

CHAPTER-I

INTRODUCTION

1.1 Background of the Study

With the state of company today, customer relationship management is becoming more and more important. Customers are truly gods to any firm. Numerous enterprises, including banks, insurance providers, and other service providers, have realized the value of sustaining positive client relationships and the potential for them. The building of new client bases is a future prospect and must be done continuously in any type of business in order to survive and succeed. The current customers must be kept in order to acquire lifelong value. Long-lasting customer relationships will benefit businesses and increase earnings for both the client and the company. Businesses value their consumers' loyalty and frequently return the favor. Just being aware of the customer-focused theory (*Blery & Michalakopoulos, 2015*).

CRM is an all-encompassing business and marketing strategy that links technology and company operations to the client (*Fjermestad & Romano, 2016*). As the market becomes more competitive, Nepalese commercial banks are finding that their relationships with customers are ever more crucial to their survival. Nepalese banks, with its small customer base and economy, have had to make every effort to satisfy their patrons in order to draw in new business and hold onto their current clientele. It is a well-known reality in marketing that acquiring new customers is more expensive for a business than keeping the ones it already has. The ability of businesses to swiftly and efficiently adjust to changing client needs is one of the prerequisites for competitiveness (*Cho, et. al., 2017*).

Using various analytical techniques in customer relationship management technologies, this study focuses on the effect of CRM on customer satisfaction and retention of Nepalese commercial banks. Nepalese commercial banks need to be aware of the shifting market dynamics and environment. Commercial banks ought to be aware of the degree to which their clients regard them as the most important service provider. Since people entrust banks with their money and because for some, that money represents their entire life savings—

banks ought to be regarded with credibility. These days, people are quite picky about the banks they should use. Because of this, keeping consumers is harder than getting new ones.

CRM is an idea that helps businesses manage their interactions with clients, customers, and potential customers (Long et al., 2013). CRM is a management strategy that involves locating, luring, cultivating, and sustaining fruitful client connections throughout time. This helps the business hang on to major clients as well as other lucrative ones, ensuring steady growth (Bradshaw & Brash, 2001). CRM is a tactic used by businesses to handle their client connections. Implementing customer relationship management can lead to improved customer service, according to studies. CRM also enhances the management of client loyalty and expectations.

The best and most effective method for establishing and preserving a relationship with clients is customer relationship management. They support banks in identifying valued consumers, improving customer communication, giving prompt feedback, analyzing customer data, and customizing products. According to Chen and Popovich (2003), customer relationship management is an integrated approach to relationship management that prioritizes relationship growth and client retention (Cho, 2001).

Attracting, nurturing, retaining, and growing lucrative clientele are the goals of CRM (Massey, Weiss, & Holcom, 2001). Businesses can use it to influence evidence from their databases in order to cross-sell new goods and services to existing clients and achieve customer retention (Foss & Stone, 2001). Businesses that use customer relationship management create stronger bonds with their clients, win their loyalty and reap significant benefits in the form of more sales and lower expenses (Roh, et al., 2005).

1.2 Problem Statement

Consumers are important resources for every business that seeks to turn a profit, and commercial banks are no exception. In the financial industry, keeping current customers is crucial because it takes a lot of time, money, and effort to acquire new ones. The burgeoning financial sector in Nepal has made the habit of customers moving between commercial banks

increasingly problematic. Customers are constantly looking for commercial banks that can look after their money and provide them with a decent return since they want their money to be well-managed and to yield a higher return. However, even commercial banks can boost their earnings if they can reimburse the current.

In Nepal, there are a disproportionately large number of commercial banks compared to our population and GDP. Consumers switch from one institution to another in search of higher satisfaction levels and financial returns. In the current competitive landscape, where banks employ several strategies to draw in clients, customer attrition has emerged as a significant issue for Nepal's banking industry.

This study attempts to address the issue raised by the pattern of customer attrition in Nepal's commercial banks. Determining the critical elements that consumers believe are essential to their bank retention and the potential tactics that banks might employ to keep them around is helpful. Businesses should be aware of the potential reasons for client attrition and understand the barriers that keep consumers from moving to other companies. Customers' intention to stay with a company is influenced by a number of connected aspects, including customer happiness, perceived value of the service, employee behavior, switching obstacles, customer convenience, and complaint management.

Thus, this study tries to address the following research issues:

- What is the customer behavior towards banks' retention policy?
- What is the influence of customer relationship factors on the customer retention in Nepalese commercial banks?
- What is the impact of customer relationship management on customer retention?

1.3 Objectives of the Study

Understanding the current state of customer relationship management and the retention strategy used by Nepalese commercial banks is the main goal of this study. The following are the study's particular goals:

- To analyze the customer behavior towards banks' retention policy.

- To examine the influence of customer relationship factors on the customer retention in Nepalese commercial banks.
- To assess the impact of customer relationship management on customer retention.

1.4 Research Hypotheses

The following theories are produced in accordance with the study's theoretical and conceptual framework.

H0₁: There is no significant impact between perceived service value and customer retention.

H0₂: There is no significant effect between employee behavior and customer retention.

H0₃: There is no significant impact between complaint handling and customer retention.

H0₄: There is no significant impact between customer convenience and customer retention.

H0₅: There is no significant impact between switching barriers and customer retention.

H0₆: There is no significant impact between customer satisfaction and customer retention.

1.5 Rationale of the Study

Commercial banks can benefit from this study by learning how crucial client retention is to their overall profitability as well as the elements that keep customers coming back and may even win their loyalty. It offers more information and a deeper comprehension of customer retention tactics. The study lowers the cost of client acquisition in the financial sector and aids in understanding the numerous methods linked to customer retention decisions. This study aids commercial banks in developing strategies that lead to successful client retention plans as well as business expansion and improvement. The study is significant because it establishes a connection between customer retention and other variables like pricing, contentment, switching barriers, product quality, and customer service.

Commercial banks will benefit from this research's assistance in expanding and developing their businesses in today's dynamic and competitive market. The main goals of a company's marketing strategies and methods are to generate revenue through higher sales volume, premium pricing, and/or client retention while cutting costs associated with those revenues.

These goals also help the business grow. Thus, this study will be beneficial for both attracting new clients and keeping existing ones.

1.6 Limitations of the Study

The research findings center on the different tactics used by commercial banks to hold onto their clientele and explain why customer retention matters in the current financial environment for the banking industry. Nevertheless, there are a number of limitations to this study, some of which are significant and are listed below:

- The sample size of the customers taken from different commercial banks of Nepal is only 400 which may not reflect the true outcome if done otherwise.
- Convenience sampling is used as sampling method. As a result, it may not provide accurate information as random sampling method.
- Only people of inside Kathmandu valley are asked for their views which may not reflect or match with the bigger picture if this research was nationwide.

CHAPTER-II

LITERATURE REVIEW

A literature review is a scientific work that summarizes the state of the field, covering significant discoveries as well as the theoretical and methodological contributions to a given subject. A review of previous literature and past knowledge are the foundations of each successful research project. A review of prior related research comprises an analysis of different studies, scholarly publications, essays, dissertations, and other relevant research.

2.1 Theoretical Review

The conceptual review encompasses the study's primary theoretical framework and purpose. This study section expounds on the notion of client retention and the factors that influence it. The fundamental and important theoretical components of customer satisfaction and retention for banks, financial institutions, and businesses have been characterized differently by different academics.

2.1.1 Concept of Customer Retention

Retaining customers is a business strategy and process aimed at maintaining and prolonging the engagement and loyalty of existing customers with a company's products or services. It involves various initiatives and practices to ensure that customers continue to choose and use a company's offerings over an extended period, rather than switching to competitors.

Effective customer retention involves understanding customer needs and preferences, delivering consistent value and quality, providing excellent customer service, and building strong relationships. It often includes activities such as personalized communication, loyalty programs, post-purchase support, gathering and acting upon customer feedback, addressing concerns promptly, and continuously improving products or services to meet evolving customer expectations. The goal of customer retention is not only to prevent customer churn (when customers stop doing business with a company) but also to foster customer advocacy. Loyal and satisfied clients are more inclined to recommend the business to others., which can lead to organic growth and a positive brand reputation.

In summary, customer retention is the set of strategies and efforts a business undertakes to keep its existing customers engaged, satisfied, and loyal, ultimately contributing to long-term success and sustainability.

For banks, "customer retention" refers to the tactics and initiatives used by financial organizations to keep their current clientele and keep them from moving to rival businesses. To foster loyalty and ongoing use of the bank's services, it entails building long-term relationships with clients, seeing to their requirements, and successfully meeting their financial demands. Personalized service, first-rate customer care, customized financial solutions, competitive interest rates, loyalty programs, and the ease of digital banking are all important components of successful customer retention in the banking sector. Banks can lower attrition rates, boost earnings, and develop a solid, devoted clientele by keeping customers (*Henry and Rosa, 2011*).

2.1.2 Perception of Service Quality (SQ) as a Factor in Customer Retention

Numerous studies have also discovered a direct relationship between customer behavioral intentions and perceptions of service quality, which is arguably a cognitive evaluation (e.g., Pantouvakis & Bouranta, 2013), despite the fact that the cognitive evaluation emotional responses behavioral intention link is conceptually the strongest in explaining how customers form their behavioral intentions. The approach's methodological benefit lies in its capacity to independently control the impact of price perception on retention. Cronin et al. (2000) conducted a large-scale survey across six industries in a recent study that verified the direct linear relationship between behavioral intents and SQ perceptions, customer satisfaction, and value. Their study revealed an unexpected finding: when considering value, service quality judgments mattered more than price. Cronin and associates came to the conclusion that rather than.

Overall, these findings agreed with the previously published research. Nevertheless, the landmark study by Cronon and Taylor (1992) that started the Servquaf vs. Serryperf argument over service quality measurement was one of the few that was unable to prove a connection between SQ perceptions and customer behavioral intentions. Using different SQ

metrics, they discovered that repurchase intentions were frequently driven by satisfaction alone, not by perceptions of SQ (*Cronin and Taylor, 1992*).

2.1.3 Client satisfaction and the factors that influence it

Speaking about quality is essential to defining client satisfaction in the service industry. A notable topic of contention in the academic setting has been the direction of causality between both.

Quality in service has been defined as a construct made up of two parts: the technical part, which focuses on the company's delivery of the service to the client (the outcome); the functional or relational part, on the other hand, relates to the method by which the service is carried out (the process). Additionally, empirical studies have shown a substantial correlation between customer satisfaction and these two quality aspects. The recognition of the importance of high-quality technical aspects in achieving customer satisfaction has led to an increasing focus on service operations as a means of achieving customer satisfaction and loyalty.

To satisfy customers, functional quality has shown to be just as vital as technical quality. The study's findings suggest that, even when expressly questioned about their level of satisfaction with the technical aspects of the service, bank customers do not discount the manner in which the service was provided. This implies that there is a considerable relationship between the functional dimension and client pleasure.

In turn, customer pleasure is viewed as an emotional response to certain interactions. Additionally, there is enough data to imply that the contentment of the client may be interpreted as an attitude, and it is highly correlated with the validation of prior expectations. The literature on services states that customers' impression of the value they received in a transaction or connection, relative to price and acquisition expenses, determines their level of satisfaction. Furthermore, it is in relation to the anticipated value of deals with rival businesses.

Due to the nature of the financial services industry, where clients typically do not view financial products as tangible, finished goods, the service provided with the product is crucial in determining how satisfied customers are with the institution overall. Therefore, it is crucial to incorporate both the characteristics associated with services and those associated with products when calculating overall satisfaction for financial service organizations (*Lassar et al. 2000*).

2.1.4 Service Management, Customer Perception and Customer Retention

According to research on service management, a customer's perception of the value they received from a transaction or relationship—value being defined as perceived service quality in relation to price and customer acquisition costs—and their perception of that value in relation to the value they would have expected from a transaction or relationship with a competitor determines their level of satisfaction. Customers who believe that one provider offers more value than others do are more likely to engage in loyalty behaviors, such as recommending suppliers, expanding the scope of the relationship, and maintaining ongoing relationships. When a customer exhibits one or more of the aforementioned traits, a company's profits rise due to higher revenues, lower customer acquisition costs, decreased price sensitivity, and lower costs associated with serving repeat customers who are accustomed to the company's service delivery model.

The marketing domain contains the second pertinent body of literature. It talks about how client loyalty is affected by customer satisfaction. Numerous research have shown that purchase intentions and post-buy attitudes are influenced by customer satisfaction.

There are two different ways that client loyalty might be described, according to marketing literature. According to the first, loyalty is an attitude. One's total attachment to a good, service, or company is shaped by a variety of emotions. These emotions determine each person's level of loyalty.

Behavior is the second definition of loyalty. Remaining a customer of the provider, growing the size and/or scope of a connection, or making recommendations are a few examples of

loyalty behavior. The definition of loyalty found in the literature on service management is comparable to the behavioral understanding of loyalty. This study looks at loyalty in behavior as opposed to attitude. The goal of this approach is twofold: first, it incorporates behavioral loyalty into the conceptualization of customer loyalty that has been connected to customer satisfaction; second, it makes managers who are interested in customer behaviors that are associated with firm performance immediately able to access the demonstrated satisfaction/loyalty relationship.

The degree to which a service satisfies a customer's wants and expectations is considered service quality. Therefore, the gap between what customers perceive and expect from a service provider can be used to determine service quality. When performance falls short of expectations, customers will not be satisfied since perceived quality is not up to par. It has been acknowledged that providing high-quality services can yield strategic advantages, such as higher customer retention rates, while simultaneously improving operational effectiveness and profitability. This implies that one of a company's competitive advantages that affects business performance is the quality of its e-services (Berferon, 2009). Consider problems with e-service and service technology implementation to be crucial to service operations, showing how customer pleasure is impacted by service quality, which in turn affects the bank's financial success.

The process of implementing and assessing service quality is extremely intricate. When assessing the content and delivery of a service, two factors must be taken into account. While service providers are the best assessors of the message's content, customers may be in the best position to assess the quality of delivery. This study focuses solely on technology users' opinions of service quality, despite the fact that there are many distinct components of service involved.

The idea of service quality has generated a lot of attention in the research literature due to the challenges associated with defining and assessing it, as neither has been widely agreed upon. There exist multiple interpretations about the definition of service quality. A widely accepted definition of service quality is the degree to which a service fulfills the requirements and

expectations of its clients. Therefore, the gap between what customers perceive and expect from a service provider can be used to determine service quality. When expectations exceed performance, customers may feel that the quality is not up to par, leading to dissatisfaction.

It has been suggested that using degree of intangibility to differentiate between items and services highlights the fact that degree of tangibility affects how easy it is to provide services or evaluate the quality of products. (Berferon, 2008) feel that the service provider's offering is their productive capability and that the importance of intangibility is being overstated. Customers are present and may even participate in the delivery process since services are produced and consumed concurrently. As a result, in certain situations, they may influence or shape the service's performance and quality, leading to interruptions, longer wait times, and ultimately decreased customer satisfaction.

The majority of the time, banks have used service delivery technology to supplement the services that bank employees have always offered. Implementation stems from the need to both meet the challenge given by competitors with cutting-edge technologies and lower the cost of providing services largely through labor. Due to changes in the banking sector brought about by deregulation, fast global networking, and the increase in individual wealth, it is now frequently strategically necessary to implement sophisticated delivery systems, such as online and phone banking, remote site automated teller machines, etc. Consumers order takeout using touch screen "kiosks," and banks have installed automated teller machines (ATMs) all over the place where customers may withdraw cash, transfer funds, deposit money into accounts, and perform other transactions (*Berferon, 2009*).

2.1.5 Retention of Customers

Many businesses understand that they must step up their efforts to keep customers in order to boost their profitability and cut expenses and gain market share in a highly competitive industry. However, practitioners discover that there are differences in how client retention is conceptualized, which skews study findings, when they consult the retention literature for advice on creating retention tactics. Generally speaking, there are three unique methods for assessing retention: composite assessment, behavioral measures, and attitude measurement.

Retention in the context of services was often described as behavior that was seen. Nevertheless, the behavioral models that relied solely on repeat purchases to gauge client retention have come under fire for lacking a conceptual foundation; this assessment might not have revealed a commitment.

The behavioral, attitudinal, and cognitive aspects of customer retention are all incorporated in the third method. The achievement of absolute retention has been demonstrated to depend on the engagement of a psychological attitudinal construct with recurring purchases. In this sense, client retention has often been operationalized as the customer's choice among alternatives and price tolerance—that is, the first item that came to mind while making a purchase decision. Accordingly, retention was described in this study as the extent to which a client has a favorable cognitive and attitudinal disposition, makes recurrent purchases, and is willing to pay a service provider's price (*Reichheld and Sasser, 1990*).

2.1.6 Expectation-Disconfirmation Effects on Web Customer Satisfaction

According to McKinney et al. (2002), there are two separate sources of Web-customer satisfaction: contentment with the information content quality of a website and satisfaction with the system performance of the website in providing information. Web-customers' past expectations, any differences (such as disconfirmation) between such expectations, and the perceived performance of the Web site all have an impact on how satisfied they are with the Information Quality (IQ) and System Quality (SQ) of a website. The expectancy disconfirmation paradigm, a widely used method for gauging consumer happiness in marketing, encapsulates this idea. The authors created a tool to gauge how satisfied online shoppers were with the information search stage of their online purchase process. They measured expectation disconfirmation and identified information and system quality as the factors influencing satisfaction in their study (*McKinney, et al., 2002:303*).

2.1.7 Internet Service Quality

The rapid progress of information and communication technologies is bringing about daily changes in the world. Due to the growing popularity of using the internet for everyday tasks, the Nanking sector has expanded the range of services it offers and heightened

competitiveness by implementing online banking (Batenand, 2010:4). The banking business, among other service industries, has found success in enhancing service delivery through the use of the internet (Rod et al., 2009:75). The internet service strives to offer clients satisfying services that contribute to their enjoyment. Traditional banking was restricted to the hours that actual bank branches were open. Nonetheless, clients can access any service with the help of the internet (*Turban, et al., 2008: 375*).

2.1.8 Customer Satisfaction and Service Quality are Related.

Service is an abstract but direct relationship with customer satisfaction. Today's market is competitive and service oriented. Everyone want quality service while using any product or service activities when the customer expectation and performance of product of services match, customer are satisfied. It has played the important role in bottom line performance of the firm. Researchers have therefore looked into consumer satisfaction and service. In recent times, practitioners and researchers have shown a great deal of interest in the topic of service quality (*Parasuraman, et al., 1985:45*).

The attainment of elevated degrees of customer satisfaction heavily relies on businesses' capacity to comprehend and fulfill the demands and anticipations of both their current and prospective clientele. It has been discovered that a key factor in determining customer happiness is service quality. Taking a consumer-focused approach to action makes sense if you want to increase client happiness. The degree to which a business may act in a way that is customer-focused is directly linked to the expectations and preferences of its customers as well as the caliber of services it offers. Specifically, for the companies to be able to attract clients who have the capacity to provide them with greater value (*Caruana and Malta, 2002*).

2.1.9 Online Banking Facilities and Client Contentment

A collection of perception, assessment, and psychological responses to a product or service's consuming experience is known as customer satisfaction. Customer satisfaction as a consequence of a cognitive and emotive assessment in which the perceived performance is really compared to a reference standard (Saha and Zhao, 2005:33). Customers will be unsatisfied if the perceived performance is below expectations. However, the consumer will

be happy if the perceived performance meets or above their expectations. The decision to use electronic banking services is motivated by operational constraints related to customer location, the need to maintain customer satisfaction, and the capabilities of the Bank's primary software. These factors also influence the usage experience, which in turn affects the level of satisfaction (Boateng and Molla, 2006:3). Serving as (*Raman, et al., 2008:7*).

2.2 Empirical Review

Empirical reviews discuss the theories or conclusions of past researchers in the relevant fields of study. It aids in the study's development as a link in a chain of research that is expanding and generating knowledge in the relevant sector. In this area, an attempt has been made to look over and analyze a few connected pieces that have been published in various newspapers, periodicals, bulletins, and economic journals. The following is a compilation of the most important recent international articles on this topic:

2.2.1 Review of Journals/Articles

Cohen et al. (2007) researched on “*The Effect of a Number of Retention-Relevant Constructs that May Affect Customers' Choices to Remain with or Leave Their New Zealand Banks*”. A survey measuring these constructs was delivered to a sample of 514 residents of Christchurch, New Zealand, for the study. The research results indicate that their decisions on loyalty were significantly influenced by switching barriers, corporate image, and customer satisfaction. Additionally, there was proof that respondents' inclination to stick with their existing banks was explained in part by the age groupings and educational backgrounds of their consumers. An improved understanding of client retention in the banking sector of New Zealand is provided by this study. The outcome included recommendations for tactics that bankers could use to increase customer retention and profitability, as well as consequences for banking executives.

Musekiwa (2011) researched on “*Customer satisfaction, switching costs, and future usage in commercial banks are the three factors that determine customer retention*”. from the perspective of the patrons in Bindura during the 2008 cash crunch. Data was collected using a structured questionnaire on a sample of 120 clients. Agribank, Barclays, and Standard Chartered were the commercial banks that were used in the research. Forty respondents were

questioned from each bank. A judgmental sampling technique was employed to choose the participants. According to the study, the majority of male and older customers were content. They also believed that moving banks would cost more, which made them less likely to move banks. The report suggests that banks should enhance customer service, machine dependability, and communication. Additionally, it suggests that banks raise customer satisfaction and switching costs for younger and female customers.

Ibok and Udofot (2012) conducted a study on “*Service Features that Affect Client Retention in the Setting of Microfinance Institutions in Nigeria's Akwa Ibom State*”. The data obtained from 90 respondents who shopped at 13 State-licensed microfinance banks was analyzed using a regression model. The demographic details of microfinance clients were analyzed using straightforward percentages and were compiled into a bi-variant frequency table. The study highlights the need of having a thorough understanding of the various factors that promote and hinder retention behaviors. In order to improve retention and overall business performance among microfinance institutions, both proactive and reactive retention techniques were suggested as prerequisites.

Njane (2013) researched on “*The Kenyan Banks' Risks and Impacts on Customer Retention: An Examination of Barclays Bank of Kenya's Case Study*”. The research employed a case study design methodology. Semi-structured questionnaires were used to gather data from Barclays Bank of Kenya customers, and staff members were interviewed. After being coded and thoroughly examined for accuracy, the quantitative data was loaded into a computer for analysis. With the use of the computer program SPSS, descriptive statistics were used to examine the data. According to the survey, factors that affect client retention include the bank's physical look, branch locations' convenience, transaction correctness, service delivery, and customer service efficiency. Additional research revealed that the stability, familiarity, and dependability of a bank's corporate image have an impact on client retention.

Caroline and Elizabeth (2014) researched on “*The Factors Affecting Tanzanian Commercial Banks' Customer Retention*”. Four distinct goals were formulated concerning latent variables: customer satisfaction, pricing of bank products and services, quality of products

offered by banks, and customer service. Under the positivist paradigm, explanatory investigations were used to establish the links between the variables. A convenience sampling strategy was used in the study to choose 200 bank clients as a sample. Using surveys, primary data were gathered, and all 200 bank clients provided good responses. The theories were tested using multiple regression analysis and the Chi-square test. It was discovered that every latent variable worked well to predict client retention. The study found that when developing customer retention models, academics should take into account both the price and quality of the things that banks offer. For Tanzania's Bank,

Magasi (2015) researched on “*Influences of Customer Relationship Marketing Tanzanian Commercial Banks' Customer Retention*”. The study evaluated the relationship between customers' trust, commitment, contentment, and relationship with their commercial banks and the antecedents of relationship marketing. The questionnaires were utilized in a cross-sectional survey approach to gather data. To assess how differently the observable variables explained the latent variables, the Chi-Square was employed. The conclusions for the presented hypotheses were obtained through the use of multiple regressions. The outcome demonstrates that a happy client is not necessarily going to establish a lasting relationship with the business. On the other hand, a loyal client who has some level of trust establishes a long-term partnership with the business. The findings imply that long-term customer retention requires a strong relationship between the firm and its clients.

Danis and Humayon (2015) researched on “*The Pakistani Telecom Industry's Customer Retention Factors*”. In this study, 204 (out of 300) clients provided questionnaire responses, and the results were then analyzed. AMOS and SPSS are used to examine the gathered data. A thorough investigation was conducted utilizing the six dimensions. These are consumer switching behavior, commitment level loyalty, business image, satisfaction, and trust. The outcome showed that client retention was raised through loyalty, satisfaction, and trust. Customers' intents to repurchase are also raised when they are happy with the company's goods and services and when they receive both practical and emotional benefits from it.

Mecha et al. (2015) researched on “*The Retention Techniques Used by Kenyan Commercial Banks*”, and ascertain how management views the efficacy of such client retention initiatives. The study used a descriptive research approach, and the 44 commercial banks in Kenya made up the target population. To reflect the overall population, 44 managers who were active in implementing the strategy were chosen. Because it was manageable, the sample size was chosen. The study employed an interview and drop-and-pick method to obtain primary data from respondents on a semi-structured questionnaire with three components. A five-point Likert scale was used in the study to gauge how satisfied customers were with effectiveness. SPSS was used to gather and examine the data. The outcome demonstrates how heavily commercial banks used product innovation. The investigation found that worker.

Nwokah and Poi (2016) researched on “*The Impact of Consumer Engagement on Deposit Money Bank Customer Retention in Port Harcourt*”. The involvement of customers has become important for the success of organizations because it enables management to apply a model that is sufficient to explain, anticipate, generate, and fulfill customers' expectations and wants for a certain brand. 324 representatives from the 21 deposit money banks now operating in Port Harcourt that are listed on the Nigerian stock exchange made up the research population. Utilizing a cross-sectional survey research design, one hundred sixty-six (166) employees of seven (7) deposit money banks in Port Harcourt provided primary data by way of questionnaires given to a sample of one hundred and seventy-nine (179). Using descriptive and inferential statistical tools—percentages, bar charts, graphs, and regression analysis—as well as the Statistical Package for Social Sciences, the data were examined and translated into relevant information.

Michelle et al. (2017) conducted a study on “*The Factor Affecting Banks' Ability to Retain Customers*”. Customers of particular banks in Madrid, Surigao del Sur, the Philippines, were given questionnaires as part of the study, which employed the descriptive technique. This study focused on elements related to trust, image, pricing perception, consumer happiness, and interpersonal relationships. The study looked at the clientele aspects that had a greater impact on retention. The results demonstrated the elevated degree to which customers are influenced to retain and continually patronize one's products and services by the "satisfaction

factor distinctively on overall performance of the product and services and professional competencies; and trust factor characteristically on security of service process and confidentiality procedures." In order to succeed in the market rivalry, the results also recommend strict training programs for both new and established banks, or any other company organizations that prioritize retention methods.

Olannye et al. (2017) examined "*The Impact of Electronic Channels for Service Delivery on Client Retention in Nigeria's Banking Sector*". A sample of 235 workers from a few chosen banks in Asaba Metropolis, Delta State, Nigeria, was used in the study. The study design approach chosen was a cross-sectional survey, and the statistical instruments included multiple regression analysis, correlation, and simple percentages. According to the findings, point-of-sale services had the greatest overall beneficial impact on retaining customers. It was also discovered that there are strong correlations between client retention and point of sale, mobile, and online banking services. The survey found that while there appears to be a significant demand for point-of-sale (POS) technology at the moment, banks are taking advantage of this by keeping POS open round-the-clock to cut down on customer wait times and give them convenience and control. As a result, it is advised that banks.

Voltola (2019) researched on "*The Most Common Reasons Why Clients Quit the Business*". The research's theoretical foundation is based on previously published works on customer relationship management, churn management, customer happiness, and retention. Semi-structured focus group interviews and semi-structured in-depth interviews are used to gather empirical data. The focus group members are representative of the case company's main customer retention group. A senior executive participated in the in-depth interview. The responses are carefully chosen to select the most skilled individuals with the broadest understanding of customer retention at the example company. In order to create a basic understanding of the fundamental factors that lead customers to switch providers, a content analysis is done on the primary data and then coupled with the secondary data.

Rania (2022) researched on "*Fintech's Impact on Algeria's Customer Retention*". Snowball sampling is used to get data from primary sources, with 119 respondents provided online.

The study's data was analyzed using the SPSS 21 software. The study's findings showed that, in Algerian commercial banks, customer retention was positively correlated with payment advisory, service compliance, and crown funding. On the other hand, in the sample books, financing had no effect on client retention. According to the findings, traditional banks can retain customers for longer by creating a range of fintech applications.

Ibama et al. (2022) researched on “*The Connection Between Deposit Money Banks in Port Harcourt, Rivers State, Nigeria's Service Quality and Customer Retention*”. Employees of the 21 Deposit Money Bank in Port Harcourt, Rivers State, Nigeria, make up the study's population. This study's sample size consisted of 168 randomly chosen staff members, and 150 copies of the questionnaire were obtained and used in the analysis. Using the Spearman rank order correlation coefficient, the hypothesis was examined. Results show that customer satisfaction and loyalty to the individual financial service providers are significantly and favorably correlated with service quality and all of its dimensions, including tangibility and empathy. The results of the study indicated that the two variables were related. Given these, the report suggests that Deposit Money Banks be established in Port Harcourt, Rivers State, Nigeria, to make sure that they

Choun (2023) in the article “*Customer Satisfaction and Service Quality in service Sector*” has the objectives of both public and private parts and has given considerable keenness with respect to the perfect customer satisfaction in the current decades. Customer satisfaction has been a renowned point in advertising practice and educational research since Cardozo's (1965) a basic examination of customer effort, expectations and satisfaction. The service quality and customer satisfaction are associated with their definitions to their associations with alternate points of view in business. The service quality is an attracted assessment that mirrors customer's perception of reliability, assurance, responsiveness, empathy and tangibility; and significant quality while satisfaction is more careful and it is affected by point of view of service quality, item quality and cost, also situational fragments and individual components. This paper concentrated on the literature about the key elements of this study which was service quality, customer satisfaction and expectation. In particular, the accompanying principle focuses were demonstrated about

service quality, customer expectation, customer satisfaction, theory of SERVQUAL, and related studies on customer satisfaction and service quality. This study used a descriptive design, by exploring some of the literature that discusses on customer satisfaction and service quality how to improve both public and private business parts in marketing practice.

Christian et al. (2023) conducted a study on “*Mobile Banking Service Quality and Customer Retention among Commercial Banks Customer in Southeast Nigeria.*” The study aim to determine the impact of reliability, responsiveness, information quality, privacy issue and system quality on customer retention. The research was based on quantitative research approach and collected a data from 395 respondents using mobile banking users on customer. The study employed Pearson’s correlation coefficient and multiple regression analysis to measure the relationship between dependent and independent variable. The result revealed a positive effect of responsiveness, systems quality and information quality on customer retention. Meanwhile privacy and reliability found negative and insignificant with customer retention. The researcher suggest for the banks to provide an adequate set of security components of mobile banking which protects customers bank details from frauds.

Table 1

Empirical Review of Journal and Articles

(Year)	Topic				
		Writers	Objectives	Tools of Analysis	Findings
(2007)	Customer retention by banks in New Zealand.	Cohen et al.	Impact of several retention-relevant constructs that may have an impact on customers' decisions to remain with or	Descriptive Research Design with primary source of data.	Impact of Several Retention-Relevant Constructs that may Influence Consumers' Decisions to Stay with or Leave their Banks in New Zealand.

			switch banks in New Zealand.		
(2011)	An analysis of age and gender-based client retention during the 2008 financial crisis. An analysis of commercial banks located in Bindura.	Musekiwa	to assess customer retention in Bindura's commercial banks during the 2008 acute cash crisis based on age and gender.	Descriptive Research Design with primary source of data.	Customers who were male and older expressed satisfaction and thought that moving banks would cost more, so they were less likely to switch banks. Banks ought to raise female and younger consumer satisfaction as well as switching costs.
(2012)	Analysis of the factors that influence and motivate customers' loyalty in microfinance institutions.	Ibok and Udofot	to investigate the aspects of customer service that affect customer retention in the setting of microfinance institutions in Nigeria's Akwa Ibom State	Descriptive Research Design with primary source of data.	Retention practices, both proactive and reactive, were suggested as prerequisites for enhancing retention and overall business performance in microfinance institutions.

(2013)	The Kenyan Banks' Risks and Impacts on Customer Retention: An Examination of Barclays Bank of Kenya's Case Study	Njane	The study used a case study design approach	Descriptive Research Design with primary source of data.	A bank's physical look, branch locations' convenience, service delivery, correctness, and customer service efficiency all have an impact on customer retention. The corporate reputation of banks, which is predicated on stability, familiarity, and dependability, has an impact on customer retention as well.
(2014)	Factors Influencing Tanzanian Commercial Banks' Retention of Customers.	Caroline and Elizabeth	To examine determinants of customer retention in commercial banks in Tanzania.	Descriptive Research Design with primary source of data.	The sustainability of the banking business must be ascertained by broadening the scope of monitoring and incorporating the quality of products offered by banks.

(2015)	A case study of Tanzania's commercial banking sector demonstrates the impact of customer relationship marketing on client retention.	Magasi	Examine how much customer relationship marketing affects Tanzanian commercial banks' ability to retain customers.	Descriptive Research Design with primary source of data.	Long-term relationships between customers and organizations are essential to fostering longer-term client retention, as satisfied customers are not always inclined to form close bonds with the business.
(2015)	elements influencing client retention in Pakistan's telecom industry.	Danish et. al.	to examine the various factors influencing customer retention in Pakistan's telecom industry.	Descriptive Research Design with primary source of data.	Increased client retention can be achieved through satisfaction, loyalty, and trust. When customers receive both practical and emotional benefits from a company's products and services, their likelihood of making additional purchases increases. .

(2015)	An analysis of Kenyan commercial banks' use of effective client retention methods.	Meacha et al.	to ascertain the client retention tactics used by Kenyan commercial banks and the degree to which management believes these tactics are effective.	Descriptive Research Design with primary source of data.	Financial institutions must devise strategies to incentivize their sales staff for maintaining clientele, and businesses must strive to add value for their clientele. Innovative products were used by commercial banks as a means of retention tactics.
(2016)	Banks in Port Harcourt that accept deposits from customers and keep them around.	Nwokah and Poi	The Impact of Consumer Engagement on Deposit Money Bank Customer Retention in Port Harcourt.	Descriptive Research Design with primary source of data.	Without the assistance of market orientation, consumer involvement does not have a strong, positive, significant influence on customer retention.
(2017)	Factors influencing customer retention among	Michelle et al.	To examine the Factors influencing customer retention	Descriptive Research Design with primary	Customers are more likely to remain loyal to a business that offers them products and

	banks.		among banks in Madrid.	source of data.	services if they are satisfied with the overall performance of the product and services, professional competencies, and trust factor, which is characteristic of service process confidentiality procedures.
(2017)	Improving client retention in Nigeria's banking sector using electric service delivery channels.	Olannye et al.	to investigate how Nigerian banks' use of electronic service delivery channels affects client retention.	Descriptive Research Design with primary source of data.	Customer retention is significantly impacted by mobile banking, point of sale services, and online banking. Sales service exhibited the relatively highest positive effect on customer retention.

(2019)	A study of customer retention.	Valtola	The most frequent reasons why clients quit the business.	Descriptive Research Design with primary source of data.	Customer retention and customer happiness have a positive relationship, and the data support the theory by demonstrating why the business should use customer retention management.
(2022)	The influence of FinTech on customer retention in Algeria.	Rania	To investigate FinTech's application that influence customer retention in conventional banks in Algeria.	Descriptive Research Design with primary source of data.	Payments, advisory services, compliance and crowd fundings has positive associated with customer retention. Financing in Algeria's traditional banks has no bearing on client retention.
(2022)	Customer retention rates and service quality in deposit money banks in Port Harcourt,	Ibama et al.	To investigate the connection between customer retention and service quality in Nigerian deposit money institutions.	Descriptive Research Design with primary source of data.	Customer loyalty and satisfaction are significantly and favorably correlated with service quality and all of its qualities, including tangibility and

	River State, Nigeria.				empathy.
(2023)	Mobile banking service quality and customer retention among commercial banks' customers: an empirical evidence from Southeast Nigeria.	Christian et al.	Aim to determine the impact of reliability, responsiveness, information quality, and privacy issue and system quality on customer retention.	Descriptive Research Design with primary source of data.	Positive effect of responsiveness, systems quality and information quality on customer retention. Privacy and reliability found negative and insignificant with customer retention.

2.2.2 Review of Thesis

Koirala and Shrestha (2012) researched on “*Assessing Customer Satisfaction and Service Quality in Relation to the Dimensions of Service Quality and Customer Satisfaction in the Nepalese Commercial Banking Sector*”. The association between service quality, dimensions, and customer satisfaction variables was measured in the study using regression analysis and descriptive statistics. 364 customers from seven Kathmandu Valley commercial banks provided the data. The outcome demonstrates the significance of each factor of service quality tangibles, assurance, responsiveness, empathy, and empathy—in shaping customer satisfaction and service quality in Nepalese commercial banks. Thus, the quality of the services has a big impact on client happiness.

Dahal (2016) researched on “*Effects and Significance of Customer Relationship Management (CRM) on Client Contentment and Allegiance in Nepalese Commercial Banking Institutions*”. consumer satisfaction and loyalty were used in the study as dependent variables, while price, offers, rewards, employee behavior, convenience for the consumer, and service quality were used as independent variables. 216 respondents from 21 commercial banks in Nepal provided the study's data. The significance and importance of customer relationship management on customer satisfaction and loyalty of Nepalese commercial banks are tested using estimated regression models. The outcome demonstrates that customer happiness and loyalty are positively correlated with customer relationship management. It suggests that greater customer satisfaction and loyalty would result from the application of customer relationship management practices. Similarly, when customer happiness is regressed on service quality, personnel behavior, customer convenience, pricing, and offers, the beta coefficient is positive.

Dahal (2018) researched on “*The Effect of Customer Satisfaction and Retention in the Nepalese Life Insurance Sector on Service Quality*”. In Kathmandu, Nepal, 280 clients of five distinct life insurance companies provided data for the study. The properties of the variables were explained using descriptive statistics. To test the conceptual framework, the Partial Least Square - Structural Equation Model (PLS-SEM) was also used. The findings demonstrate that customer satisfaction and customer retention are positively and significantly impacted by tangibility, reliability, assurance, and empathy. Reactivity, on the other hand, has a strong but small correlation with customer retention and a positive but insignificant correlation with customer pleasure. Additionally, the results demonstrate that the relationship between service quality and customer retention is mediated by customer satisfaction. As a result, providing high-quality services helps businesses obtain a competitive edge by long-term client retention as well as meeting their needs.

Neupane (2019) conducted a study on “*The Public Bank of Nepal's Customer Satisfaction Factors*”. The study's population consists of Nepali public bank clients. The study used an analytical research design with 150 respondents serving as a sample. Using SPSS-20 version software, statistical procedures like mean, correlation, and regression analysis were

employed to examine the data. The study's findings suggested that banks ought to concentrate more on boosting tangibles, assurance, and responsiveness. There are no appreciable changes in participant responses for the demographic variables of age, gender, income, and education.

Wagle (2019) conducted a study “*Factors Influencing Consumer Switching in Nepal's Banking Industry.*” Using an easy sampling technique, 100 consumer samples were drawn from the Kathmandu District. In order to look at the factors that influence client switching in the banking industry, correlational study design has been used. A Likert scale questionnaire on a scale from 1 to 6 served as the basis for the study. Customers provide the primary data directly to the bank. This study comes to the conclusion that clients are more likely to switch banks because of the location. Other factors, such as cost, level of service, and reputation, had less of an effect on moving banks than did price.

Kaniya (2020) conducted a research on “*Nepal's Commercial Banks' Customer Satisfaction and Service Quality*”. 150 respondents who fully completed the surveys were gathered from clients of the five different commercial banks. Tangibility, responsiveness, dependability, empathy, and security are these characteristics. Data analysis techniques like regression analysis, correlation analysis, and descriptive analysis (mean and standard deviation) were performed using statistical tools for social sciences. customer satisfaction as the dependent variable and the following independent variables as the independent variables in a correlation matrix Customer satisfaction and service quality are determined by independent variables such as assurance, tangibility, empathy, responsiveness, and reliability. This shows that responsiveness and empathy have a positive association, 548. Reliability and empathy are.476 and.475, respectively, whereas empathy and assurance are.292 and empathy and customer satisfaction are.438. When compared to the level of significance (α) = 0.05, the associated p-value is 0.00, indicating.

Bhattarai (2021) carried a study on “*Determinants of Commercial Bank Customer Satisfaction.*” In order to use a linear regression model to assess the impact of different independent factors on dependent variables, this study created a questionnaire with a five-point Likert scale. Customer satisfaction was the dependent variable, while the independent

factors were age, yearly income, educational attainment, gender, occupation, marital status, and length of bank account. Ten Mega Bank Nepal branches in the Kathmandu Valley were chosen at random, and ten consumers per branch—a total of 100 customers—were chosen based on convenience. All 13 assertions had mean scores greater than 3, indicating that, generally speaking, customers are satisfied. 3.17 was found to be the overall mean of customer satisfaction. The results of the regression model indicated a negative correlation between income and customer happiness.

Ghimire (2021) conducted study on “*The Effect of Customer Loyalty on Service Quality in Nepal's Commercial Banks*”. The research has utilized quantitative methods, namely survey methodology, to investigate customer satisfaction inside the framework of commercial banks in Nepal. 154 respondents completed online surveys, and the data they provided was analyzed. For a detailed analysis, the four stepwise approaches recommended by Baron and Kenny (1986) were used. They are customer satisfaction, customer loyalty, competitive quality, and service quality. According to the findings, customer loyalty and satisfaction are significantly positively impacted by service quality. The study proposes that banks have the ability to enhance customer pleasure and loyalty while simultaneously providing better quality services.

Ghimire (2022) conducted a study on “*Client Contentment with Nepalese Commercial Banks' Service Quality*”. Using both inferential and descriptive statistics, the primary data for this investigation were used. SPSS is used for the analysis of the survey data collected through questionnaires. The tools are. The variables utilized in this study to measure the factors influencing customer satisfaction are frequencies, percent, mean, medium, standard deviation, correlation, and test of significance. In order to fulfill the objectives of this research, a structured questionnaire was created. Only 182 customer responses were obtained out of 235 questions. The subjects were asked to rate their opinions on a range of factors that represented customer satisfaction with regard to the level of service provided by commercial banks in Nepal. This study shows a positive relationship between customer satisfaction and all the characteristics of service quality (responsiveness, empathy, assurance, and communication). It implies that as service quality characteristics rise.

Sthapit (2023) carried out a study on “*A key component of the success of the banking industry is service quality.*” The research designs used in this study were causal comparative and descriptive. With the use of correlation and regression analysis, primary data were examined to determine the effect of service equality dimensions on customer satisfaction. For this sample survey, a five-point Likert scale approach was employed. Four hundred samples were taken in total. It was discovered by correlation and regression analysis that the customer satisfaction in the banking sector of Nepal was positively correlated with the independent variables of tangibility, reliability, assurance, and empathy. Customer happiness is not much impacted by responsiveness, though.

2.3 Research Gap

There aren't many research on Nepali commercial banks that concentrate on client retention. The majority of research on Nepal's commercial banks concentrated on other bank-related matters rather than the elements that influence client retention. The majority of the research was discovered to be theoretical in nature and to have a limited sample size. There hasn't been a study with empirical backing to determine how communication and security affect customer satisfaction and retention in Nepalese commercial banks.

In several ways, this study attempted to close the research gap left by the other investigations. This study can serve as a foundation for further research since it focuses on customer retention in relation to the quality of service offered by Nepalese commercial banks. Many quantitative studies have been conducted to determine consumer satisfaction with the service quality of Nepalese commercial banks, mostly in a sample of multiple industries.

The primary goal of many Nepalese commercial banks is to boost earnings. To grow, the only thing that has been prioritized is raising the deposit and lending rates. The Nepalese Commercial Bank does, however, genuinely lack the resolve to hang onto a client. No modifications to the product or process are necessary to pursue a unique idea. With new branches opening up around the nation, the commercial banks in Nepal are facing fierce competition and will soon find that outdated concepts and infrastructure will not cut it. There

are five or six commercial banks vying for control over the area, even in a very small rural area. The situation is similar to large sharks squabbling over a few little fish in an ocean. Indeed,

However, since banks are primarily concerned with share prices, credit lending, deposits, and large profits, relatively little quantitative research about client retention is discussed or studied. Thus, there is a study void of this nature about the significance of customer retention in the banking industry. Therefore, the purpose of this study is to investigate the variables that impact customer retention in Nepal's commercial banks. Furthermore, the focus of this study is on presenting statistical data regarding the ways in which customer relationship management and related issues impact Nepalese commercial banks' ability to retain customers.

CHAPTER-III

RESEARCH METHODOLOGY

One approach to methodically addressing the research challenge is through research technique. It might be viewed as a science that studies scientific research methodology. It explains the procedures and techniques used for every facet of the investigation. The term "research methodology" describes the different sequential processes that a researcher will take when examining a subject with specific goals in mind. This chapter's goal is to provide an overview of the techniques and stages used in the analysis of the problem while keeping the goals mentioned in mind. The target population, sample size, data collection methods, data analysis techniques, and research design are all covered in this chapter.

3.1 Research Design

A research design is a collection of techniques and protocols used to measure and examine the variables listed in the research topic. A research design is the setup of parameters for data collection and analysis with the goal of balancing procedural economy with relevance to the research question. The goal of this study is to answer research questions, and the plan, structure, and strategy of the investigation are known as the research design. Descriptive and analytical research designs have been utilized to meet the study's goal.

Descriptive research design was used. The goal of a descriptive study is to characterize the population being investigated (Quee, 1999). According to Thomas (2011), a study is an examination of individuals, occasions, choices, eras, initiatives, regulations, establishments, or other systems that are the subject of one or more methodologies.

The optimal option for gathering data was to employ this survey method. In order to find sufficient data and information regarding the customer relationship management elements influencing the customer retention of Nepalese commercial banks, a descriptive study design has been employed. The research design used for this study is also survey-based.

This research can be categorized as applied research because its main goal is to investigate the factors that influence customers' decisions to stick with their current banking partner. Customers of Nepalese commercial banks provide answers to the structured questionnaire, which is the main instrument used for data collecting. Demographic questions like age, education, average monthly income for a household, and occupation are included in the questionnaire. In order to determine the values of the factors mentioned above, it also includes 5-point Likert scale questions.

3.2 Population and Sample and Sampling Design

Only the clients of the commercial banks in the Kathmandu Valley make up the study's population. The banking sector in Nepal is made up of twenty commercial banks in total. In order to analyze the relationship between customer relationship management and customer retention of Nepalese commercial banks, a total of 400 respondents were observed for the study.

3.3 Nature and Sources of Data

The study's data came from original sources. The opinions of respondents regarding their choice of bank have been evaluated through the use of primary data sources. In order to gather consumer ideas and perceptions regarding the influence of CRM elements on customer satisfaction in Nepalese commercial banks, a questionnaire study was undertaken. Questionnaires about the effects of customer relationship management parameters on customer satisfaction and retention of Nepalese commercial banks were distributed to a sample of 400 respondents from various commercial banks. The questionnaire survey in domestic private banks and joint ventures has been used to gather primary data. The respondent's personal details, including gender, age, occupation, degree of education, and income, are included in the questionnaire survey. Various questions pertaining to the research title were included in the questionnaire collection, including ranking, yes/no, tick mark, and likert scale questions.

3.4 Instrument of Data Collection

The primary data for the study are used. First-hand information is gathered via direct questionnaires. A set of structured questionnaires built utilizing a theoretical framework is the main instrument utilized in data collecting. A schedule of questions was created to collect data from the clients. The questionnaire for this study has been designed to be as easy to complete as possible to ensure that responders won't have any issues. The questions were divided into two sections: the first portion asked about demographic variables, and the second part focused on the various aspects that influence a financial institution in Nepal's client retention strategy. People's opinions were statistically measured using the Likert scale. In the study, a five-point Likert scale was employed.

- 1- Strongly Agree
- 2- Agree
- 3- Neutral
- 4- Disagree
- 5- Strongly Disagree

3.5 Methods of Analysis

Numerous statistical and financial tools have been used in this investigation. The patterns in the data that are now available will guide the data analysis. Regression analysis combined with pooled cross-sectional data analysis and financial tools will be the primary methods of analysis. Financial and statistical tools will be used to determine the relationship between various study-related variables. The following describes how several statistical and financial methods were used to arrange, tabulate, process, and evaluate the data that were gathered.

3.5.1 Reliability and Validity

A significant amount of literature has already been evaluated to ensure reliability. The construct questions for each variable in the questionnaire are derived from either existing literature or insights gained from in-depth interviews with a sample of randomly selected parents. Professional advice has also been sought.

To ensure validity of the responses, Chronbach's alpha test was done. No variable had to be excluded to enhance the validity; the variables were kept intact as proposed initially.

Table 2

Reliability Testing

Variable	Cronbach's Alpha	No of Items
Perceived Service Value	0.749	6
Employee Behavior	0.724	5
Complaint Handling	0.929	4
Customer Convenience	0.811	6
Switching Barriers	0.822	3
Customer Satisfaction	0.840	5
Customer Retention (Dependent)	0.756	6

Table 2 shows the Cronbach's alpha coefficients of data. It is typically associated with internal consistency and its value range from 0 to 1. Sekaran (2000) stated that Cronbach's Alpha coefficient less than 0.6 are considered poor, greater than 0.6 are accepted and greater than 0.8 are considered as good. Here Cronbach's Alpha of all independent variables are above 0.7 so it is acceptable. Further Cronbach's Alpha of dependent variable is 0.756 which is also greater than 0.6 so it is also acceptable. Therefore, data used in this research are considered to be reliable.

3.5.2 Correlation Coefficient

A statistical method for determining the strength of a relationship between two variables is correlation. Because they can reveal a predictive relationship that can be used in real-world situations, correlations are valuable tools. Over time, the nature and degree of any link between two or more variables change concurrently. The correlation coefficient ranges from -1 to +1. A high degree of positive correlation is indicated by numbers closer to +1, and a high degree of negative correlation is indicated by values closer to -1. To determine the degree of relationship between independent and dependent variables for each sample in this study, correlation is computed for the responses given on a Likert scale.

3.5.3 Regression Analysis

The gathered data were numerically coded to facilitate their entry into the IBM SPSS

program. Statistical tools for comparison and description were used in the data analysis. The terms mean, standard deviation, and percentage have all been used in descriptive statistics. ANOVA and correlation tests have also been used for comparative statistical analysis. Regression analysis has been utilized to examine the degree to which independent factors impact overall satisfaction. The average association between two or more variables expressed in terms of the original data units is determined mathematically through regression analysis. Regression can therefore be defined as the estimation or forecast of one variable's value based on the value of other variables. The regression model used in this study assumes that the relationship between each independent variable Returns on Assets, Price Earnings Ratio and Earning per share and the dependent variable; DPS.

$$CR = \beta_0 + \beta_1PCV + \beta_2BE+ \beta_3CH + \beta_4CC+ \beta_5SB + \beta_6CS$$

Where,

CR= Customer Retention

PV= Perceived Service Value

BE= Behavior of Employees

CH= Customer Handling

CC= Customer Convenience

SB= Switching Barriers

CS= Customer Satisfaction

β_0 = Y-intercept

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ and β_6 are respective regression coefficients.

3.6 Research Framework and Definition of Variables

One tool that researchers utilize to get direction is a conceptual framework. It is a collection of concepts that the researcher uses to organize themselves; it's like a map that might have the research question, methodologies, literature review, and data analysis in it. The primary focus of this study is the literature on how customer relationship management affects Nepalese commercial banks' customers' satisfaction. Based on the literature review on different CRM models mentioned above as well as earlier research, a number of crucial factors that are strongly associated with customer retention are perceived value, employee

behavior, switching barriers, customer convenience, complaint handling, and customer satisfaction.

As a result, as shown in figure, a conceptual framework is constructed. The study's theoretical framework is depicted in the figure. The study's independent factors include employee conduct, switching barriers, customer convenience, complaint handling, and customer happiness, whereas the dependent variable is customer retention through customer relationship management.

Independent Variables

Dependent Variable

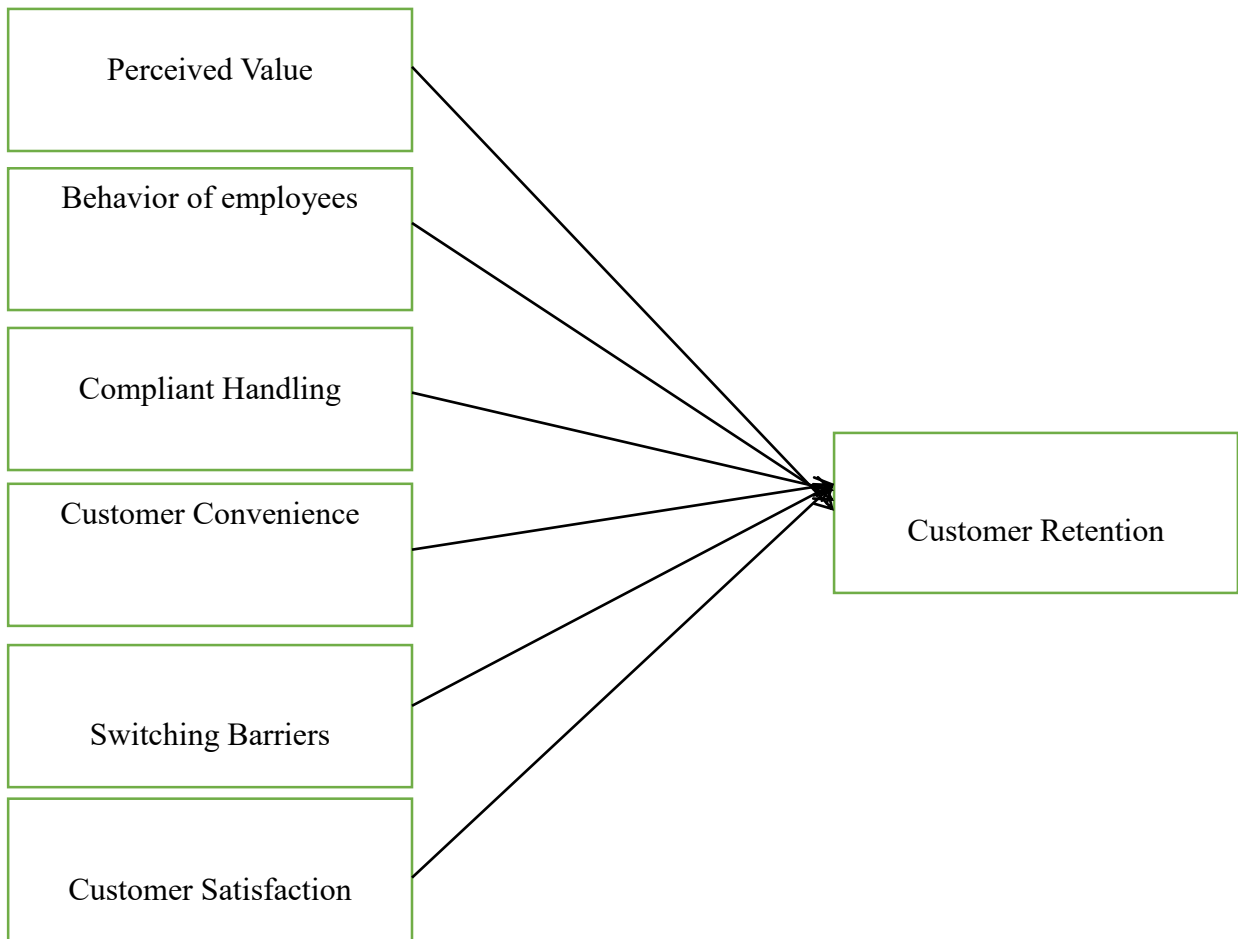


Figure 3.1 Research Framework

(Source: Magasi, 2015)

Independent Variables

Customer Retention and Customer Perceived Value

Because they have more options, customers are becoming more value-oriented in the services they utilize nowadays (Slater, 1997; Woodruff, 1997). Gale & Wood (1994), for instance, discussed how buyers choose between rival companies that offer the same or comparable goods and services. The author asserted that consumers purchase value rather than just goods. It's interesting to note that using a product in a usage setting teaches customers to think empirically about the value they receive, which preferred qualities they obtain, attribute performance, and repercussions (Woodruff, 1997). Because of this, banks need to be able to

provide "up-close" individualized service to clients who have high standards. Most banks have to provide the newest products, such touch-tone banking and electronic banking, for clients who value convenience.

Customer Retention and Behavior of the Employee

Employee behavior has a big impact on raising customer satisfaction (Azzam, 2014). Employee conduct and customer satisfaction and loyalty have a favorable and significant association (Long et al., 2013; Hanley, 2008). Workers want them to be more than just nice and polite to their clients; they also expect them to be knowledgeable about the products they sell and possess the communication skills necessary to build rapport. Hanley (2008) and Coulter (2002) emphasize even more how important it is for staff members to behave well in order to keep consumers loyal. Workers need to be trained to respond to clients' requirements at the proper pace. They must also possess the ability to care for and concern the clients.

Customer Retention and Switching Barriers

Curasi and Kennedy (2002) have demonstrated that relationship longevity is not predicted by customer happiness. High switching costs play a big role in keeping the client committed to the service provider. Because relying on the current service provider is simpler and less expensive than searching for a new service provider or attempting the services of an unknown provider, the customer continues to use the service provider's services despite their generally low levels of satisfaction. Another important factor influencing client retention, besides switching expenses, is cross-selling.

According to Anderson (1994) and Jones et al. (2002), a client's ability to remain a customer is greatly impacted by the switching barrier that is established for them, as well as by the switching cost, interpersonal relationships, attractiveness of the alternatives, and service recovery. The likelihood of maintaining the existing service provider increases as the switching barrier becomes more difficult to overcome and customers are less likely to switch because of the associated costs. When switching obstacles differ, there might be differences in the customer retention rate at the same level of customer satisfaction. However, the data

from the research on the switching barrier's main effect and adjustment effect are insufficient (Colgate & Lang, 2001).

Customer Retention and Customer Convenience

The services that are offered to clients have improved customer convenience. Products and services that are designed to make things easier to obtain, save time, effort, and energy, and lessen annoyance are considered convenient (Shah, 2012). The quality and accessibility of services, among other factors, determine customer convenience.

Customer Retention and Customer Satisfaction

A comparison of the experiences and expectations of the consumer leads to the satisfaction of the customer. Positive response to a service encounter is referred to as customer satisfaction. The customer is deemed satisfied if their apparent experience meets their expectations.

In addition to being a crucial element of competitive strategies and sustainable advantage, customer satisfaction is a significant driver of organizational success (Stank, Daugherty, & Ellinger, 1997; Patterson et al., 1997). According to Wu et al. (2006), measuring consumer satisfaction is crucial in a market-driven economy. For a business to survive, expand, and succeed, customer satisfaction is crucial (Guo et al., 2004). Therefore, commercial organizations have made achieving customer happiness a top priority (Dimitriades, 2006; Homburg & Rudolph, 2001). Marketing principles state that integrated marketing serves as a means of essentially satisfying client demands with the goal of generating profit.

Complaint Handling

Customer satisfaction is the result of resolving issues and complaints (Azzam, 2014). According to the findings of (Shammou & Haddad, 2014), customer satisfaction is significantly impacted by the entire complaint handling characteristics (service recovery, service quality, switching cost, service failure, service guarantee, and perceived value). The processing of complaints is crucial because it addresses customer concerns and offers information that might enhance the quality of the service.

Dependent Variable

Customer Retention

Customer retention is the set of strategies and efforts a business undertakes to keep its existing customers engaged, satisfied, and loyal, ultimately contributing to long-term success and sustainability. Effective customer retention involves understanding customer needs and preferences, delivering consistent value and quality, providing excellent customer service, and building strong relationships. It often includes activities such as personalized communication, loyalty programs, post-purchase support, gathering and acting upon customer feedback, addressing concerns promptly, and continuously improving products or services to meet evolving customer expectations. The goal of customer retention is not only to prevent customer churn (when customers stop doing business with a company) but also to foster customer advocacy. Customers that are pleased and devoted to the business are more inclined to recommend it to others, which can lead to organic growth and a positive brand reputation.

CHAPTER-IV

RESULTS AND DISCUSSION

The results and their discussion are the topics of this chapter. It mostly focuses on the data presentation and analysis that are obtained from the questionnaire given to Nepalese commercial banks' clients. The study makes use of bar charts and various tables to show the findings and provide an explanation of the analysis's conclusion in this chapter.

4.1 Results

The findings of a questionnaire survey given to each individual customer of Nepalese commercial banks are the subject of this section. The purpose of the questionnaire survey is to learn what the respondents think about how customer relationship management affects customer satisfaction. An examination of the respondent's personal information, including age, gender, educational background, employment status, and monthly income, is provided in this section. Regression analysis, Kendall's test, and descriptive statistics are used to examine the data. The next sections provide the profile of the respondent, their personal traits, and the survey findings.

4.1.1 Demographic Characteristics of the Respondents

The demographic traits of the respondents from Nepalese commercial banks are covered in this section. The personal attributes are associated with the demographic characteristics. The respondents to this survey provided details about their age, gender, occupation, level of education, and monthly income. Total of 304 responses were collected successfully.

Table 3

Frequency Distribution by Gender

Gender	Frequency (n)	Percent %
Male	158	52
Female	146	48
Total	304	100

(Source: Filed Survey, 2023)

Table 3 shows that out of total respondents 52% of the respondents are male and 48% of the respondents are female. Shows majority of respondents are male.

Table 4

Frequency Distribution by Age

Age in years	Frequency (n)	Percent %
16-30	178	58.6
31-50	104	34.2
51 and above	22	7.2
Total	304	100.0

(Source: Filed Survey, 2023)

Table 4 reflects that out of total respondents 58.6% of the respondents fall under the age group of 16-30, 34.22% of the respondents fall under the age group of 31-50 and 7.2% of the respondents fall under the age group of 51 and above. Thus, majority of the customers are in the age group of 16-30.

Table 5

Frequency Distribution by Academic Qualification

	Frequency (n)	Percent %
Up to Intermediate Level	60	19.7
Bachelor's Level	144	47.4
Master's degree and above	100	32.9
Total	304	100.0

(Source: Filed Survey, 2023)

Table 5 shows that on the basis of academic qualification 19.7% of respondents fall under category of up to intermediate degree, 47.4% of respondents have completed their Bachelor degree whereas 32.9% of respondents fall under Master degree and above. Therefore, we conclude that majority of the respondents fall under Bachelor degree.

Table 6

Frequency Distribution by Occupation

	Frequency (n)	Percent %
Student	42	27.0
Self Employed	54	17.8
Salaried Person	158	52.0
Housemaker	10	3.2
Total	304	100.0

(Source: Filed Survey, 2023)

In table 6, on the basis of the occupation customers are categorized as students, self-employed, salaried person and housemaker. The majority 52% of the respondents are salaried person. Likewise, 27% of the respondents are student. Similarly, 17.8% of the respondents are self-employed. Moreover, 3.2% of the respondents are housemaker.

Table 7

Frequency Distribution by Family Monthly Income

	Frequency (n)	Percent %
Below 30,000	138	45.4
30,000-60,000	112	36.8
60,000-100,000	30	9.9
Above 100,000	24	7.9
Total	304	100.0

(Source: Filed Survey, 2023)

In table 7, on the basis of the Monthly income customers are categorize as who earn monthly income below 30,000, 30,000 to 60,000, 60,000 to 1,00,000 and above 1,00,000. The majority 45.4% of the respondents have income below 30,000 whereas 36.8% of the respondents have monthly income between 30,000 to 60,000. 9.9% of the respondents have monthly income between 30,000 to 60,000. 7.9% of the respondents have monthly income above 1,00,000.

Perceived Service Value

Table 8

Responses towards Bank Offer Perceived Service Value

	Number (n)	Percent
Yes	186	61.2
No	90	29.6
Don't Know	28	9.2

(Source: Filed Survey, 2023)

Out of total respondents' majority (61.2%) of the respondents agree to the statement that Nepalese commercial bank offer better service quality to its customers, whereas (29.6%) of the respondents disagree that Nepalese commercial banks offer better service quality to its customer and (9.2%) of the respondents are unknown about bank service quality.

Table 9

Bank Delivers the Services within Promised Time

	Number (n)	Percent
Yes	210	69.1
No	74	24.3
Don't Know	20	6.6

(Source: Filed Survey, 2023)

Out of total respondents' majority (69.1%) of the respondents agree that Nepalese commercial bank delivers the bank services within promised time, while (24.3%) of the respondents disagree that Nepalese commercial bank delivers the services within promised time and (6.6%) of the respondents don't know whether the bank delivers the services within promised time or not.

Table 10

Analysis of Parameter of Perceived Service Value

Perceived Service Value (PV)	Minimum	Maximum	Mean	SD
Employees are efficient at service delivery	1	5	1.99	0.814
Bank provides special service to special customer	1	5	1.97	0.809
Accurate information is must for customer satisfaction	1	5	1.66	0.599
Bank provides a wide range of services	1	5	1.89	0.855
Bank provides quality service consistently	1	5	2.18	0.809
Bank has all necessary technologies	1	5	2.29	1.052
Overall customer convenience	1	5	1.99	0.823

Table 10 shows the descriptive analysis of perceived value. Accurate information to customer has secured a mean of 1.66 which means customer agree that this factor plays important role for securing good in perceived customer value which leads to customer retention. Its standard deviation is also 0.599 which is least among all implying higher reliability. Customers also rely on wide range of services to be delivered in order to get retained with their existing bank. Though it seems that banks need to improve on their technological part to pull and retain customers as it has the highest mean 2.29 implying less satisfied with the existing technology as the SD is 1.052 showing less reliability.

Behavior of Employees

Table 11

Employees Attitude Favorable to all Customers

	Number	Percent
Yes	290	95.4
No	12	3.9
Don't Know	2	0.7

(Source: Filed Survey, 2023)

Out of total respondents' majority (95.4%) of the respondents agree on employees' attitude favorable factor for customer satisfaction. Whereas, (3.9%) of the respondents believe that employees attitude is not an important factor for customer satisfaction. Similarly, (0.7%) of the respondents are unsure about the employees' attitude being important factor for customer satisfaction.

Table 12

Employee Behavior Bring Confidence in Customer

	Number	Percent
Yes	294	96.7
No	4	1.3
Don't Know	6	2.0

(Source: Filed Survey, 2023)

Out of total respondents' majority (96.7%) of the respondents agree to the statement that employee behavior bring confidence to its customers whereas, (1.3%) of the respondents disagree that employee behavior bring confidence to its customer and (2%) of the respondents are unknown about employee behavior bring confidence in customers.

Table 13

Analysis of Parameter of Behavior of Employees

Behavior of Employees (BE)	Minimum	Maximum	Mean	SD
Highly skilled and experience employees for good service delivery	1	5	1.56	0.584
Sincerity at work makes customer happy	1	5	1.64	0.557
Employees have knowledge to customer queries	1	5	1.89	0.807
Employees are polite to customers	1	5	1.78	1.63
Employees are consistently courteous with customers	1	5	1.89	0.715
Overall customer convenience	1	5	1.75	0.858

Table 13 shows the descriptive analysis of behavior of employees. Skilled and experienced employees for service delivery has secured a mean of 1.56 which means customer agree that this factor plays important role enhancing customer retention. Its standard deviation is also 0.584 which is fairly lower and implies higher reliability. Customers are fairly happy on the overall factors of employee behavioral part as all the mean are below 3. However, the SD of employee being polite to customers is 1.63 which is like to be less reliable in comparison to other factors and their SD.

Complaint Handling

Table 14

Bank has Excellence Complaint Handling System

	Number	Percent
Yes	144	47.4
No	138	45.4
Don't Know	22	7.2

(Source: Filed Survey, 2023)

Out of total respondents, majority (47.4%) of the respondent are satisfied with the bank has excellent complaint handling system, while (7.2%) of the respondents don't know about that whether their bank is providing an excellent complaint handling system or not and (45.4%) of the respondents are not satisfied with bank has excellence complaint handling system.

Table 15

Bank Investigate the Root Cause of the Complaint

	Number	Percent
Yes	146	48.0
No	124	40.8
Don't Know	34	11.2

(Source: Filed Survey, 2023)

Among all the respondents, majority (48%) of the respondents believe banks investigate the root cause of the complaint, while (40.8%) doesn't agree that banks investigate the root cause of the complaint, and (11.2%) of the respondents are unsure whether banks investigate the

root cause of the complaint.

Table 16

Bank Responds Customer Grievances Promptly

	Number	Percent
Yes	170	55.9
No	104	34.2
Don't Know	30	9.9

(Source: Filed Survey, 2023)

The majority (55.9%) of the respondents agree that bank responds customer grievances promptly, (34.2%) of the respondents do not agree that bank responds customer grievances promptly, and (9.9%) of the respondents don't know whether the bank responds customer grievances promptly.

Table 17

Analysis of Parameter of Customer Handling

Complaint Handling (CH)	Minimum	Maximum	Mean	SD
Employees initiate in solving customer's problems	1	5	2.19	1.200
Proactive action is taken to prevent mistakes	1	5	1.48	1.079
Complaints are handled promptly	1	5	2.51	1.151
Complaints are handled effectively	1	5	2.45	1.184
Overall customer convenience	1	5	2.40	1.154

Table 17 depicts the summarized responses of customers on customer handling by employees. Employee's initiate in solving customer problems has secured a mean of 2.19 which means customer agree that this factor plays important role enhancing customer retention. Its standard deviation is though on the higher side i.e. 1.200 which implies less reliability of response towards same statement. Customers are fairly happy on the overall factors of customer handling as all the mean are below 3.

Customer Convenience

Table 18

Convenient Language with Customer

	Number	Percent
Yes	360	85.5
No	40	13.2
Don't Know	4	1.3

(Source: Filed Survey, 2023)

Majority (85.5%) of the respondents agree on this statement that the bank use convenience language with customers, while (13.2%) of the respondents do not agree that bank use convenience language with customers and (1.3%) of the respondents don't know whether bank use convenient language with customers.

Table 19

Bank Commits Time and Resource for Customer Convenience

	Number	Percent
Yes	194	63.8
No	92	30.3
Don't Know	18	5.9

(Source: Filed Survey, 2023)

The majority (63.8%) of the respondents agree that bank commit time and resources for customer convenience, while (30.3%) respondents doesn't agree on their view regarding bank commits time and resource for customer convenience, and (5.9%) of the respondent don't know whether bank commits time and resource for customer convenience.

Table 20

Analysis of Parameter of Customer Convenience

Customer Convenience (CC)	Minimum	Maximum	Mean	SD
Bank operating hour are convenient for all	1	5	2.06	1.031
Service delivery are convenient for all customers	1	5	2.22	0.985
Adequate staffing to reduce customer waiting time	1	5	2.41	1.209
Banks are located at convenient location	1	5	2.03	0.789
Innovation in banking are convenient	1	5	2.16	0.862
Prompt response to customer request	1	5	2.27	1.079
Overall customer convenience	1	5	2.19	0.992

Table 20 depicts the summarized responses of customers on customer convenience. Banks located at convenient location and banking hours are the most convenient factors contributing to customer retention having mean of 2.03 and 2.06 respectively. However, SD of banks location is 0.789 which implies reliable response whereas banking hours have higher SD i.e. 1.031 which implies lower level of reliability regards to response from respondents. Looking at the overall figure the mean is 2.19 which is overall satisfactory in good terms that customers are happy with the convenience facilities that they received.

Switching Barriers

Table 21

Awareness of Existing Switching Barriers

	Number	Percent
Yes	214	70.4
No	58	19.1
Don't Know	32	10.5

(Source: Filed Survey, 2023)

Out of total respondents, majority (70.4%) of the respondents are aware of the existing switching barriers of the commercial banks, (19.1%) of the respondents are not and (10.5%) of the respondents' neutral with their view regarding the statement.

Table 22

Do these Barriers Stop a Customer from Switching to Another Bank?

	Number	Percent
Yes	152	50.0
No	74	24.3
Don't Know	226	25.7

(Source: Filed Survey, 2023)

Among the entire respondents' majority (50%) of the respondents believe that switching barriers will prevent them from looking for other banks, (24.3%) of the respondents believe that customers can switch despite switching barriers and (25.7%) of the respondents' are unaware of the fact that the switching barriers even exists and that is one the factors that customers are not allowed to switch even if they want to.

Table 23

Analysis of Parameter of Switching Barriers

Switching Barriers (SB)	Minimum	Maximum	Mean	SD
Bank uses switching barriers to retain customers	1	5	2.2	0.62
Using switching barriers provide opportunity income to banks	1	5	2.03	0.732
Does switching barriers influence different age group	1	5	2.62	0.699
Overall customer convenience	1	5	2.28	0.684

Table 23 shows the various parameters that can create switching barrier to keep its customers. Most customers are with their service provider because they provide the kind of service they need. Since the banks provide similar kind of service, they see little advantage in switching which makes them to be retained with their financial institutions. Within these

questions, using switching barriers provide opportunity income to banks have lowest mean of 2.03 that signifies that customer retention is high when the commercial bank levy switching charges.

Customer Satisfaction

Table 24

Satisfaction with the Bank Service

	Number	Percent
Yes	230	75.7
No	64	21.1
Don't Know	10	3.3

(Source: Filed Survey, 2023)

Out of total respondents, the majority (75.7%) of the respondents agreed that they are satisfied with the services provided by the Nepalese commercial banks, (3.3%) of the respondents are neutral with the view regarding the statement and (21.1%) of the respondents don't agree that they are satisfied with the services provided by the Nepalese commercial banks.

Table 25

Recommend the Bank to Other People

	Number	Percent
Yes	186	77.6
No	90	16.4
Don't Know	28	5.9

(Source: Filed Survey, 2023)

Among all the respondents the majority (77.6%) of the respondents agreed that they would recommend their choice to other people, (5.9%) of the respondents' neutral with their view regarding the statement and (16.4%) of the respondents don't agree with the statement.

Table 26

Analysis of Parameter of Customer Satisfaction

Customer Satisfaction (CS)	Minimum	Maximum	Mean	SD
I am satisfied with the service offered	1	5	2.08	0.793
I am satisfied with the employee behavior	1	5	2.05	0.8
I am satisfied how my complaints are addressed	1	5	2.58	1.095
I am satisfied with the convenient service	1	5	2.14	0.887
I have no problems with existence of switching barriers	1	5	2.59	1.025
Overall customer convenience	1	5	2.28	0.929

Table 26 depicts the summarized responses of customers on customer satisfaction. Customers are mostly happy with the services offered and employee behavior with mean score of 2.08 and 2.05. Also, SD of both factors are 0.793 and 0.800 which are fairly low signifying good reliability of response. Overall customer satisfaction seems to be fairly good contributing factor that contributes to the customer retention.

Customer Retention

Table 27

Willing to continue using the service of your bank

	Number	Percent
Yes	230	75.7
No	64	21.1
Don't Know	10	3.3

(Source: Filed Survey, 2023)

Out of total respondents, the majority (75.7%) of the respondents agreed that they are willing to continue with the Nepalese commercial banks, (3.3%) of the respondents are neutral with the view regarding the statement and (21.1%) of the respondents don't agree that they are

willing to continue the Nepalese commercial banks.

Table 28

Thoughts of leaving the bank

	Number	Percent
Yes	90	29.60
No	186	60.98
Don't Know	28	9.42

(Source: Filed Survey, 2023)

Among all the respondents the majority (60.98) of the respondents agreed that they won't leave the bank, (9.42%) of the respondents' neutral with their view regarding the statement and (29.60%) of the respondents agree with the statement.

Table 29

Analysis of Parameter of Customer Retention

Customer Retention (CR)	Minimum	Maximum	Mean	SD
I do not think of changing banks since employees here are courteous	1	5	2.28	0.801
I will maintain services with the bank having good complaint handling	1	5	2.23	0.849
I will continue this bank for its convenience services	1	5	2.58	1.095
I do not think of switching bank easily because of the switching barriers	1	5	2.16	0.895
I am satisfied with the value that it delivers	1	5	2.88	0.886
I will not switch as it satisfies my banking needs.	1	5	2.3	0.83
Overall customer convenience	1	5	2.4	0.892

Table 29 demonstrates the descriptive examination of Customer Retention. Every dependent variable query is below mean value range, or 3, which shows that all of the respondents' responses to the questions were favorable.. From the above result we can see conclude that the customer convenience is closest to 1 which is 2.16 (positive) is the major factor for customer retention. Similarly switching barriers has the highest of values signifying that switching barriers doesn't play significant role in keeping customers. Consequently, banks need to focus on increasing the customer convenience features so that the retention level is higher among the existing customers.

4.1.2 Correlation Analysis

The Pearson's correlation analysis is utilized to determine the degree of correlation between the variables under investigation. When two variables increase in response to each other's increase, the relationship is said to be positive if there is a positive correlation. The opposite of the above, which is an increase in one variable when there is a drop in another, is revealed by a negative correlation.

4.1.2.1 Perception Service Value and Customer Retention

This section shows the overview of the correlation between the overall satisfaction and non-categorical independent variables.

Table 30

Correlation Analysis

	PV	BE	CH	CC	SB	CS	CR
PV	1	.256**	.404**	.338**	-.037	.595**	.522**
		.001	.000	.000	.650	.000	.000
BE		1	.447**	.437**	-.024	.501**	.495**
			.000	.000	.771	.000	.000
CH			1	.641**	-.088	.633**	.492**
				.000	.279	.000	.000
CC				1	.088	.685**	.587**
					.278	.000	.000
SB					1	.025	.036
						.760	.660
CS						1	.793**
							.000
CR							1

** . Correlation is significant at the 0.01 level (2-tailed).

Table 30 shows that correlation analysis between customer retention and perceived service value. Given that $0.00 < 0.01$, or less than alpha, the P value indicates a substantial correlation between the variables. Furthermore, it can be concluded that there is a positive association between customer retention and perceived service value, with a correlation coefficient of 0.522. As a result, perceived service value has a bigger influence on customer retention than not. Consequently, the hypothesis is accepted at the significance level of 0.01.

Additionally, it demonstrates the association between employee behavior and client retention. Given that $0.00 < 0.01$, or less than alpha, the P value indicates a substantial correlation between the variables. Furthermore, the table displays a correlation coefficient value of 0.495, indicating a favorable association between employee behavior and client retention. Therefore, staff behavior has a big influence on keeping customers. Consequently, the hypothesis is accepted at the significance level of 0.01. Moreover, the table shows that correlation analysis between customer retention and complaint handling. Since, the P value is less than alpha i.e. $0.00 < 0.01$, the correlation is significant between the variables. The above table also displays the correlation coefficient value of 0.492, it can be said that there is positive relationship between complaint handling and customer retention. Hence, there is a significant impact of complaint handling over customer retention. Therefore, hypothesis is accepted at, 0.01 level of significance.

Additionally, Table 30 displays the correlation analysis between customer convenience and retention. The P value indicates that the correlation between the variables is significant because it is smaller than alpha, or $0.00 < 0.01$. Furthermore, it can be concluded that there is a positive association between consumer convenience and customer retention given the correlation coefficient value of 0.587. As a result, customer ease has a bigger influence than client retention. Consequently, the hypothesis is accepted at the significance level of 0.01.

Additionally, Table 30 displays the correlation study between switching barriers and client retention. The hypothesis is not accepted at the 0.01 level of significance, as indicated by the P value being bigger than alpha, or $0.660 < 0.01$. Furthermore, it can be concluded that there is no connection between switching obstacles and customer retention based on the correlation

coefficient value of 0.036. The lack of correlation may be the result of small sample sizes or improper knowledge on the part of the respondents regarding how the switching barrier affects a customer's mentality in the retention phase. Therefore, switching obstacles and client retention are unrelated.

Table 30 presents the correlation study between customer happiness and retention. Given that $0.00 < 0.01$, or less than alpha, the P value indicates a substantial correlation between the variables. Furthermore, it can be concluded that there is a positive association between customer retention and satisfaction with a correlation coefficient of 0.793. As a result, customer satisfaction has a bigger influence than client retention. Consequently, the hypothesis is accepted at the significance level of 0.01.

4.1.3 Regression Analysis

A model of multiple regression was applied to determine the various strategies for customer retention in Nepalese financial institution. The results are summarized as follows:

Table 31

Regression Analysis

	Beta	t	p-value	VIF.
(Constant)	0.442	2.232	0.027	
Perceived service value	0.112	1.676	0.096	1.591
Behavior of employees	0.177	2.394	0.018	1.404
Complaint handling	-0.051	-1.241	0.217	2.059
Customer convenience	0.086	1.423	0.157	2.292
Switching barriers	0.012	0.200	0.842	1.048
Customer satisfaction	0.569	7.623	0.000	2.986
R-Squared	0.653			
F-Value	45.49			
P-Value	<0.001			

Table 31 presents the adjusted R square, also known as the coefficient of determination, which reveals the relationship between perceived value, employee behavior, switching

barriers, customer satisfaction, compliant handling, and customer convenience (independent variables) and customer retention in Nepalese commercial banks (dependent variable). Based on the summary of the regression model provided above, the corrected R square value is 0.653.

This indicates that up to 65.3% of the dependent variable—customer retention in commercial banks was explained by the independent variables. Hence, additional variables beyond the six examined variables, such as marketing, pricing, and interactions, among others, can account for the remaining 34.7%.

The adequacy of the regression model in producing dependable findings was tested using ANOVA. When the confidence level is 95% or higher, the regression model is considered suitable.

The multiple regression table yielded an F-significance value of 45.49, with a p-value less than 0.001. This indicates that the multiple regression model as a whole is important for forecasting the effect on total customer retention and for ensuring that it occurs as desired.

In order to determine whether the independent variables are multicollinear, the Variance Inflation Factor (VIF) has been computed. The VIF score has only exceeded two in three instances: customer handling, customer convenience, and customer happiness. The value of VIF is above 1 and below 2 for the remaining three independent variables. The VIF value pertaining to customer satisfaction is the highest at 2.986. It can be concluded that there is no multicollinearity among the independent variables when the greatest VIF is just 2.986 and is nowhere close to the thresholds of 5 or 10.

The employee behavior p-value is 0.018, whereas the customer satisfaction p-value is 0.000. Thus, it is evident that there is a strong linear relationship between employee behavior and customer happiness and overall customer retention.

4.1.4 Summary of Hypothesis:

Table 32:

Summary of Hypothesis

Hypotheses	p-value	Result
H01 There is no significant impact between perceived service value and customer retention	0.096	Not Rejected
H02 There is no significant effect between employee behavior and customer retention	0.018	Rejected
H03 There is no significant impact between complaint handling and customer retention	0.217	Not Rejected
H04 There is no significant impact between customer convenience and customer retention	0.157	Not Rejected
H05 There is no significant impact between switching barriers and customer retention	0.842	Not Rejected
H06 There is no significant impact between customer satisfaction and customer retention	0.000	Rejected

H0₁: There is no significant impact between perceived service value and customer retention

The p-value, as shown in above table is found to be 0.096, which is higher than 0.05. Thus, the null hypothesis is not rejected. It refers that there is no significant impact between perceived service value and customer retention.

H0₂: There is no significant effect between employee behavior and customer retention

The p-value, as shown in above table is found to be 0.018, which is lower than 0.05. Thus, the null hypothesis is rejected. It refers that there is significant impact between employee behavior and customer retention.

H0₃: There is no significant impact between complaint handling and customer retention

The p-value, as shown in above table is found to be 0.217, which is greater than 0.05. Thus, the null hypothesis is not rejected. It refers that there is no significant impact between complaint handling and customer retention.

H04: There is no significant impact between customer convenience and customer retention

The p-value, as shown in above table is found to be 0.157, which is greater than 0.05. Thus, the null hypothesis is not rejected. It refers that there is no significant impact between customer convenience and customer retention.

H05: There is no significant impact between switching barriers and customer retention

The p-value, as shown in above table is found to be 0.842, which is greater than 0.05. Thus, the null hypothesis is not rejected. It refers that there is no significant impact between switching barriers and customer retention.

H06: There is no significant impact between customer satisfaction and customer retention

The p-value, as shown in above table is found to be 0.000, which is greater than 0.05. Thus, the null hypothesis is rejected. It refers that there is significant impact between customer satisfaction and customer retention.

4.2 Discussion

The purpose of this study is to evaluate the key factors that influence customer retention in commercial banks, with a focus on Nepal. Additionally, the study attempts to evaluate the degree of influence that the independent factors have on the dependent factor—customer retention—and the outcome.

The primary data used in this research was gathered from respondents who are customers of different commercial banks through the use of a questionnaire. Utilizing statistical tools such as frequency, percentage, mean, standard deviation, and correlation test, the acquired data were examined and interpreted. The hypothesis was tested using the correlation test to see if it was accepted or rejected.

The research designs used in this study were causal comparative and descriptive. With the use of correlation and regression analysis, primary data were examined to determine the effect of service equality dimensions on customer satisfaction. For this sample survey, a five-point Likert scale approach was employed. Four hundred samples were taken in total. It was discovered by correlation and regression analysis that the customer satisfaction in the banking sector of Nepal was positively correlated with the independent variables of

tangibility, reliability, assurance, and empathy (*Sthapit, 2023*).

Using both inferential and descriptive statistics, the primary data for this investigation were used. SPSS is used for the analysis of the survey data collected through questionnaires. The tools are. The variables utilized in this study to measure the factors influencing customer satisfaction are frequencies, percent, mean, medium, standard deviation, correlation, and test of significance. In order to fulfill the objectives of this research, a structured questionnaire was created. Only 182 customer responses were obtained out of 235 questions. The subjects were asked to rate their opinions on a range of factors that represented customer satisfaction with regard to the level of service provided by commercial banks in Nepal. This study shows a positive relationship between customer satisfaction and all the characteristics of service quality (responsiveness, empathy, assurance, and communication) (*Ghimire, 2022*).

CHAPTER V

SUMMARY AND CONCLUSION

The data analysis and hypothesis testing in the preceding chapter were carried out in accordance with the study's goal. An overview of the study's findings and conclusion is provided in this chapter. Additionally, it makes deductions from the data that result in generalizations. Several recommendations and proposals for additional research have also been offered, based on the study. This chapter is divided into three sections: an overview of the findings is presented in the first, the study's conclusion is discussed in the second, and recommendations for additional research are discussed in the third.

5.1 Summary

The purpose of this study is to evaluate the key factors that influence customer retention in commercial banks, with a focus on Nepal. Additionally, the study attempts to evaluate the degree of impact/effect the independent factors have over the outcome which is the dependent factor i.e. customer retention.

The primary data used in this research was gathered from respondents who are customers of different commercial banks through the use of a questionnaire. Utilizing statistical tools such as frequency, percentage, mean, standard deviation, and correlation test, the acquired data were examined and interpreted. The hypothesis was tested using the correlation test to see if it was accepted or rejected.

The in-depth analysis leads to certain findings and conclusions which are mentioned below:

- i. The highest number of people fall into age group of 16-30. However, it was found during the survey that age group of 51 and above are significantly low in comparison to their younger age group.
- ii. Except for switching barrier all the other independent factors are positively related with the dependent factor i.e. customer retention. It is not that switching barrier is negative to customer retention but it does not have significant impact over the customer retention outcome. The outcome may have been different if a very large number of sample was taken or if the whole population was our study population but

- due to our limitations of this study the prospect of this study was limited.
- iii. According to the regression analysis, the independent variables might account for as much as 65.3% of the dependent variable, customer retention in commercial banks, while other external factors outside of the six variables under consideration could explain for the remaining 34.7%.
 - iv. Correlation was not found for the switching variable which is an independent variable for customer retention. However, looking at the significance the hypothesis was accepted. The correlation not found might have been due to limited sample size that does not reflect what an actual population would think. The perception can be changed if it was for the case of taking the whole population into account. Thus, having no correlation i.e. switching barrier not playing a significant impact over client retention No rejection of the null hypothesis occurs..
 - v. The Beta of customer handling is seen to be negative which means increase in 1 unit of customer handling will decrease the customer retention by 0.442 units. The negative output is a result of variance in response from the respondents as they were scattered. However, this figure might have improved if more number of samples were taken but due to time and resource constraint only a small number of sample i.e. 304 were taken into consideration.

5.2 Conclusion

Based on the study's findings, it can be said that a number of techniques, including perceived value, employee conduct, customer happiness, compliant handling, and consumer convenience, are related to customer retention. The only factor that did not have major impact over customer retention was switching barrier. Thus, the major focus of commercial banks shall be shifted to the impactful factors so that customer retention could be high. Since, switching barriers is not the option to lose for banks they can take the liberty to differentiate their service quality in compared to their rivals to keep up the existing relationship with the client. If all other factors are perfectly balanced, then there is very less chance the customer will switch looking at the results we got form the data analysis. The result helps us to conclude that factors like customer perception of value (latest electronic product, sensitive to customer need, convenient branch location, extended banking hour), good customer

convenience (like reliable, trustworthy, well-liked by people, offer distinctive product), customer satisfaction factors (accuracy of transaction, staff who deliver the service, branch locations, price offered by bank, condition of ATM service), all have significant relation with the customer retention strategy. Customer also consider quality of service an important factor, branch location, distinct kind of service and a better customer service too for them to be retained.

The study's multiple linear regression model was statistically tested, and the results showed that the factors that most affect customer retention are perceived service value, employee behavior, and customer happiness. This indicates that since they are so important to maintaining client retention, commercial banks should concentrate on employee conduct, customer pleasure, and perceived service value.

Most of the Nepalese commercial banks try and spends a lot in gaining new customer but commercial banks should know that they need to retain the existing customers who are in active stage. Since the number of customer is same but the number of commercial banks probably huge in comparison to the size of economy and population that we possess, they can grab the customers form the same pie that the existing customers are having. So if they don't use the effective retention strategy, they can lose their customer ultimately losing their profits.

5.3 Implications

This research on customer retention in Nepalese commercial banks helps to identify the strategies that affect the retention of customer in commercial banks. This research is mainly focused on the customer prospective and thus open door for the future research on the prospective of service provider and what retention strategy they can adopt to retain their customers. Some of the important recommendations for commercial banks to retain its customers are mentioned below:

- i. Customer satisfaction and retention showed a positive association, according to this study. Therefore, banks that want to see an improvement in customer satisfaction among Nepalese commercial banks should continuously offer their clients higher-quality services.
- ii. Regression analysis results indicate a strong and positive correlation between

- employee behavior and client retention. Therefore, in order to boost customer retention, banks should offer their staff a variety of training and development opportunities. By raising employee competency levels in this area, they will undoubtedly raise the organization's overall service quality.
- iii. The study found no evidence of a significant relationship between Nepalese commercial banks' client retention rates and their management of complaints. maybe as a result of this study's limitations. However, banks that are willing to improve the customer retention rate of Nepalese commercial banks can do so by improving all procedures and associated activities that deal with customer complaints and fostering stronger customer relationships by raising the caliber of services offered to clients and managing complaints more skillfully.
 - iv. A large number of customers are not happy with how the banks handle their complaints. Therefore, in order to improve customer retention, it is advised that the banking management of Nepalese commercial banks concentrate on creating a dedicated department to handle customer complaints. This department would assist in identifying the underlying causes of issues and take proactive measures to prevent similar mistakes and complaints from happening in the future.
 - v. Regression analysis results indicate that customer retention and satisfaction have a big impact. Therefore, commercial banks that wish to enhance customer retention ought to devise novel approaches to fulfill consumer needs in whatever area of the service they desire. Maybe provide more amenities to customers, strengthen emergency response protocols, and empower staff members—especially those who work directly with customers—to perform better.
 - vi. The study found that there is a positive association between the dependent variable—customer retention—and all of the independent factors, with the exception of switching barriers. Every bank should concentrate on enhancing these aspects. Certain banks could excel in certain areas while falling short in others. Thus, a comprehensive analysis of all these elements may help Nepalese commercial banks keep their clientele. As a result, it advised that the bank concentrate on maintaining and enhancing the CRM initiatives.

- vii. The study's conclusions can be very helpful to Nepalese commercial banks in creating customer relationship management strategies that will increase customer satisfaction and help them hang on to their most valuable clients.

Despite the fact that this study met its goals, the researcher found several restrictions. A sample of 400 clients from various commercial banks in Nepal was used for this study. The study's findings could not accurately reflect the entire population that banks in Nepal provide commercial services to. To obtain more broadly applicable findings, the same association needs to be examined in the future using a more representative and random sample. The dependent and independent variables were thought to have a linear relationship according to the study's assumptions. Future research on the various CLM techniques and tactics and their effects on customer satisfaction can be done in a similar manner. Moreover, comparable research can be done to gauge how successful customer relationship management is. This research.