilities. Different stores as well as retail stores are widely using online transactions through QR codes.

"Retail stores are places of business usually owned and operated by a retailer but sometimes owned and operated by a manufacturer or by someone other than a retailer in which merchandise is sold primarily to ultimate consumers", according to Dictionary. The Wholesale and Retail Trade was reported to contribute 465,205,227 NPR to Nepal's GDP in 2020 as per the data of the Central Bureau of Statistics. The Wholesale and Retail stores contribute around 15 percent to the economy of Nepal. As per the data provided by the National Reconstruction Authority more than 60,000 retail stores are there in only the Kathmandu Valley.

Online transactions are changing the world, they are the best substitution for cash-based transactions. In simple words, business or cash transactions conducted through the internet are

known as online transactions. Online transaction is said to be the backbone of e-commerce. According to the central bank of Nepal, Nepal Rastra Bank, digital payment almost doubled in the first quarter of 2078. The reason for the rapid increase in digital transactions might be people adapting to the technology. An online transaction is a financial exchange that occurs over the Internet or through electronic means, rather than in person or by paper. Online transactions can include a wide range of activities, such as shopping online, paying bills, transferring money, and conducting banking activities. These transactions are typically facilitated through the use of computers, smartphones, and other digital devices, as well as various types of software and internet-based platforms. Online transactions offer several benefits, including convenience, speed, and security, and they have become increasingly popular in recent years due to the widespread adoption of technology and the internet.

Almost all retailers in the Kathmandu Valley have installed digital transaction services through QR code scans. Without the knowledge of the digital platform, many retailers are using QR code services just to follow the trend. There are various problems that retailers as well as customers might face due to a lack of knowledge about digital platforms. People usually face problems with successful transactions due to issues of the server being down. Having less technical knowledge, users might face difficulties in understanding the software. People are also getting scammed due to a lack of knowledge and are also being cheated.

Retailers in Nepal are increasingly adopting online transactions as a way to reach a wider customer base and improve their sales. However, the level of technical knowledge and internet penetration in Nepal may vary, which can affect the usage of online transactions. Almost all retailers have online transaction services in Nepal. Although have less technical knowledge retailers have installed online transaction portals in their stores. The purpose of the study is to find

how flexible online transactions are in the context of Nepal and identify the transaction attributes that create an impact on the online transactions of retailers and customers.

1.2 Research Question

i. How convenient and feasible are online transactions compared to traditional transactions?

ii. What transaction attributes influence retailers' and customers' decision-making regarding online transactions?

1.3 Statement of Problem

People often complain that they face various problems during transactions due to server-down issues. Mostly the server of banking transactions is down and people face a lot of problems while paying their bills. There are even problems where the amount on the bill is debited from the customer's account but is not credited to the retailer's account. This problem occurs frequently with the customers and to get the amount back, it will take more than 2 to 3 months.

Paying using a digital platform might look easy but for performing an online transaction people as well as retailers must be familiar with the technology. Some various apps and platforms help in conducting online transactions and each has a different interface which might be difficult to understand with the lack of technical knowledge. People often don't prefer to carry cash and use cashless transactions but if they are not familiar with online payment, they might have difficulty.

The news of people getting scammed is highlighted nowadays. According to Nepal Police, online scams are going on in Nepal which involve millions of rupees. The problem of scamming has been increasing frequently nowadays. Many bank accounts and online transactions have been

hacked, making people lose lots of money. People also pretend to sell some products, collect money before delivery, and deactivate their accounts.

During online transactions having basic knowledge of the system is also dangerous. People especially shopkeepers with only knowledge are cheated by their customers. Customers pretend to pay the amount and show the older transaction bill, which is how retailers are cheated. In the changing world online transactions is a good idea is it helping to change the world or is it a platform that has helped scammers to cheat easily? To prove the very point is the motive of the research and the reason why research must be conducted on the topic.

Currently, in Nepal, many people are using online transactions but are they comfortable or willing to use online transactions? In recent context, various security and privacy issues might influence consumers to decide on online transactions. People even question the reliability of online transactions. People even complain that they have bad personal experiences regarding digital transactions. Taking about small retailers, are adopting the market of online transactions besides having less technical knowledge and trust issues with the customers. Even with various types of issues, people are rapidly adopting online transactions. Is this just to follow the technological trends or these factors do not affect the online transaction from both the retailer's view and the customers' view?

1.4 Objective of Study

i. To study the factors that influence customers' decision to make purchases online or in cash

ii. To study the preferences of customers and retailers during the purchase or sales

iii. To study do people with basic knowledge find it easy to use the application

iv. To study the challenges people, face with less technical knowledge

1.5 Hypothesis of the Study

1.5.1 Hypothesis from the View of the Customer:

H_1: There is a significant impact of Technical Knowledge on customers' Online transactions.

H_2: There is a significant impact of Reliability on customers' Online transactions.

H_3: There is a significant impact of Privacy and Security on customers' Online transactions.

H_4: There is a significant impact of Personal Experience on customers' Online transactions.

1.5.2 Hypothesis from the View of Retailers:

H_1: There is a significant impact of Technical Knowledge on retailers' Online transactions.

H_2: There is a significant impact of Reliability on retailers' Online transactions.

H_3: There is a significant impact of Trust for Customers on retailers' Online transactions.

H_4: There is a significant impact of Technological Trends on retailers' Online transactions.

1.6 Significance of the Study

The main purpose of the research is to study the various impacts that customers and retailers are facing due to the use of online transactions. It will help to understand the use of online practice in retail stores and why people prefer only certain methods. Understanding the preferred platform can help the retail business grow more and might also benefit the customer.

1.7 Limitations of the Study

During the conducting of the research random respondents will be selected by sampling methods, from which every respondent might not provide an accurate answer to the question as required. The area specified might not be the exact location where the problem is arising. The response might even differ from one area to another according to the availability of the resources or the respondents.

1.8 Organization of the Study

The research is organized into 5 chapters.

Chapter 1: The first chapter of the research is the “Introduction”. The introduction has the topic such as general background, statement of the problem, the objective of the study, the hypothesis of the study, the significance of the study, the limitation of the study, the organization of the study, and finally the research question.

Chapter 2: The second chapter of the research is the “Review of the Literature”. The review of the literature includes the review of similar research articles and the findings of that research. The chapter will contend with a theoretical review based on various theories as well as an empirical review based on previous research and its effects.

Chapter 3: The third chapter of the research is the “Research Methodology”. The research methodology includes the sub-topics such as total population size, types of research in the project, research design, sampling frame, sample size, sample techniques, methods of data collection, type of data used (primary and secondary), and validity and reliability.

Chapter 4: The fourth chapter of the research is the “Findings and Analysis”. This chapter includes the main part of the research where the findings for the study were conducted and the result was interpreted. The data from the findings were analyzed and the final output and the conclusion will be drawn.

Chapter 5: The fifth and final chapter of the research is the “Summary and Suggestions”. This chapter covers the overall summary of the research in brief and will also include suggestions that might help in expanding the transaction area.

Chapter II

Literature Review

2.1 Literature Review

Gupta and Yadav (2017) have mentioned the definition of E-banking or Online banking as "Daniel (1999) and Sathye (1999) defined 'E-Banking as the automated delivery of new and traditional banking products and services directly to customers through electronic, interactive communication channels." It covers technologies that banks and financial institutions' clients (individuals or businesses) to access their financial accounts, obtain details about financial services, or run businesses and products across a network. Businesses and individuals can use online banking. Retail banking, debit and credit cards, smart cards, mobile banking, internet banking, real-time gross settlement (RTGS), electronic fund transfers (EFT), national electronic funds transfers (NEFT), and automated teller machines (ATMs) are some of the value-added services provided by e-banking.

2.1.1 Problems during the online transaction

Haq and Khan (2013) have stated that still, many people in India are still not using online banking. During the survey, they found that the main problem with the customer and the retailer was that they felt fear of their account being hacked and banking was trying their best to convince and provide the best security for customers.

Banstola (2007) in the conclusion of his research mentioned that "there are major challenges of E-banking in Nepal." There are various problems like connection breaks in service and poor mobile banking services, creating obstacles for the customers in using online platforms. He also claims that the level of infrastructure for the online platform in Nepal is poor which also

welcomes the problem of security, due to which customers do not completely trust the online transaction.

2.1.2 Convenience and Feasibility of online transaction

Haque, Ismail, and Daraz (2009) in their research have found that customers in Malaysia do not perceive the transactions as secured. The people have trust issues with the transactions. The reason for the development of such types of trust issues is a lack of awareness among the users. Citizens of Malaysia do not find E-banking transactions convenient because they lack knowledge in these areas.

Manusamy, Chelliah, and Mun (2010) during the research have discovered there are times when the accuracy of transactions is not correct. The people of Malaysia do not always get convenient results from their transactions but this does not have any impact on customer satisfaction because they have many alternatives to turn to.

2.1.3 Preference of people

Akinci, Aksoy, and Atilgan (2004) found during their study that most people using Internet banking were middle-aged and were more technological-oriented and convenience-minded customers. The people who did not use online transactions were mainly people below 30 years of age or those people who were older and had a lack of confidence in these services and more traditional channel-oriented people.

Banstola (2007) discovered in his research that demography also plays a vital role in affecting the preferences of the people. In developing countries like Nepal, there are many rural areas where people have less education and knowledge regarding online transactions. The other

demographic factor is age. Mostly younger people are seen using online platforms compared to older people.

2.1.4 Similar paper review

The Search strategy for articles was initially formed by combining the keywords of the research paper. The strategy was "online transaction" AND/OR "Transaction Attributes" AND "Impact" AND "Consumer" AND "Retailer". This strategy was placed on Google Scholar; the number of results was 36. Among them, 9 articles that were closely similar to the research were shorted out. The short-listed articles were all from the 21st century which includes from years 2001 A.D to 2021 A.D. The articles are included from all around the world. The purpose of these articles is almost similar to each other and almost all articles use the same research methods for data collection and analysis.

The articles aim to have a similar type of purpose in the section on online transactions or digital transactions. Aladwani (2001) aims “to quantify the importance of certain online banking issues from the perspectives of senior and IT managers and potential customers.” Banstola (2007) article has the purpose of “analyzing the prospects and challenges of e-banking, which would be helpful and useful to those financial intermediaries who are conducting and who want to conduct E-banking.” Kim, Jin, and Swinney (2009) aim “to test an integrative model of the e-loyalty development process by conceptualizing that e-loyalty is influenced by e-satisfaction, e-trust and multi-dimensional aspects of retail quality.” Saddad (2010) article states “The primary objective of this research is to gain an understanding of the current state of e-commerce applications usage in the tourism organizations in Iran.” Haq and Khan (2013) aim “to know the objections which are faced by banks and also to find out the impact population vital statistics like Education, age, occupation, and income.” Gao and Waechter (2017) aim “to propose an initial trust theoretical

model for user adoption of m-payment and further explore the initial trust facilitators and inhibitors by integrating the valence framework, ISS model and TCE model." Ismail and Alawamleh (2017) aim "to explore customers' perspectives on the e-banking system in Jordan, defining e-banking terminology and its functions and the advantages and limitations of e-banking applications to explore the impact of e-banking on traditional services." Oever (2019) article purpose is to "explore the different types and antecedents of extrinsic motivation of customers to leave feedback on an online platform." Mofokeng (2021) "study aims to measure the moderating effects of online shopping experiences in the e-retail sector of South Africa."

There were different areas of study in different research but the common factor in the articles is: in most of the articles the respondents are people who use online platforms for payment or are involved in digital transactions. Oever (2019) preferred the customers of online platforms as the area of study. Mofokeng (2021) research was conducted on people who had 6 months of online shopping experience ranging from age 18 to 60 years. The research was conducted in the Gauteng Province of South Africa. Haq and Khan (2013) collected data from four commercial centers in India (The ANSAL PLAZA, PACIFIC MALL, EDM MALL, and GREAT INDIA PALACE). Banstola (2007) performed the research in four major cities of Nepal which included: Pokhara-37, Kathamandu-20, Butwal-33, and Biratnagar-10. Saddad (2010) did research on the total population of Iran. For the study, a complete list of tourism organizations including national airlines, hotels, travel agencies, and car rentals was obtained from the Iran Cultural Heritage Organization (ICHTO) websites. Kim, Jin, and Swinney (2009) conducted research in public facilities (i.e., three university locations, a public library, and three local malls) in three major cities in the southwestern state of the United States. Ismail and Alawamleh (2017) selected customers from five selected banks in Jordan. Aladwani (2001) performed the survey in the eight different

banks in Kuwait. Gao and Waechter (2017) conducted the research in Australia with the assistance of a professional online survey company.

The number of participants in the research was different. Most of the research had participants between 100 to 300 in total. Oever (2019) had very few numbers of participants i.e. 24 in total. Mofokeng (2021) used 287 total participants. Haq and Khan (2013) conducted the research among 300 total people. Banstola (2007) collected a valid questionnaire from 100 total participants. Saddad (2010) researched Iran so the final sample size is the same as the actual population. Kim, Jin, and Swinney (2009) research was carried out among 182 total participants. Ismail and Alawamleh (2017) collected the data from a total of 100 bank customers. Aladwani (2001) collected the data from 80 people which included managers and customers of the bank. Gao and Waechter (2017) did research among 851 people in Australia.

Although the research topic was not the same the method of data collection in every 9 research was some i.e., quantitative research study but only one of the research also performed a qualitative research study. In almost every research the most common method of data collection was an interview, questionnaire, and survey, and most of the research performed convenience sampling. Oever (2019) collected the data using the semi-structured interview. Mofokeng (2021) conducted the research using a quantitative descriptive research study. The research used a non-probability convenience sampling method and performed a self-administration test distributing questionnaire. Haq and Khan (2013) research was quantitative and an interview was conducted for data collection. Banstola (2007) distributed questionnaires for data collection and the research was both qualitative and quantitative. Saddad (2010) performed both qualitative and quantitative types of research. The research was descriptive and exploratory. Kim, Jim, and Swinney (2009) used the convenience sampling method and the research was quantitative. The data collection was done

using an interview method and survey which includes a self-administrative questionnaire. Ismail and Alawamleh (2017) used the convenience sampling technique for the questionnaire and purposive sampling for the interview. The data collection was done using the interview method and self-administrative questionnaires. Aladwani (2001) conducted a quantitative study using the convenience sampling method. The data collection was done using interviews and field surveys. Gao and Waechter (2017) collected the data for the research using surveys and questionnaires.

Data analysis for all the research was done using statistical tools and other tests too. Oever (2019) used the fourteen stages described by Burnard (1991). An examination of validity and reliability was also conducted. Mofokeng (2021) uses descriptive statistics, such as mean, median, and standard deviation were tested using SPSS version 27 for Microsoft Windows. Before analyzing and testing the measurement model, the data was diagnosed as outliers. Haq and Khan (2012) research analysis has been done through the demographic profile of the users of cyberbanking and different statistical tools are used like the Chi-square test. Banstola (2007) analyzed using different methods: Frequency distribution means and correlations. Saddad (2010) used data reduction, data display, and statistical tools. Kim, Jin, and Swinney (2009) used confirmatory factor analysis, coefficient (t-value), Cronbach's Alpha, validity, and reliability to conclude. Ismail and Alawamleh (2017) used inductive and deductive approaches, a thematic approach, and descriptive statistics, and a pilot study was also conducted. Aladwani (2001) used statistical tools such as mean, median, and mode. Pilot testing was also conducted. Gao and Waechter (2017) conducted Partial Least Squares (PLS), component-based structural equation modeling (SEM), and some other statistical tools.

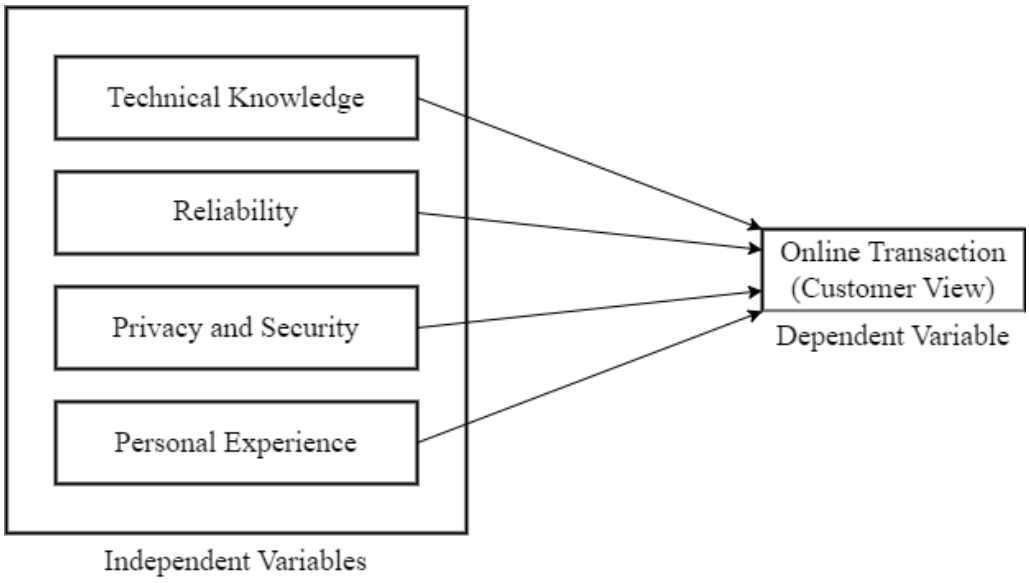
The research has drawn different conclusions according to the motives of different conclusions. Oever (2019) has concluded that "the various attributes belonging to a concept

(platform, customer, provider, transaction) influence a specific form of extrinsic motivation. These attributes cannot be seen as stand-alone attributes, but several attributes are associated with each other which is shown in configurations." Mofokeng (2021) concludes that "the customer satisfaction of online shoppers is influenced by product delivery, perceived security, information quality, and product variety. Customer satisfaction and information quality determine customers' loyalty towards web stores." Haq and Khan (2013) concluded that "users of internet banking are increasing as their income and education standard is improving several users depending upon the education standard of internet banking users with income. The need of time financial literacy of the users should be increased through various programs that could be run by the banks to increase the awareness of internet banking." Banstola (2007) by his research found "no significant correlation was found between the use of E-banking and gender, marital status or salary of the customer. Use of E-banking signification association was found with age and education." Saddad (2010) found in the research that "increased concrete tourism information on websites could result in positive attitudes and evaluations towards the destinations and services, which are desired by all travelers and tourist organizations." Kim, Jin, and Swinney (2009) concluded that "the e-loyalty development process is influenced by both e satisfaction and e-trust. The relationship between e-trust and e-satisfaction is found to be significant as well. Components of retail quality have differing effects on e-satisfaction and e-trust. Website design positively influences e-satisfaction while security/privacy has a positive effect on e-trust. Responsiveness affects neither e-satisfaction nor e-trust." Ismail and Alawamleh (2017) concluded that "e-banking adoption had a positive effect on Jordanian banks and customers' satisfaction rates, loyalty and incredibly positive word of mouth for the banks. Internet banking is exerting major impacts on banking relationships, and the traditional model of an individual relationship with a high street bank issuing money and

offering money withdrawal or transfer services is increasingly sidelined." Aladwani (2001) concluded that "the views of top management in the smallest and biggest banks toward online banking drivers differ notably especially when it comes to rating the importance of the technology for bank's image, for bank's competitive position, and for reducing cost. Online banking is projected to have significant impacts on various elements of the banking system." Gao and Waechter (2017) concluded that "perceived information quality, perceived system quality, and perceived service quality as the initial trust facilitators are positively related to initial trust formation, while perceived uncertainty as the initial trust inhibitor exerts a significant negative effect on initial trust. Initial trust positively affects perceived benefit and perceived convenience, and these three factors together predict usage intention. Perceived convenience of m-payment is also found to have a positive effect on perceived benefit."

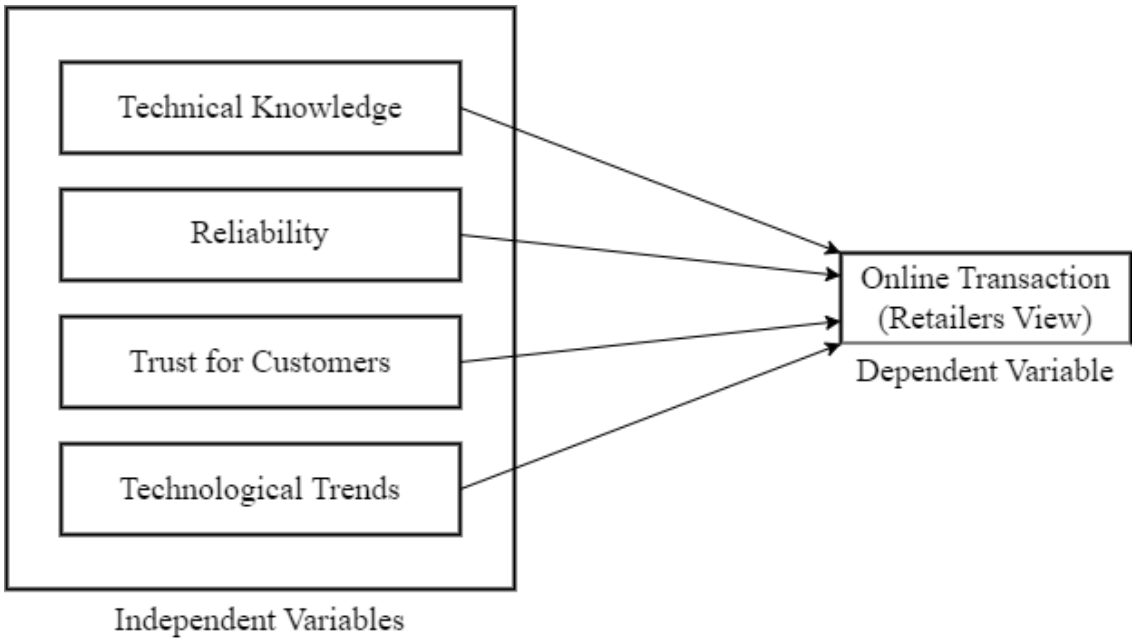
2.2 Conceptual Framework

2.2.1 From the View of Customers:



Technical Knowledge, Reliability, Privacy and Security, and Personal Experience are the independent variables in the research, and Online Transaction from the view of the customer is the dependent variable. The control variables for the study are age and gender.

2.2.2 From the View of Retail Stores:



Technical Knowledge, Reliability, Trust for Customers, and Technological Trends are the independent variables in the research, and Online Transaction from the view of retailers is the dependent variable. The control variables for the study are age and gender.

Chapter III

Research Methodology

3.1 Research Design

The conducted research is quantitative. Quantitative research involves collecting and analyzing numerical data to answer questions, test hypotheses, and make predictions. It uses standardized instruments and statistical methods to explore cause-and-effect relationships and identify trends and patterns. It is often contrasted with qualitative research, which involves collecting and analyzing non-numerical data. The research required the collection of data in the numeric form. As required for the research, the questionnaires will be prepared and the respondent's information will be used to analyze the result of the research. The research will be conducted from two different perspectives. In the first, the customer side of respondents will be distributed with the questionnaire, and in the second phase, the retailer side of respondents will be interviewed and a self-administration test will be conducted to generate the final impact of dependent variables on independent variables.

3.2 Type of Research

The nature of the research according to the type of research is Casual Research. Causal research is a type of research that is designed to establish a cause-and-effect relationship between two variables. Similarly, the research will at the end show the impact of independent variables (Technical Knowledge, Reliability, Privacy and Security and Personal Experience from the customer's view and Technical Knowledge, Reliability, Trust for Customers, and Technological Trends from the retailer's side) on the dependent variables (Online Transaction). The main goal of

the research is to determine whether the manipulation of independent variables changes the dependent variable.

3.3 Data Types

The research is designed in a way that demands the primary type of data. The research follows the causal method of research which requires primary data and the data was collected from the customers and the small retail stores inside the valley area (Kathmandu, Bhaktapur, and Lalitpur) and Kavre area (Dhulikhel and Banepa).

3.4 Data Collection

The model of the research requires a primary type of data collection so an interview/self-administration test and questionnaire were used to collect the data. As per the nature of the research it has two views, one from the retailer's view and one from the customer's view. The retailers were interviewed with some predesigned questionnaires one by one to collect the data whereas the customer was provided with the questionnaire in their respective emails which they filled out.

3.5 Questionnaire Design

The two sets of questionnaires are required to conduct the research. One set of questions was distributed to the customers and filled by themselves; another set of questions was used in the interview to ask the retailers. The questionnaire format was the 5-point Likert Scale from which Agreement (1: Strongly Disagree ---- 5: Strongly Agree) and Satisfaction (1: Very Dissatisfied ---- 5: Very Satisfied). The questionnaires were designed in the Google form and circulated for the customers whereas every question was asked for the retailers.

3.6 Sampling Frame

The sampling area for the research was the Valley area (Kathmandu, Bhaktapur, and Lalitpur) and the Kavre area (Dhulikhel and Banepa). The respondents were the customers and the small retail stores in that area. The total population of the area is infinite. The total sample size for the research was around 300 customers and 300 retailers.

3.7 Sampling Techniques

Purposive Sampling for the interview and Convenience Sampling for the self-administration questionnaire from the non-probability sampling method were used to collect the data from the customers and retailers as they must be selected in a specific category only.

3.8 Data Analysis Method

The data collected from the Google form was obtained in the sheets and the values were transferred to the SPSS software where further required calculations were performed. Furthermore, Cronbach's Alpha, R Square, validity and reliability, etc. will be checked.

<u>The equation for the customer:</u>

Online transaction = $\beta_0 + \beta_1$ technical knowledge + β_2 reliability + β_3 privacy and security + β_4 personal experience + e

<u>The equation for retailers:</u>

Online transaction = $\beta_0 + \beta_1$ technical knowledge + β_2 reliability + β_3 trust for customers + β_4 technological trends + e

Chapter IV

Findings and Interpretation

For carrying out the study it is important to look after the relation concerning findings of research based upon the objectives of the study. Based on this aspect appropriate analysis has been undertaken to achieve the conclusion of the research. The major analyses include reliability analysis, demographic characteristics of respondents, ANOVA test, and Regression are used to analyze the data obtained to achieve the objectives of the study. The data in the questionnaire were used to carry out various statistical analyses. To undertake the analysis of this research SPSS software has been used to analyze the relationship between the variables under this study. The processed data are then presented in different figures to explain the relationships of the data analyzed.

4.1 Reliability Analysis

Table 1: Reliability Analysis of data from customer

Variables	**Reliability Statistics**	
	Cronbach's Alpha	N of Items
Online Transaction	.760	3
Technical Knowledge	.769	3
Reliability	.722	3
Privacy and Security	.718	4
Personal Experience	.839	3
	Total	16

Source: Survey Data, 2023

In Table 1, the reliability analysis of data from the customer is presented. We can see that all variables have more than 70% Cronbach's Alpha which indicates a high level of internal consistency. Thus, the data is reliable at a good level.

Table 2: Reliability Analysis of data from retailers

Variables	**Reliability Statistics**	
	Cronbach's Alpha	N of Items
Online Transaction	.744	3
Technical Knowledge	.720	3
Reliability	.748	4
Trust for Customers	.757	5
Technological Trend	.806	3
	Total	18

Source: Survey Data, 2023

In Table 2, the reliability analysis of data from the retailers is presented. We can see that all variables have more than 70% Cronbach's Alpha which indicates a high level of internal consistency. Thus, the data is reliable at a good level.

4.2 Demographic Characteristics of Respondents

Table 3: Demographic Characteristics of Customers

Characteristics		Frequency	Percentage
Gender	Male	95	54.0%
	Female	81	46.0%
	Others	0	0.0%
Age	18 - 24	107	60.8%
	25 - 34	38	21.6%
	35 - 44	16	9.1%
	45 - 54	15	8.5%
	55 and above	0	0.0%
Education Level	Below SEE/SLC	2	1.1%
	10+2	12	6.8%
	Undergraduate Level	110	62.5%
	Master	52	29.5%
	Ph.D.	0	0.0%
Annual Income	Up to NRS 500000	118	67.0%
	NRS 500000 – NRS 700000	24	13.6%
	NRS 700000 – NRS 1000000	11	6.3%
	NRS 1000000 – NRS 2000000	13	7.4%
	Above NRS 2000000	10	5.7%
Location	Kathmandu	78	44.3%
	Lalitpur	36	20.5%
	Bhaktapur	32	18.2%
	Banepa	7	4.0%
	Dhulikhel	8	4.5%
	Others	15	8.5%

Source: Survey Data, 2023

In Table 3, the demographic characteristics of customers are presented. For the research, 176 customers were selected. Among them 54% were male the remaining 44% were female and there were no others. The 5 different rangers of the age were determined from which 18-24 were 60.8%, 25-34 were 21.6%, 35-44 were 9.1%, 45-54 were 8.5% and 55 and above were 0%. Similarly, the level of education was also collected. 1.1% have an education level below SEE/SLC, 6.8% have a 10+2 level, 62.5% have an Undergraduate level, 29.5% have a master's level and no

one holds a Ph.D. degree. Most of the people had an annual income range up to NRS 500000 and the least had an annual income above 200000. Most respondents were from Kathmandu and least were from Banepa.

Table 4: Demographic Characteristics of Retailers

Characteristics		Frequency	Percentage
Gender	Male	113	63.8%
	Female	64	36.2%
Age	18 - 24	9	5.1%
	25 - 34	47	26.6%
	35 - 44	70	39.5%
	45 - 54	43	24.3%
	55 and above	8	4.5%
Education Level	Below SEE/SLC	31	17.5%
	10+2	64	36.2%
	Undergraduate Level	71	40.1%
	Masters	11	6.2%
	Ph.D.	0	0.0%
Annual Income	Up to NRS 500000	59	33.3%
	NRS 500000 – NRS 700000	37	20.9%
	NRS 700000 – NRS 1000000	61	34.5%
	NRS 1000000 – NRS 2000000	17	9.6%
	Above NRS 2000000	3	1.7%
Location	Kathmandu	41	23.2%
	Lalitpur	34	19.2%
	Bhaktapur	37	20.9%
	Banepa	39	22.0%
	Dhulikhel	26	14.7%

Source: Survey Data, 2023

In Table 4, the demographic characteristics of retailers are presented. For the research, 177 customers were selected. Among them, 63.8% were male the remaining 36.2% were female and there were no others. The 5 different rangers of the age were determined from which 18-24 were

5.1%, 25-34 were 26.6%, 35-44 were 39.5, 45-54 were 24.3%, and 55 and above were 4.5%. Similarly, the level of education was also collected. 17.5% have an education level below SEE/SLC, 17.5% have a 10+2 level, 40.1% have an Undergraduate level, 6.2% have a master's level and no one holds a Ph.D. degree. Most of the retailers had an annual income ranging from NRS 700000 – NRS 1000000 and the least had an annual income above 200000. Most respondents were from Kathmandu and least were from Dhulikhel.

4.3 Descriptive analysis of variables

Descriptive analysis of this research paper includes the basic explanation of central tendency, particularly mean, and standard deviation. These variables are further divided into 21 measurable questions for customers and 23 measurable questions for retailers while collecting responses. The questionnaire format was the 5-point Likert Scale from which Agreement (1: Strongly Disagree ---- 5: Strongly Agree) and Satisfaction (1: Very Dissatisfied ---- 5: Very Satisfied).

Table 5: Descriptive statistics of variables of Customers

Statistics

		Technical Knowledge	Reliability	Privacy Security	Personal Experience
N	Valid	176	176	176	176
	Missing	0	0	0	0
Mean		4.0398	3.6174	2.5554	3.7538
Std. Deviation		.78092	.60061	.65202	.75340

Source: Survey Data, 2023

In Table 5, it is dictated that Technical Knowledge has the most impact with a mean of 4.0398, Personal Experience with a mean of 3.7538, Reliability with a mean of 3.6174, and Privacy and Security with a mean of 2.5554.

Table 6: Descriptive statistics of variables of Retailers

Statistics

		Technical Knowledge	Reliability	Customer Trust	Technological Trends
N	Valid	177	177	177	177
	Missing	0	0	0	0
Mean		3.8757	4.0452	3.6893	3.5254
Std. Deviation		.73829	.52772	.78563	.87949

Source: Survey Data, 2023

In Table 6, it is dictated that Reliability has the most impact with a mean of 4.0452, Technical Knowledge with a mean of 3.8757, Customer Trust with a mean of 3.6893, and Technological Trends with a mean of 3.5254.

4.4 Regression Analysis

The regression analysis is used to determine the relation between a dependent variable and the independent variable. The regression of the research is:

From the perspective of Customers

Online transaction = $\beta_0 + \beta_1$ technical knowledge + β_2 reliability + β_3 privacy and security + β_4 personal experience + e

Where,

Technical Knowledge, Reliability, Privacy and Security, and, Personal Experience are the dependent variables and Online transaction is the dependent variable.

$\beta 0$ is the regression intercept.

$\beta 1$, $\beta 2$, $\beta 3$, $\beta 4$ and $\beta 5$ are regression coefficients of dependent variables.

e is an error.

From the perspective of Retailers

Online transaction$_2$ = β_0 + β_1 technical knowledge + β_2 reliability + β_3 trust for customers + β_4 technological trends + e

Where,

Technical Knowledge, Reliability, Trust for Customers, and, Technology are the dependent variables and Online transaction is the dependent variable.

β0 is the regression intercept.

β1, β2, β3, β4 and β5 are regression coefficients of dependent variables.

e is an error.

4.4.1 From the Perspective of Customers

Table 7: Model Summary of Customers

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.564[a]	.318	.302	.71346	1.812

Source: Survey Data, 2023

The R-Square is the proportion of variance in the dependent variable which the independent variables can explain. The R-squared in this study was 0.318, which shows that the four independent variables (Technical Knowledge, Reliability, Trust for Customers, and, Technological) can explain 31.8% of the dependent variable.

Table 8: ANOVA Table of Customers

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	40.627	4	10.157	19.953	.000[b]
	Residual	87.044	171	.509		
	Total	127.671	175			

In Table 8, the ANOVA of the customers is listed. In the table, output from customer data which includes the sum of squares, degree of freedom (df), Square of the mean, F-statistic (F), and Significant level (Sig.) are shown.

Table 9: Regression Table of Customer

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.484	.506		.957	.340
	Technical Knowledge	.527	.080	.481	6.552	.000
	Reliability	.141	.094	.099	1.511	.133
	Privacy Security	.117	.085	.089	1.373	.171
	Personal Experience	.116	.084	.102	1.376	.171

Source: Survey Data, 2023

Online transaction = 0.484 + 0.527 technical knowledge + e

In Table 9, the regression table of customers is shown. The β0 is 0.484 which means that all the independent variable is constant. The only accepted independent variable is technical knowledge with a p-value of 0.000 which is less than 0.05. So, the value of technical knowledge is 0.527 which means a 1 unit change in technical variable brings 0.527 change in the online transaction.

4.4.2 From the Perspective of Customers

Table 10: Model Summary of Retailers

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.699	.489	.477	.58842	1.817

Source: Survey Data, 2023

The R-Square is the proportion of variance in the dependent variable which the independent variables can explain. The R-squared in this study was 0.489, which shows that the four independent variables (Technical Knowledge, Reliability, Privacy and Security, and, Personal Experience) can explain 48.9% of the dependent variable.

Table 11: ANOVA Table of Retailers

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	56.900	4	14.225	41.084	.000[b]
	Residual	59.553	172	.346		
	Total	116.453	176			

Source: Survey Data, 2023

In Table 11, the ANOVA of the customers is listed. In the table, output from customer data which includes the sum of squares, degree of freedom (df), Square of the mean, F-statistic (F), and Significant level (Sig.) are shown.

Table 12: Regression Table of Retailers

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.385	.424		.907	.366
	Technical Knowledge	.425	.089	.385	4.791	.000
	Reliability	.110	.085	.071	1.301	.195
	Customer Trust	.117	.074	.113	1.588	.114
	Technological Trends	.265	.071	.287	3.725	.000

Source: Survey Data, 2023

Online transaction = 0.484 + 0.425 technical knowledge + 0.287 technological trends + e

In Table 12, the regression table of retailers is shown. The β0 is 0.385 which means that all the independent variable is constant. The accepted independent variable is technical knowledge and technological trends with a p-value of 0.000 which is less than 0.05. So, the value of technical knowledge is 0.425 which means a 1 unit change in technical variable brings 0.425 change in the online transaction and the value of technological trends is 0.265 which means a 1 unit change in technological trends variable brings 0.265 change in the online transaction.

4.5 Summary of Hypothesis

Table 13: Summary of Hypothesis of Customers

Null Hypothesis	Hypothesis	p-value	Relationship
H_1	There is a significant impact of Technical Knowledge on customers' Online transactions	.000	Accepted
H_2	There is a significant impact of Reliability on customers' Online transactions	.133	Rejected
H_3	There is a significant impact of Privacy and Security on customers' Online transactions	.171	Rejected
H_4	There is a significant impact of Personal Experience on customers' Online transactions.	.171	Rejected

Table 14: Summary of Hypothesis of Retailers

Null Hypothesis	Hypothesis	p-value	Relationship
H_1	There is a significant impact of Technical Knowledge on retailers' Online transactions	.000	Accepted
H_2	There is a significant impact of Reliability on retailers' Online transactions	.195	Rejected
H_3	There is a significant impact of Privacy and Security on retailers' Online transactions	.114	Rejected
H_4	There is a significant impact of Personal Experience on retailers' Online transactions.	.000	Accepted

Chapter V

Conclusion and Discussion

5.1 Conclusion

According to the recent data released by Nepal Rastra Bank, as of Ashad's end, 2079 BS (Mid-July, 2022) total number of 1.99 crores people which is around 66 percent of the total population are currently using the online transaction service from the Bank from which, 1.83 crores are using mobile banking whereas 16.84 lakhs are using internet banking services. The main objective of the research was to investigate online purchasing factors, preferences, usability for basic users, and challenges for customers and retailers lacking technological knowledge.

The data was collected using the primary data collection of the quantitative technique. The research was causal research which is also known as a cause-and-effect relationship. In the primary type of data collection, the research used the interview/ self-administration test and questionnaire. The questionnaire format was the 5-point Likert Scale from which Agreement (1: Strongly Disagree ---- 5: Strongly Agree) and Satisfaction (1: Very Dissatisfied ---- 5: Very Satisfied). The questionnaires were designed in the Google form and circulated for the customers whereas every question was asked for the retailers.

The sampling area for the research was the valley area (Kathmandu, Bhaktapur, and Lalitpur) and the Kavre area (Dhulikhel and Banepa). The sample size of the research was 353 of which 176 were customers and 177 were retailers. The independent variables for customers were Technical Knowledge, Reliability, Privacy, and Security, and, Personal Experience and Online transactions were the dependent variables. The independent variables for retailers were Technical Knowledge, Reliability, and Trust for Customers, and, Technological and Online transactions dependent variables.

The R-Square of customers is the proportion of variance in the dependent variable which the independent variables can explain. The R-squared in this study was 0.318, which shows that the four independent variables can explain 31.8% of the dependent variable. The R-Square of retailers is the proportion of variance in the dependent variable which the independent variables can explain. The R-squared in this study was 0.489, which shows that the four independent variables can explain 48.9% of the dependent variable.

The regression table of customers shows that β0 is 0.484 which means that all the independent variable is constant. The only accepted independent variable is technical knowledge with a p-value of 0.000 which is less than 0.05. So, the value of technical knowledge is 0.527 which means a 1 unit change in technical variable brings 0.527 change in the online transaction. The regression table of retailers shows that β0 is 0.385 which means that all the independent variable is constant. The accepted independent variable is technical knowledge and technological trends with a p-value of 0.000 which is less than 0.05. So, the value of technical knowledge is 0.425 which means a 1 unit change in the technical variable brings a 0.425 change in the online transaction and the value of technological trends is 0.265 which means a 1 unit change in the technological trends brings 0.265 change in the online transaction

Lastly, technical/technological factors highly influence the online transactions of retailers and customers. Reliability does not matter to both the retailers and customers in online transactions. Trust for customers and retailers does not matter to both the retailers and customers in online transactions. Customers' choices always influence the choice of retailers.

5.2 Discussion

Kim, J., Jin, B., & Swinney, J. L. (2009) have shown a significant impact of reliability and privacy/security on e-trust which has further shown an impact on e-loyalty which influences the increase/decrease of online transactions. Gao, L., & Waechter, K. A. (2017) have shown a significant impact of personal satisfaction/ personal experience on mobile payment (i.e., online transactions).

Kim, J., Jin, B., & Swinney, J. L. (2009) have shown a significant impact of reliability on e-trust which has further shown an impact on e-loyalty which influences the increase/decrease of online transactions. Kim, J., Jin, B., & Swinney, J. L. (2009) have shown a significant impact of trust on e-loyalty which influences the increase/decrease of online transactions. Gao, L., & Waechter, K. A. (2017) have shown a significant impact of trust on mobile payment (i.e., online transactions).

People in Nepal prefer to carry less cash which is comfortable and easy to carry. The number of online transactions is in increasing order. Online transactions are also easy to use which attracts people to use them. The privacy in the online transaction is also maintained. It is very secure to use online transactions because personal information does not get leaked or corrupted. There is also less chance of theft in the online transaction. People have good personal experience regarding the online transaction so they prefer it more and want to use it more.

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ANNEX

Questionnaire for Customers

Demographics

1. **Gender**
   i. Male
   ii. Female
   iii. Others
2. **Age**
   i. 18-24
   ii. 25-34
   iii. 35-44
   iv. 45-54
   v. 55 and above
3. **Education Level**
   i. Below SEE
   ii. 10+2
   iii. Undergraduate Level
   iv. Masters
   v. PhD.
4. **Annual Income**
   i. Up to NRS 500000
   ii. NRS 500000 – NRS 700000

iii. NRS 700000 – NRS 1000000

iv. NRS 1000000 – NRS 2000000

v. Above NRS 2000000

5. **Location**

i. Kathmandu

ii. Lalitpur

iii. Bhaktapur

iv. Banepa

v. 28 Kilo

Online Transaction

6. **How frequently do you engage in online transactions per month?**

i. Less than 1

ii. 1-3

iii. 4-6

iv. 7 -10

v. More than 10

7. **You prefer online transactions over traditional cash payments**

i. Strongly Disagree

ii. Disagree

iii. Neither agree nor disagree

iv. Agree

v. Strongly Agree

8. **Please rate your overall satisfaction with your past online transaction experiences**

i. Very dissatisfied

ii. Dissatisfied

iii. Neutral

iv. Satisfied

v. Very satisfied

Technical Knowledge

9. I have good technical knowledge and skills related to using online platforms and making online

i. Strongly Disagree

ii. Disagree

iii. Neither agree nor disagree

iv. Agree

v. Strongly Agree

10. I feel very comfortable using technology for online transactions

i. Strongly Disagree

ii. Disagree

iii. Neither agree nor disagree

iv. Agree

v. Strongly Agree

11. My technical knowledge affects my decision-making process when considering performing an online transaction

i. Strongly Disagree

ii. Disagree

iii. Neither agree nor disagree

iv. Agree

v. Strongly Agree

Reliability

12. There is the importance of reliability when choosing to make online transactions

i. Strongly Disagree

ii. Disagree

iii. Neither agree nor disagree

iv. Agree

v. Strongly Agree

13. I am very satisfied with the overall reliability of online retailers in Nepal

i. Strongly Disagree

ii. Disagree

iii. Neither agree nor disagree

iv. Agree

v. Strongly Agree

14. I have encountered reliability issues during online transactions

i. Strongly Disagree

ii. Disagree

iii. Neither agree nor disagree

iv. Agree

v. Strongly Agree

15. **The reliability of an online retailer influences my decision-making process when considering an online transaction**

    i. Strongly Disagree

    ii. Disagree

    iii. Neither agree nor disagree

    iv. Agree

    v. Strongly Agree

Privacy and Security

16. **I have complete trust in the privacy and security of online platforms in Nepal**

    i. Strongly Disagree

    ii. Disagree

    iii. Neither agree nor disagree

    iv. Agree

    v. Strongly Agree

17. **Privacy and security are very important to me when choosing to make online transactions**

    i. Strongly Disagree

    ii. Disagree

    iii. Neither agree nor disagree

    iv. Agree

    v. Strongly Agree

18. **I am satisfied with the overall privacy and security measures provided by online retailers in Nepal**

i. Strongly Disagree

ii. Disagree

iii. Neither agree nor disagree

iv. Agree

v. Strongly Agree

19. The privacy and security of an online retailer influence my decision-making process when considering an online transaction

i. Strongly Disagree

ii. Disagree

iii. Neither agree nor disagree

iv. Agree

v. Strongly Agree

20. I frequently encounter the issue of privacy and security while performing any online transaction

i. Strongly Disagree

ii. Disagree

iii. Neither agree nor disagree

iv. Agree

v. Strongly Agree

Personal Experience

21. I have a very good personal experience while performing an online transaction

i. Strongly Disagree

ii. Disagree

iii. Neither agree nor disagree

iv. Agree

v. Strongly Agree

22. I frequently face issues while performing online transactions, making my personal experience worse

i. Strongly Disagree

ii. Disagree

iii. Neither agree nor disagree

iv. Agree

v. Strongly Agree

23. My personal experience influences my habit of online transactions

i. Strongly Disagree

ii. Disagree

iii. Neither agree nor disagree

iv. Agree

v. Strongly Agree

Questionnaire for Retailers

Demographics

24. Gender

iv. Male

v. Female

vi. Others

25. Age

vi. 18-24

vii. 25-34

viii. 35-44

ix. 45-54

x. 55 and above

26. Education Level

vi. Below SEE

vii. 10+2

viii. Undergraduate Level

ix. Masters

x. PhD.

27. Annual Income

i. Up to NRS 500000

ii. NRS 500000 – NRS 700000

iii. NRS 700000 – NRS 1000000

iv. NRS 1000000 – NRS 2000000

v. Above NRS 2000000

28. Location

i. Kathmandu

ii. Lalitpur

iii. Bhaktapur

iv. Banepa

v. 28 Kilo

Online Transaction

29. How frequently do you engage in online transactions per month?

vi. Less than 1

vii. 1-3

viii. 4-6

ix. 7 -10

x. More than 10

30. You prefer online transactions over traditional cash payments

i. Strongly Disagree

ii. Disagree

iii. Neither agree nor disagree

iv. Agree

v. Strongly Agree

31. Please rate your overall satisfaction with your past online transaction experiences

i. Very dissatisfied

ii. Dissatisfied

iii. Neutral

iv. Satisfied

v. Very satisfied

Technical Knowledge

32. You have good technical knowledge and skills related to using online platforms and making online

i. Strongly Disagree

ii. Disagree

iii. Neither agree nor disagree

iv. Agree

v. Strongly Agree

33. You feel very comfortable using technology for online transactions

i. Strongly Disagree

ii. Disagree

iii. Neither agree nor disagree

iv. Agree

v. Strongly Agree

34. Your technical knowledge affects your decision-making process when considering customers to perform an online transaction

i. Strongly Disagree

ii. Disagree

iii. Neither agree nor disagree

iv. Agree

v. Strongly Agree

Reliability

35. There is the importance of reliability when choosing to make online transactions

i. Strongly Disagree

ii. Disagree

iii. Neither agree nor disagree

iv. Agree

v. Strongly Agree

36. You are very satisfied with the overall reliability of online retailers in Nepal

i. Strongly Disagree

ii. Disagree

iii. Neither agree nor disagree

iv. Agree

v. Strongly Agree

37. You have encountered lots of reliability issues during online transaction

i. Strongly Disagree

ii. Disagree

iii. Neither agree nor disagree

iv. Agree

v. Strongly Agree

38. The reliability of an online customer influences your decision-making process when considering the online transaction

i. Strongly Disagree

ii. Disagree

iii. Neither agree nor disagree

iv. Agree

v. Strongly Agree

Trust for customer

39. You trust all customers with the online transaction (including new and old)

i. Strongly Disagree

ii. Disagree

iii. Neither agree nor disagree

iv. Agree

v. Strongly Agree

40. You trust online platforms to provide secure and reliable transactions

i. Strongly Disagree

ii. Disagree

iii. Neither agree nor disagree

iv. Agree

v. Strongly Agree

41. You are completely satisfied with the behavior of the customers who perform online transactions

i. Strongly Disagree

ii. Disagree

iii. Neither agree nor disagree

iv. Agree

v. Strongly Agree

42. You have not been cheated by any customers in the context of online transactions

i. Strongly Disagree

ii. Disagree

iii. Neither agree nor disagree

iv. Agree

v. Strongly Agree

43. Customers' behavior influences your decision-making process when considering customer make online transaction

i. Strongly Disagree

ii. Disagree

iii. Neither agree nor disagree

iv. Agree

v. Strongly Agree

Technological Trends

44. You installed online payment in your shop just to follow the technological trend among the Nepalese retailers

i. Strongly Disagree

ii. Disagree

iii. Neither agree nor disagree

iv. Agree

v. Strongly Agree

45. You are familiar with the latest technological trends in online transactions

i. Strongly Disagree

ii. Disagree

iii. Neither agree nor disagree

iv. Agree

v. Strongly Agree

46. You frequently prefer to use online transactions rather than using cash payments to all the customers

i. Strongly Disagree

ii. Disagree

iii. Neither agree nor disagree

iv. Agree

v. Strongly Agree