

# **CUSTOMER SATISFACTION SURVEY OF NEPALESE COMMERCIAL BANKS**

**Submitted by:**

**Sujan Dangol**

Shanker Dev Campus

Campus Roll No: 1440/072

T.U. Registration No.: 7-2-726-21-2010

2<sup>nd</sup> Year Exam Roll No.: 390534/074

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## **RECOMMENDATION**

**This is to certify that the Thesis**

Submitted by

**Sujan Dangol**

Entitled

**CUSTOMER SATISFACTION SURVEY OF NEPALESE COMMERCIAL BANKS**

*Has been prepared as approved by this department in the prescribed format of Faculty of Management. This thesis is forwarded for examination.*

.....  
Asso. Prof. Dr. Kapil Khanal

(Thesis Supervisor)

.....  
Asso. Prof. Dr. Sajeeb Kumar Shrestha

(Head, Research Department)

.....  
Asso. Prof. Dr. Krishna Prasad Acharya

(Campus Chief)

## **VIVA-VOCE SHEET**

We have conducted the Viva-Voce examination of thesis

**Submitted by:**

Sujan Dangol

Entitled

### **CUSTOMER SATISFACTION SURVEY OF NEPALESE COMMERCIAL BANKS**

And found the thesis to be original work of the student and written according to the prescribed format. We recommend the thesis to be accepted as the partial fulfillment of the requirement for

Degree of Master of Business Studies (M.B.S.)

**Viva-Voce Committee**

**Head of the Research Committee:** .....

**Member (Thesis Supervisor):** .....

**Member (External Expert):** .....

## **DECLARATION**

I hereby declare that the work reported in this thesis entitled "Customer Satisfaction Survey of Nepalese Commercial Banks" submitted to Office of the Dean, Faculty of Management, Tribhuvan University, is my original work done for partial fulfillment of the requirement for the degree of master of Business Studies (MBS) under the supervision of Asso. Prof. Dr. Kapil Khanal of Shanker Dev Campus, T.U.

.....

Sujan Dangol

Shanker Dev Campus

Campus Roll No: 1440/072

T.U. Registration No.: 7-2-726-21-2010

2<sup>nd</sup> Year Exam Roll No.: 390534

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# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

Since customer happiness is a long-term, sustainable competitive advantage, corporate organizations today are more customer-focused than ever (Schnaars 1991). The establishment of positive client relationships by corporate enterprises should always put the wants, complaints, and expectations of the client first. The best ways to keep them around for a long time are to make kind recommendations, keep your word, and go above and beyond by assembling a capable customer support team. Satisfied customer mean a long-term profitable business since they stay loyal to the business (Gumesson, 2002).

The banking sector is one of the largest and most established in the world, and it plays a crucial role in the global economy. Therefore, its expansion and stability are critical to each nation's economic performance, including Kenya's (Bank of International Settlements, 2010). The word "bank" originates from the Italian word *banche*, which means "desk/bench." Florentine bankers used this phrase during the Renaissance period to refer to the area above a desk that was covered in a green tablecloth for conducting business (Martin, 1855).

A commercial bank, sometimes referred to as a business bank, is a type of bank that offers services like deposit taking, business lending, and basic investment products. Another way to define a commercial bank is as a financial institution or branch of a bank that primarily accepts deposits and loans from corporations or big firms rather than from private citizens. (Matyszak, 2007).

As a service-based company, customer satisfaction in the banking sector is essential to maintaining a positive business position. Customer service is the most important factor in any industry that provides services. A well-trained individual can deliver customer service in a planned, methodical manner, or they can use well-thought-out self-service. In

the banking industry customers are more directly linked with the banks' personnel for any kind of services or products. Therefore, Banks should always focus on training its front desk staff to provide quality service knowing their expectations and wants.

Due to favorable financial market circumstances as well as a notable growth in demand from businesses, governments, and financial institutions, global banking and capital market services expanded during the 1980s and 1990s. In the United States, interest rates fell by almost 15%. The U.S. Treasury said that during the first two years of the 20-year period, financial assets rose at a rate that was almost twice as fast as the world economy. There would have been a slower growth rate. If not for the enlightening consequences of the globalization of financial markets, especially the US, during the previous 20 years. Foreign investments, particularly from Japan, helped finance the federal government as well as American businesses, turning the U.S. stock market into the largest in the world (Berger, 2010).

A bank is a financial intermediary that serves as a conduit between depositors and company owners. When banks receive deposits from members of the public, businesses, and private groups and use those deposits to make profitable loans and advances, this is known as intermediation. A bank is another financial services provider that derives the majority of its revenue from intermediation. A dealer in debts, both personal and personal to others, is a banker or bank (Shekhar & Shekhar, 2000). A commercial bank is any sort of bank that engages in money exchange, takes deposits, advances loans, and conducts other commercial operations, with the exception of some unique tasks carried out by industrial, cooperative, and agricultural banks according to the Nepal Commercial Bank Act 2031 B.S (mofa.gov.np). There are altogether twenty commercial banks in Nepal out of which only three commercial banks are government owned banks. The banking industry in developing nations such as Nepal faces the difficulty of establishing relationships with those variables in order to satisfy clients due to a lack of qualified human resources and an unstructured banking culture. Therefore, in order to satisfy

clients, the banking industry in Nepal needs to continue with its research, innovation, and development efforts.

## **1.2 Problem Statement**

These days, there's been a lot of interest in research on customer satisfaction in the banking industry and other service-related fields. Due to changes in the commercial environment, the service sector underwent a significant transformation in the early 1990s (Zafar 2011). Quality of service is a major factor in customer happiness, according to Qadeer (2013). According to Gautam and Dhital (2004), staff behavior in Nepalese commercial banks differs greatly, although employee speed has no discernible impact on client satisfaction. According to Frangos, Fragkos, Sotiropoulos, Manolopoulos, and Valvi (2012), customer happiness has a significant impact on interest rates. Customer satisfaction is positively correlated with low interest rates and negatively correlated with higher interest rates. Unyathanakorn (2014) found that internet banking can improve customer satisfaction by saving a significant amount of time for users with just one click.

Turkey (2007): Customer satisfaction is impacted by employee behavior. The most important elements include being courteous, helpful, making eye contact, treating them like family, and resolving grievances. Furthermore, the majority of research has been conducted in wealthy nations. Therefore, more customer satisfaction authentications are required in the service industry, such as banking, especially for emerging nations like Nepal.

The purpose of this study is to determine whether, in the instance of Nepalese consumers, employee behavior, employee speed, interest rate, bank location, and other facilities are related to customer happiness. Building links between developing nations in the financial industry, such as Nepal, is another problem. Therefore, in order to satisfy clients, the banking industry in Nepal needs to continue with its research, innovation, and development efforts. In a market where there is competition, persuading buyers is extremely challenging. In order to meet expectations, it is preferable to understand the

types of consumers and the effects that employee behavior, employee speed, interest rates, bank location, and other facilities can have. This is why research is being done.

### **1.3 Objectives of the Study**

Finding out how satisfied clients are with staff behavior, speed, location, facilities, and interest rate is the study's main goal. The following are the precise goals:

1. To look into the elements influencing clients' satisfaction with banks.
2. To evaluate the degree of client happiness.
3. To look into the reasons behind clients' preference for one bank over another.
4. To determine the elements that show the greater attachment of customers with certain banks.
5. To study the impact of behavior and speed of the employee, interest rate, location and additional facilities on the customer's satisfaction level with references to commercial banks in Nepal.

### **1.4 Significance of the Study**

#### **Contribution to Business Practice**

The study's practical recommendations addressed any shortcomings in customer care that might have an impact on patron satisfaction in Nepalese commercial banks. When utilizing banking systems, the majority of clients anticipated a simple, secure, and satisfying experience (Iseki & Demisch, 2012). There has been little research on customer satisfaction, particularly when looking at it from the perspective of the customer. The study's findings may be used by executives to create educational and training programs aimed at raising customer satisfaction levels inside their companies, streamlining corporate operations, and conserving resources by strengthening client loyalty and effective customer communication.

#### **Implications for Social Change**

According to Martínez and Del Bosque (2013), maintaining customers was an essential component for business owners and their company's expansion. According to Hüttinger, Schiele, and Veldman (2012), any improvement in customer satisfaction and

relationships translated into profitability. The study's findings might alter how customers and corporate executives interact. A satisfied customer may contribute to the growth of stronger institutions and better communities. Leaders in the banking sector should get knowledge on how to recognize service gaps and offer Nepalese citizens better, more efficient service. One of the implications for social change was a better understanding of customer satisfaction and how it impacts customers, companies, and professions. The study's findings could eventually transform bank service standards and possibly progress in other Nepali economic sectors.

The results of this study would be useful to future academics and academicians as an empirical source for their research on customer satisfaction in the banking sector of Nepal, in addition to identifying areas that warrant additional investigation. In terms of adding to the body of knowledge in the board area of performance, scholars can also profit. This will help establish new study areas of interest in addition to improving our understanding of how customer satisfaction practices affect customer satisfaction performance inside organizations.

### **1.5 Research Hypothesis**

The proposed hypotheses for this study are listed below:

- H1: Behavior of employee has significant effect on customer satisfaction in reference to Commercial Bank of Nepal.
- H2: Speed of employee has significant effect on the customer satisfaction in reference to Commercial Bank of Nepal.
- H3: Interest rate has significant effect on the customer satisfaction in reference to Commercial Bank of Nepal.
- H4: Location of the bank has significant relationship on the customer satisfaction in reference to Commercial Bank of Nepal.
- H5: Additional facility has significant relationship with the customer satisfaction in reference to Commercial Bank of Nepal.

## **1.6 Scope and Limitations of the Study**

Even with earnest attempts to get significant insights from the research, certain limits will always remain. The primary limitations of the study are as follows:

- a. This study is being carried out in the Kathmandu Valley. Due to the small sample size, it is not possible to generalize about the behavior of all Kathmandu Valley customers.
- b. For this investigation, primary data were gathered. Since there are gaps in the secondary data, the results obtained do not apply to the entire consumer base.
- c. Because a convenience sample was selected for this study, there may be bias in the analysis.

## **1.7 Definition of Terms**

To gain a comprehensive understanding of the concepts and enhance comprehension of the study factors of customer happiness, the following briefings were conducted:

**Behavior of employee:** Workers serve as the intermediary between the customer and the establishment, and they are the primary representation of the business in the eyes of the public (Paulin, 2000).

**Speed of employee:** Returns for many businesses are being squeezed. In other words, more may be produced with the same number of resources, attaining more for cheaper expenses, a higher return, and less strain if personnel do productive duties in an efficient manner. (Noordzij, 2013)

**Interest Rate:** The interest rate is the amount of interest that is due each period and is stated as a percentage of the principal amount, which can be borrowed, deposited, or lent. The principal amount, interest rate, frequency of compounding, and duration of loan, deposit, or borrowing all affect the total interest on the amount borrowed or lent. (Wikipedia, n.d.)

**Bank location:** The word "environment" connotes institutions, forces, and external influences that are outside the organization's control and have a major direct or indirect impact on how the corporate enterprise operates. (Postrel, McLaughlin, & Fox, 2007).

**Additional facilities:** An automated teller machine (ATM) is a computerized telecommunication equipment that offers financial transaction services to a financial institution's clients without the need for a bank teller or staff (Rue, 1967). The ability to conduct business online has revolutionized the business sector (Shanab, 2010).

## **1.8 Structure of the Report**

This study is categorized into five chapters as: Introduction, Review of Literature, Research Methodology, Data Analysis and Results, Conclusion and Implications.

### **Chapter 1: Introduction**

A brief synopsis of the study's topic is provided in the introduction chapter. It explains the topic of the study and the rationale behind the endeavor. It offers a broad overview of the research, covering the problem statement, research background, study aims, study importance, and chapter organization.

### **Chapter 2: Related Literature and Conceptual Frame**

Reviews of earlier works and research that fit within the theoretical framework and are pertinent to the issue under investigation are included in this chapter. The term "empirical review" refers to the way it gives a synopsis of the key results of earlier researchers under various areas. It describes each literature selection's rationale, how it contributes to the development of the theoretical framework, helps determine the issue statement that the study has to address, and identifies any discrepancies between the current research and previous research.

### **Chapter 3: Research Methods**

All of the instruments used to abstract the study field's data are included in this chapter. In essence, it consists of data analysis tools, questionnaire design, and sample size.

#### **Chapter 4: Data Presentation and Analysis**

The sort of analysis utilized to process the data collected for the research is initially defined in this chapter. The degree of correlation between the several independent factors and the dependent variables chosen for the study is then determined. This chapter essentially analyzes the different data that was collected, attempts to determine the relationships between the numerous components that were identified for the research, and displays the results using diagrams. The results will be interpreted logically in the subsequent section. The facts and data gathered from primary and secondary sources are presented in the data.

#### **Chapter 5: Summary, Conclusion and Recommendations**

The entire research findings are summed up in this chapter, and based on the research's conclusion, the relevant recommendations are sent along. It connects the data findings to the issue domain in a logical and coherent manner. This chapter looks at the findings' possible ramifications, analyzes all the data using research questions, and determines whether the goals of the study were met.

In addition, the report's appendices and bibliography are included at the conclusion. Similarly, the report's front section has the acknowledgement, table of contents, and list of tables and figures.

## **CHAPTER II**

### **LITERATURE REVIEW**

In this chapter, the purpose of the research was to critically examine the customer satisfaction theories related to the research topic. Theoretically, a number of articles with pertinent dependent and independent variables as well as theoretical and conceptual frameworks were evaluated. The theories that are pertinent to the research and conceptual framework are also covered in this chapter. Understanding fundamental principles is necessary for researching how satisfied customers are with the services provided by a company. As a result, this section offers a few operational definitions along with a summary of the main ideas that are explored in this research.

#### **2.1 Conceptual Review**

The aim of great customer service is to please or even thrill consumers; it goes beyond simple customer interactions or how kind front-line staff members are to them. Customers require varying services, therefore diverse customer care tactics are required, and these must be customized for the intended clientele. Gronross (1984) defined quality of service as a construct made up of the technical aspect of what the company provides to the customer and the functional or relational aspect of how the service is executed.

##### **2.1.1 Customer Satisfaction**

If determining customer satisfaction in the banking subsector is required, then quality of service cannot be ignored. This is due to the fact that the two coexist and that the decline of one frequently causes the decline of the other. While some academics contend that quality comes before satisfaction (Cronin & Taylor, 1992), other authors contend that a product's or service's quality is a necessary prerequisite for customer satisfaction (Heskett 1994 Anderson & Mittal, 2000). Because of this, the current study views service quality as an antecedent of satisfaction.

Gronroos (1984) defined quality as a construct made up of the technical component of the service that the firm provides to the customer and the functional or relational aspect of the service that the company performs. Numerous empirical studies have supported this concept and shown a direct correlation between customer satisfaction and these two quality criteria (Cronin & Taylor, 1992).

On the other hand, research suggests that, in addition to technical aspects, functional quality—or the way the service is provided—contributes significantly to customer satisfaction. According to Lassar's (2000) research, even when asked explicitly about their level of satisfaction with the technical components of the service, bank clients do not discount the way the service was provided (functional quality). This implies that the client happiness is significantly impacted by the functional component as well.

Thus, a customer's level of pleasure is an emotional response that is closely linked to past expectations and particular transactions (Oliver, 1997). This is characterized as the attitudes that consumers have about goods or services following their consumption (Jamal & Nasser 2003). Many academics claim to be satisfied.

Is the outcome of comparing pricing and acquisition costs to the value that a client believes they obtained from a transaction or relationship? Furthermore, it is based on the value anticipated from deals with rival businesses (Reichheld, 1996; Hallowell, 1996). According to Levesque and Mcdougall (1996), there is enough data to imply that a customer's satisfaction level could be interpreted as an attitude. Customer satisfaction can be quantified ordinally by tagging customers' Likert scale responses to study-relevant questions, as it is an attitudinal measure (Ranaweera & Neely, 2003). Due to the nature of the financial services industry, where customers 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. As such, while measuring overall customer satisfaction for financial service providers, it is critical to incorporate both product- and service-related factors.

A high degree of customer happiness is one of the most important predictors of the future of the company. Satisfied customers are devoted as well, which guarantees steady revenue flow for the business going forward. Furthermore, contented clients are frequently described as less price sensitive and inclined to spend more money on goods they have already tried and evaluated. Furthermore, stability in business relationships is advantageous when a present customer's expenses are reduced due to a positive quality image (Manrai & Manrai, 2007).

(Homburg, Koschate, & Hoyer, 2005) define contentment as an attitude or a fleeting emotion that is subject to change due to a variety of factors. Unlike visible activities like product choice, complaint, or repurchase, it resides in the user's head. Jham J, & Khan (2009) looked into the relationship that exists between satisfaction, actual performance, and expectations in a related study. The results showed that when a customer evaluates a product's performance, he typically makes a comparison between a set of expected performance outcomes. The result will then most likely be viewed as either satisfactory or not.

Merton (1992) asserts that product innovations are viewed as the "engine" that will drive the fiscal system to fulfill its goal of enhancing the efficiency of the "real economy." According to Merton (1992), examples of innovations that have significantly improved society welfare include the US national mortgage market, the growth of the mutual fund and investment sectors, and the creation of international markets for financial derivatives. Derivatives-related product innovations can increase efficiency through reduced transaction costs, asymmetric information, agency costs, and risk sharing opportunities (Merton, 1995). Product innovations encourage economic progress by directing resources to their most productive uses.

According to Mwangi (2007), product improvements have definitely helped customers by bringing down costs, and innovations enable markets to create customized mortgage contracts and shift risks. The author noted that initial costs for conventional mortgage

loans had decreased from approximately 2.5 percent of loan total to approximately 0.5 percent since 1985. The number of participants in the mortgage market has also significantly increased due to a mix of product and legal developments, including underwriters, brokers, servicers, and rating agencies. The author also mentioned having a choice as a benefit. While there were only one or two mortgage products available a few decades ago, consumers now have a variety of options when it comes to payback structures and instruments. Lastly, clients gain from quicker loan decisions.

One of the product improvements is the ATM, which has the following advantages. Because cardholders can access their safely banked cash around-the-clock, and because more people are making retail purchases outside of banking hours thanks to cash from ATMs, the society benefits from increased sales, more job opportunities, and increased convenience for today's highly mobile citizens.

In a study on the factors influencing product innovations and how they affect Kenyan banks' performance, Kihumba (2008) discovered that the three biggest gains from product innovations were improved customer service, expanded market reach, and higher bank revenue. Other measures included fewer customers in the banking hall, lower operating expenses, and bank development nationwide.

The combination of the automated and human tellers' services suggests that the bank was more productive during regular business hours. By saving consumers time from waiting in line at bank halls and allowing them to use that time for other worthwhile pursuits, ATMs help improve customer satisfaction. Given that ATMs outperform human tellers in terms of output per period, they are also an inexpensive means of producing higher productivity. Moreover, the banks are becoming more productive even outside of regular business hours as long as ATMs are around and human tellers are employed.

One product innovation that is seen as a type of virtual or remote banking is telephone banking. In essence, this is the use of telecommunications devices to provide branch fiscal services. Here, clients can complete their retail banking transactions with a single

button push on a touch-tone phone or on a mobile device, such as a cell phone that is connected to the bank's automated system via Automated Voice Response (AVR) technology (Carter, 2010). There are several benefits to telebanking for both customers and banks. For banking customers, it provides wider accessibility, more convenience, and significant time savings. However, the organization believes that offering telephone-based services is considerably less expensive than offering branch-based services.

As per Anyasi & Otubu (2009), the concept of Internet Banking involves providing users with website access to their bank accounts, allowing them to do transactions on those accounts as long as stringent security protocols are adhered to. Another way to define internet banking is the delivery of standard banking services online. Naturally, consumers who use internet banking benefit from greater ease, flexibility, and control over their finances. It has shown itself throughout time to be one of the most efficient and affordable technological approaches to attaining high output. Moreover, it removes the problems associated with time and location barriers and gives the bank continuous productivity to unthinkably far-off clients.

Branch networking is the process of computerizing and connecting geographically separated independent bank branches into a single, integrated system by means of an enterprise network (EN) or wide area network (WAN) in order to create and exchange consolidated customer data (Sadeghi, & Hanzae, 2010). Interbranch transactions can go more quickly because to the removal of time and distance restrictions.

As a product innovation, branch networking increases productivity more quickly. A simulated division of labor exists among bank branches due to the numerous networked branches serving the customer base as a single system, which has a favorable effect on branch productivity. Additionally, branch networking improves customer satisfaction by reducing the distance that customers must travel to bank branches, giving them more time to engage in other beneficial activities.

Another product innovation that is frequently utilized by commercial banks is the Electronic Funds Transfer at the Point of Sale. When making purchases of products and services, customers can use this internet system to rapidly transfer money from their accounts to the merchants' accounts in different geographic regions. A POS initiates an Electronic Fund Transfer procedure by using a debit card (Berger, 2010). Banking productivity increases when consumers' payment needs are met by EFT PoS. By using this method, the requirement for secretarial duties related to processing checks and cash withdrawals so that customers can shop is eliminated. Additionally, the technology operates outside of regular business hours, allowing the bank to continue being productive after hours. Additionally, consumers can use the time and energy they would have spent traveling to bank branches or ATMs to withdraw cash for other useful purposes are saved.

One of the newest product breakthroughs in the commercial banking sector is the Real Time Gross Settlement (RTGS) system, which is also the quickest method of money transfer between banks. Transactions in RTGS are carried out and settled using "Gross" and "Real time." The transaction cannot be undone once it has been completed. "Gross" describes how a transaction is settled separately without being combined with nineteen other transactions, whereas "real time" refers to the moment the transaction is processed. Due to the RTGS system's ability to minimize credit risk, expedite high-value payment operations, and reduce settlement risk from settlement lag, banking efficiency has grown (Berger, 2010).

### **2.1.2 Theories on Customer Satisfaction**

Regarding customer satisfaction, a number of ideas have emerged that address how individuals satisfied at different periods and the things that encourage customers to satisfy. Four main kinds of concepts have been used to understand how customers assess their level of satisfaction (Adee, 2004). Assimilation theory (number one), contrast theory (number two), assimilation-contrast theory (number three), and negativity theory (number four) are the four psychological theories (Anderson, 1973).

### **Assimilation Theory**

According to Anderson's (1973) theory of assimilation, customers engage in a cognitive comparison process that involves comparing their expectations and their perception of the product's performance. The assimilation theory was created in response to the finding that consumers assess products after utilizing them. Customers attempt to lessen cognitive dissonance, according to Anderson (1973), by altering their perceptions of a product in order to bring it more in line with their expectations.

This theory states that consumers can either distort expectations to match perceived product performance or decrease the proportional significance of the disconfirmation encountered while increasing satisfaction to alleviate the tension brought on by subpar product performance.

However, a number of writers questioned this theory. Payton (2003), for example, identified several flaws, such as the assumption of a straightforward relationship between anticipation and satisfaction without outlining the precise process by which an expectation's disconfirmation results in contentment or discontent. The theory's assertion that customers are driven enough to modify their expectations or views of the product's performance is the foundation for more criticism from Payton (2003). Therefore, it would appear that discontent could never occur unless the evaluation processes were to begin with negative consumer expectations (Bitner 1987).

### **The Dissonance Theory**

According to this hypothesis, a person would notice the discrepancy and feel cognitive dissonance if they were expecting a high-value product and instead received a low-value product (Cardozzo 1965). Stated differently, unmet expectations result in a discordant or uncomfortable psychological condition (Yi 1990). According to this theory, there is pressure to lessen dissonance when it exists, and this pressure could be released by altering the apparent difference. Based on this theory, post exposure ratings are mostly influenced by the expectation level since disconfirmation detection is thought to be a

mentally demanding procedure. Customers are consequently believed to perceptually distort expectation-discrepant performance in order to bring it into line with their prior expectation level, according to Oliver (1977). If there is a disconnect between the product's performance and expectations, for instance, customers may feel psychologically strained and try to ease it by changing their perception of the items (Yi 1990). Cardozzo asserts that a customer's view of a product may change if it comes at a large personal expense. Therefore, this strategy implicitly presupposes that consumers would typically discover that the performance of the product differed from their expectations or effort expenditures in some way and that some cognitive repositioning would be necessary (Oliver 1980).

### **Contrast Theory**

Hovland (1987) presented the Contrast theory, which is another theory. According to the contrast hypothesis, customers often exaggerate the differences between their own opinions and the opinions expressed in opinion statements. When experience and expectations diverge, the difference will be accentuated in that direction (Reginald 2003). Therefore, if a company overdelivers on its promises while underpromising in its advertising, the consumer experience will be better than expected, resulting in positive but exaggerated disconfirmation. On the other hand, if a company sets high standards in its advertising and the client experience falls just short of what was promised, the product or service will be dismissed as completely inadequate.

### **Inferred versus Direct Disconfirmation**

It is noteworthy that there are two primary approaches for examining disconfirmation of expectations. There are two approaches: the direct approach and the inferred approach (Prakash & Lounsbury, 1992). The inferred method calculates the discrepancy between expectations and performance evaluations. Researchers must gather unique data regarding perceived performance and customer service needs in order to do this. The disconfirmation or difference score, the third variable, is created by subtracting these

numbers. The notion of comparison is the source of the inferred (subtractive) disconfirmation approach (Thibaut & Kelley 1959).

### **The Comparison Level Theory**

Several scholars have criticized the Expectancy Disconfirmation paradigm for assuming that the primary elements impacting consumer satisfaction are predictive expectations created by manufacturers, business reports, or unidentifiable sources (Yi 1990). For example, La Tour and Peat (1979) argued that the EDP ignores other sources of expectancies, such as the consumer's past experience and the experience of other customers with similar constructs. Thibaut and Kelley (1959) suggested a revision to the Comparison Level Theory.

In contrast to the Expectancy Disconfirmation paradigm, which bases comparisons on situationally or predictively created expectations, the Comparison Level Theory argues that there are several essential criteria that might establish a product's comparison level. These characteristics include: 1) consumer's prior experiences with similar products (2) situationally produced expectations and (3) the experience of other consumers who serve as referent persons. When LaTour & Peat applied the Comparison Level Theory to the confirmation and disconfirmation process, they discovered that experience-based norms or standards functioned as a baseline for comparisons in the assessments of customer satisfaction. They found that situationally driven expectations had little impact on customer contentment, but expectations based on prior experiences were the primary determinant. This study suggests that consumers may place less weight on information provided by manufacturers if they are aware of pertinent information regarding the experiences of other consumers in addition to their own (Yi, 1990). The Comparison Level Theory contends that consumers may bring a variety of comparison standards into the consuming experience, in contrast to the Expectancy and Disconfirmation paradigm. Before making a purchase, consumers may be more inclined to employ predictive expectations based on external communication while using distinct standards.

### **The Value Percept Theory**

Similarly, Westbrook and Reilly (1983) contend that since consumer happiness or discontent is more likely to be determined by comparison criteria other than expectations, the Expectancy Disconfirmation paradigm may not be the best model to explain customer satisfaction. They proposed a new theory called Value Percept Disparity theory to replace Locke's 1967 Expectation-Disconfirmation paradigm. Westbrook and Reilly argue that expectations don't always match the values or aspirations attached to a product, challenging the predictive expectations used as a standard in the traditional Disconfirmation paradigm. Conversely, what is valued may or may not meet expectations. Hence, values have been proposed as a superior comparative criterion to describe consumer contentment or discontent instead of expectations. According to the value-percept theory, when someone compares their perceptions of an offer to their needs, wants, values, or desires, they experience pleasure as an emotive response (Westbrook & Reilly 1983). Comparable to the Expectancy Disconfirmation paradigm, an increasing disparity between a person's beliefs and values indicates a rising level of dissatisfaction.

### **The Importance- Performance Model**

The significance of attribute importance is acknowledged, even though the EDP has dominated as the theoretical construct used to assess satisfaction and predictive expectancies are thought to be the comparison standard that best explains satisfaction (Oh & Parks 1997). Performance as seen by customers and its importance are said to depend on their level of satisfaction. Barsky (1992) proposed that the importance of particular characteristics and the extent to which a product provides those characteristics determine overall satisfaction or dissatisfaction with a product or service. This theory is based on the expectancy-value model, which Fishbein & Ajzen (1975) developed and in which attribute importance and beliefs play a central role. According to this model, people typically hold beliefs on certain traits, although each attribute may be given a significant weighting in relation to other attributes (ibid.). This suggests that the degree to which customers are satisfied with a feature is determined by the strength of their ideas about its

importance multiplied by the degree to which these attributes live up to their expectations (Barsky 1992) (an altered EDP version to gauge client satisfaction). Importance has been employed by marketing researchers as a substitute variable for customer expectations (Martilla & James 1977).

### **The Attribution Theory**

More precisely, this model makes the assumption that customers often use a three-dimensional schema to ascribe product successes and failures and that they have a tendency to search for the reasons behind these outcomes (Folkes 1989). According to some arguments, external attribution happens when a number of customers agree on the reason behind their discontent and when an establishment consistently makes mistakes and/or is the only one making mistakes (a high degree of distinctiveness in the conduct). More precisely, this model makes the assumption that customers usually search for the reasons behind the successes and failures of products and ascribe them to a three-dimensional schema (Folkes 1989). According to some arguments, external attribution happens when a number of customers agree on the reason behind their discontent and when an establishment consistently makes mistakes and/or is the only one making mistakes (a high degree of distinctiveness in the conduct). More precisely, this model makes the assumption that customers usually search for the reasons behind the successes and failures of products and ascribe them to a three-dimensional schema (Folkes 1989). Some argue that external attribution occurs when a number of patrons concur on the cause of their dissatisfaction and when an establishment is the only one or makes mistakes on a regular basis (a high degree of distinctiveness in the conduct).

Attribution models have historically been less helpful in describing the satisfaction process itself and more helpful in forecasting the actions of unhappy consumers (Huang & Smith, 1996). However, some evidence supporting the relationship between locus of causality—internal and external attributions—and satisfaction ratings has been gathered by Folkes (1984) and Richins (1985). The results, especially Folkes', demonstrate that the locus of causality dominates satisfaction assessments and that internal factors are more

closely associated with satisfaction than external factors. (Oliver & Desarbo 1988), who evaluated the relationship between five factors that influence satisfaction (performance, disconfirmation, equity, and attribution), found that the attribution dimension was the least significant of all the factors they looked at in the particular situation.

### **The Evaluative Congruity Theory**

The Social Cognition Model, also known as the Evaluative Congruity Model developed by Sirgy in 1984, states that satisfaction is a product of evaluative congruity, a cognitive matching process that compares a perception to an elicited referent cognition in order to assess a stimulus or action. It is believed that this cognitive process will result in an emotional or motivated state. Because it forces the customer to consider other options in order to lessen an existing dissatisfaction state and/or achieve a future satisfaction state, customer pleasure and dissatisfaction are recognized as emotional states (Sirgy, 1984). According to this concept, there are three states of congruity: congruity, positive incongruity, and negative incongruity. Negative incongruity is a cognitive state that arises from a negative difference between the valence levels of a perception and an elicited referent cognition, which causes displeasure. It is comparable to the concept of confirmation disconfirmation.

Congruity is a cognitive condition that produces a neutral assessment state or a satisfaction state when there is a small or insignificant difference between an evoked referent cognitive state and a perception. between an elicited referent cognition—a source of satisfaction—and a perception. In contrast to the EDP, Sirgy's model posits that customer satisfaction could be better explained by the occurrence of numerous comparison processes, and it considers customer pleasure or dissatisfaction as a result of one or more congruities between perceptual and evoked referent states. According to the original Evaluative Congruity Model, satisfaction could be influenced by one or more cognitive congruities, such as those between the performance of a new product after usage and its expected performance before usage, the performance of an old product after use and its expected performance before use, the performance of the expected product

after purchase and the ideal product performance before purchase, and the expected product performance after purchase and the deserved product performance after use. There is a claim that these differences can have a separate impact on how satisfied customers are overall with a certain product (Sirgy, 1984). The ability of the Evaluative Congruity Theory to describe the many states of satisfaction or dissatisfaction arising from various combinations of expectations and performance outcome appears to be one of its most significant qualities (Christianson & Cin-Lin, 1998). Remember that the conventional

Expectancy-Disconfirmation paradigm maintains that when high expectations are met by high performance and low expectations are met by low performance, the degree of pleasure that results will be the same in both scenarios. However, different expectation-performance pairings (high expectation/high performance; low expectation/poor performance) would lead to distinct satisfaction levels, according to the Evaluative Congruity Theory (Sirgy, 1994). For example, Chon (1998) proposed, based on the Evaluative Congruity Theory, that the tourist would be most satisfied under a positive incongruity condition, when the tourist's anticipation of a certain service performance is negative but his or her perceived outcome is good. In fact, their findings showed that customers were most satisfied when their expectations were negative and their perceptions were positive, whereas moderate levels of satisfaction occurred when the customer's expectations were positive and their perceptions were good. Additionally, the satisfaction was lower than the previous two congruity conditions when the customer's expectations were negative and perceptions were negative, and the tourist was least satisfied when the customer's expectations were positive and perceptions were negative. These results lend some credence to the fundamental tenet of the Evaluative Congruity Theory, which holds that various combinations of expectations and performance perceptions may lead to various states of satisfaction. Furthermore, Sirgy proposed that product images be categorized as functional (i.e., the physical benefits connected to the product) and symbolic. He further argues that customer satisfaction or dissatisfaction is an evaluation function of both the consumer's self-image and the congruency of the

product image with the consumer's expectations and performance. (Chon & Olsen 1991) found some evidence to support the theory that consumers evaluate personality-related characteristics in addition to functional features of a product (the availability of suitable accommodation) when making decisions. The study focused on customer satisfaction with destinations. Symbolic congruity was found to be less effective in explaining customer happiness than functional congruity. It is noteworthy that, despite being proposed as a substitute explanation for the satisfaction process, the Evaluative Congruity model shares methodological similarities with the Expectancy-Disconfirmation paradigm (Oh & Parks, 1997). That is, the Expectation and the Evaluative Congruity.

Disconfirmation models derive from the disconfirmation notion, which assumes that consumers create expectations about a product before making a purchase and then contrast those expectations with actual performance after using the product. Nonetheless, it's possible that neither of the models will work well in scenarios involving consumer consumption and lack of past expectations, like when dealing with novel products.

### **The Person-Situation-Fit Concept**

It has also been observed that the Person-Situation Fit theory explains why tourists are satisfied (Pearce & Moscardo, 1984). According to this theory, people actively look for circumstances that they believe best suit their orientations and personalities. According to this theory, like in the case of the Value-Percept Disparity model, tourists and their surroundings fit together best when environmental features align with their ideas, attitudes, and values. Tourists are satisfied when the activities offered in the surrounding area match their interests and values. Mismatch can cause stress, anxiety, uncertainty, and discontent when values and value orientations do not align (Pearce & Moscardo, 1984). The degree of fit grows together with the satisfaction of tourists. Studies on customer motivation have often used this concept.

### **Assimilation-Contrast Theory**

Assimilation-contrast theory is a new theory that Anderson (1973) introduced in an attempt to enhance the earlier ideas. The context of post-exposure product performance is where his theory is raised (Anderson, 1973). According to the assimilation-contrast idea, a client will overlook a discrepancy if the performance is within their acceptable range, even if it doesn't meet their expectations. This is because the performance will be accepted and assimilation will occur. Conversely, the idea states that contrast will be stronger and the difference will be emphasized if the performance is inside the rejection range. As a result, the product or service will fall short of what was anticipated (Terry, 1997). According to Reginald (2003), this theory suggests that the assimilation and contrast theories can both be used to study customer happiness. The theory has drawn criticism, though, including an attempt to reconcile the two earlier theories using a methodologically flawed approach (Anderson, 1973), while Oliver (1994) argues that the theory only measured expectations and believed that there were differences in perception between disconfirmation and satisfaction (Reginald 2003).

### **Disconfirmation Theory**

Customer satisfaction is correlated with the intensity and direction of the disconfirmation experience that results from service delivery that does not meet expectations, according to the disconfirmation theory. The disconfirmation paradigm is the most accurate predictor of consumer happiness, claim Ekinici & Sirakaya (2004). According to Mattila and O'Neill (2003), this hypothesis is one of the most widely accepted theories of contentment. In essence, the process of evaluating observations in light of expectations or standards yields satisfaction. The problem with this theory, though, is that research also shows that customer satisfaction is more heavily influenced by the manner in which the service was provided than by the process's conclusion. In fact, guests' dissatisfaction with the service frequently stems from the fact that their expectations were not met (Mattila & O'Neill, 2003).

### **Cognitive Dissonance Theory**

According to Festinger's 1957 theory of cognitive dissonance, people are motivated to lessen dissonance by altering their attitudes, beliefs, and behaviors, or by explaining or justifying them. Holding two contradictory ideas at once may cause cognitive dissonance, an unpleasant feeling. The issue of cognitive dissonance has been rapidly adopted by consumer behavior research due to its tremendous exploratory potential in characterizing the uncomfortable state that buyers often experience following a purchase (Thomas & Monica, 2010). While cognitive dissonance is widely used in consumer behavior research, there aren't many applications in marketing research nowadays because the discomfort is frequently transient and it can be challenging to measure and collect data on cognitive dissonance (Thomas & Monica 2010).

### **Adaptation-level Theory**

The adaptation-level hypothesis states that consumers view a good or service in accordance with the adapted standard, which is based on the customer's psychological and physiological traits, the setting, and their views of the good or service itself. After it is established, the "adaptation level" keeps both positive and negative deviations broadly within the parameters of one's starting position, preserving the validity of subsequent evaluations. Only notable changes in the degree of adaptation will ultimately change the subject's evaluation's tone. Oliver and Hanming (1994) employed this method, which was initially put out by Helsen (1964), to investigate customer satisfaction.

### **Equity Theory**

The foundation of this idea is the claim made by Oliver and Hanming (1994) that "a man's rewards in exchange with others should be proportional to his investments." Equity, or relative deprivation, is the theory's response to an imbalance or discrepancy between what a person thinks should be the case and what he believes is the actuality (Oliver & Hanming, 1994). According to study on customer satisfaction, a customer is considered satisfied when he feels that his output to input ratio is the same as the exchange person's (Adee, 2004). Equity seems to have a significant rate effect on

customer happiness and post-purchase communication behavior, which contradicts this idea (Oliver & Swan, 1989).

### **Hypothesis Testing Theory**

Dighton's 1983 theory is the final one on customer happiness (Teery, 1997). According to Dighton's theory, advertising and pre-purchase information in particular have a significant impact on setting expectations about the goods that consumers will purchase and utilize. Consumers test their expectations by using their experiences with goods and services. Second, rather than dismissing their expectations, customers usually try to confirm them. According to this idea, consumers are more likely to corroborate positive experiences with products and services.

### **The Expectancy Disconfirmation Paradigm**

Drawing on the shortcomings of the previous theories of consumer pleasure outlined above, Oliver (1977) proposed the Expectancy-Disconfirmation Paradigm (EDP) as the most viable theoretical framework for the measurement of customer happiness. The concept states that consumers create pre-purchase expectations about the expected functionality of the products and services. After that, the product is assessed using the expectation level as a reference point. That is, results are compared to expectations after utilizing the good or service. If everything goes according to plan, confirmation occurs. Disconfirmation occurs when results are not what was expected. A consumer may be satisfied or dissatisfied depending on how expectations and perceptions differ, either positively or negatively. Consequently, a positive disconfirmation between expectations and performance occurs when a customer receives better service than they had anticipated, leading to satisfaction; on the other hand, a confirmation between expectations and perceptions occurs when a customer receives the expected service, leading to satisfaction. On the other hand, when service delivery falls short of the customer's expectations, there is a negative disconfirmation between expectations and perceptions, leading to discontent.

Consequently, a positive disconfirmation between expectations and performance occurs when a customer receives better service than they had anticipated, leading to satisfaction; on the other hand, a confirmation between expectations and perceptions occurs when a customer receives the expected service, leading to satisfaction. On the other hand, when service delivery falls short of the customer's expectations, there is a negative disconfirmation between expectations and perceptions, leading to discontent. To support Porter's theory, Locke (1965) recommended measuring employees' job satisfaction using this discrepancy methodology. This review of the literature reveals that this model has received significant support from researchers in other fields in addition to the literature on job satisfaction. It has been widely used to assess satisfaction with a variety of products and services, including flu treatment (Oliver, 1980), restaurant services (Bearden & Teel, 1983; Cadotte, Woodruff & Jenkins, 1987; Swan & Trawick, 1981), cars (Oliver & Swan, 1989); record players (Tse & Wilton, 1989); stock market services (Oliver & DeSarbo, 1988), video disc players (Churchill & Surprenant, 1982), hotel and vacation destination services (Tribe & Snaith, 1998).

## **2.2 Empirical Review**

According to Hallowell (1996), there is a connection between bank profitability and client retention and satisfaction. Gremler and Brown (1999) also found that the majority of devoted clients strongly promote the service, and that the quantity of referrals rises with the duration of the clientele's association with the business.

On the other hand, studies conducted by Madill et al. (2002) have demonstrated that positive customer-bank connections boost bank earnings and improve consumers' access to credit, favorable lending rates, reduced stress, and increased convenience. As a result, clients are happier and are more likely to refer friends and family while also being less likely to use the services of another financial institution. These findings are consistent with those of N'Goala (2007), who demonstrated that strong relationships and affective commitment are essential for identifying resistance to bank switching.

Matos (2007) looked into how switching prices affected customer happiness, loyalty, and attitude and behavior in various ways. The primary findings indicated that changing Numerous empirical studies have supported this concept and shown a direct correlation between customer satisfaction and these two quality aspects (Cronin and Taylor, 1992). Cost is a significant factor in determining loyalty and acts as a mediator between loyalty and satisfaction.

It was found that the data showed bank clients had a low inclination to move banks for a considerable amount of time. But this wasn't because they felt good about the banks; rather, it was because they thought there wasn't much of a difference between banking products.

According to Barnes' (1997) research conducted in the USA, commercial banks may now offer their clients exceptional service in new and innovative ways thanks to the availability of new service delivery channels including automated teller machines, phone banking, mobile banking, and, more recently, online banking. According to the report, the introduction of new technologies may alter the connection between banks and their clients, which will have an impact on client retention. The aforementioned study, which was carried out in the USA, differs slightly from Tanzania's environment in that Tanzania faces power supply (energy) issues.

In a study of Greek banks, Athanassopoulos (2000) found that while value and price have a direct impact on customer happiness, service quality is independent of price provided the consumer is generally satisfied. In the banking industry, factors that were thought to be significant in determining customer satisfaction were personnel competence, general friendliness, and the speed at which services were delivered.

This study paper's goal is to survey workers of commercial banks and compare their answers to various aspects of internal service providers' provision of high-quality services. authored by Sara Qadeer November 2013: Second Cycle completed under Maria

Malama, the supervisor, on the subjects of customer satisfaction and service quality An analysis of a banking case study.

**Table 1**

*Thesis information of Qadeer (2013)*

Source	M. Objectives	Sample	Methodology	M. Findings
Qadeer (2013)	-To investigate the link between service quality and customer satisfaction -The ways through which service firms can improve and manage the process of delivering quality standards to their customers.	Expert from Sweden and Pakistan.	Research design: Exploratory research design was used. Nature and sources of data: Primary and secondary both data Instrument structured, Data collection: Expert from Industry of Sweden and Pakistan Data analysis: Qualitative Data Analysis Tool is used. Data Collection: Interview methods	- Customer satisfaction doesn't solely depend on quality of service. - Other variable also plays the important role on customer satisfaction product, word of mouth, etc. - Customer loyalty increase the volume of business

Qadeer (2013) conducted a case study in the banking sector with industry experts in Sweden and Pakistan to investigate service quality and customer satisfaction. The purpose of the study was to investigate the relationship between customer satisfaction and service quality. Primary data were gathered through telephone interviews with Swedish industry experts and Skype interviews with Pakistani industry experts. The interviews lasted between thirty and sixty minutes each.

The key discovery was that factors such as product, word-of-mouth, and customer happiness are crucial in determining customer satisfaction and are not only dependent on service quality. Business volume rises with customer loyalty.

Gautam and Dhital, M.B.A., MS(IT), published Customer Satisfaction in Nepalese Commercial Banks in the Journal of Management and Development Review in 2004.

**Table 2**

*Thesis information of Gautam and Dhital (2004)*

Source	M. Objectives	Sample	Methodology		M. Findings
Gautam, and Dhital (2004)	-To investigate the level of satisfaction of customers of Nepalese commercial banks	-Ten commercial banks, 331customers	Research Nature and sources of data: Primary data. Instruments: Likert scale, Data Collection: Structured questionnaire	Design: Causal and sources of data: Primary data. Likert scale, Data Collection: Structured questionnaire	Nepalese commercial banks are significantly different in terms of employee behavior. - Employee speed is not affected significantly in customer satisfaction
			Data Analysis: Mean, Standard Deviation, Correlation, ANOVA	Types of Research: Quantitative.	

Customer satisfaction at Nepalese commercial banks was examined in an article by Gautam and Dhital that was published in the Journal of Management and Development Review in 2004. This study's primary goal is to look into customer satisfaction levels, sample commercial bank performance, and the causes of both consumer contentment and discontent. In the study, a sample of ten commercial banks consisting solely of deposit customers was employed. A total of 331 responders were utilized. We used both primary and secondary data.

A Likert scale, a multiple-choice scale, a ranking scale, and additional nominal demographic data were employed. A 35-item structured questionnaire was given out. The location for data gathering was the motorbike parking and exit gate. Instruction on how to administer the survey Before collecting any data, the data collectors gave the respondents an explanation of the questions. Both English and Nepali were used in the preparation of the questionnaire. The SPSS version 9.0 Mean, Standard Deviation, Person's Correlation, ANOVA, Chi Squire, and Kruskal-Wallis ANOVA are the data analysis tools available. The sort of research used was quantitative.

Employee behavior in Nepalese commercial banks differs greatly from that of other banks. Among ten sample banks, NSBI, EVR, and BOK were found to have strong employee conduct, while RBB, NBL, and NIB were found to have weak employee behavior. Additionally, staff speed was shown to have no discernible impact on customer satisfaction.

A survey conducted by Russian bank PAO "SBERBANK" Vershinina on customer satisfaction in the banking industry Oulu University of Applied Science, Bachelor of Arts in International Business, Autumn 2017.

**Table 3***Thesis information of Vershinina (2017)*

Source	M. Objectives	Sample	Methodology	M. Findings
Vershinina (2017)	- To investigate level of customer satisfaction for PAO "Sberbank"	- 100 Customer	Research Design: Descriptive and Causal Population and sample: 100 customers Nature and sources of data: Primary data. Instruments: Likert scale, Data Collection: Structured questionnaire Data Analysis: Mean, Standard Deviation, Correlation, ANOVA Types of Research: Quantitative.	- Company is able to enhance service quality and creativity of employee. - Should be create new strategy to mobilize employee to meet the target of customer satisfaction

A survey conducted by Russian bank PAO "SBERBANK" Vershinina on customer satisfaction in the banking industry Autumn 2017 bachelor's thesis Oulu's International Business Degree Program Oulu University of Applied Science offers a degree program in international business. The primary goal of this research is to determine the level of customer satisfaction for PAO. The sample for this study consisted of 100 Sberbank

customers from SERBANK. This study's research design was descriptive and causal, with 100 consumers serving as the sample and population. Primary data were used as the nature and source of the information, and structured questionnaires were used to collect the data. Mean, Standard Deviation, Correlation, and ANOVA were used in the data analysis. Quantitative research types were the most common. The company is able to improve employee innovation and service quality, as well as develop innovative strategies to mobilize staff to reach customer satisfaction targets.

Factors Affecting the Decision of Consumers to Apply for Bank Loans: Greek Customers' Experience Division of Medicine, University College London, UK; Christos C. Frangos, Konstantinos C. Fragkos, Ioannis Sotiropoulos, Giannis Manolopoulos, and Aikaterini C. Valvi; Department of Business Administration, Technological Educational Institute (TEI) of Athens, Greece Birkbeck, University of London, UK's Department of Management is affiliated with the Technological Educational Institute (TEI) of Thessaloniki, Greece, and the Technological Educational Institute (TEI) of Epirus, Preveza, Greece.

**Table 4**

*Thesis information of Frangos, Fragkos, Sotiropoulo, Manolopoulos, Valvi (2012)*

Source	M. Objectives	Sample	Methodology	M. Findings
Frangos Fragkos Sotiropoulos Manolopoulos Valvi (2012)	To identify factors that influence Greek customers' decision to take out a loan from commercial banks	- 177 Customers	Research Design: Descriptive and Causal Population and sample: 177 customers Nature and sources of data: Primary data. Instruments: Likert	- A lower interest rate decreases the cost of a loan, hence increases the demand for bank loans - service quality factors seem to affect very much

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scale, Data Collection: the decision to take out a loan  
 Structured questionnaire  
 Data Analysis: Mean, Standard Deviation, Correlation, ANOVA  
 Types of Research: Quantitative.

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Lydia Roxborough Smith, MBA, BS, University of Phoenix, 2010; her doctoral study, "The Dimensions of Customer Satisfaction in the Jamaican Financial Service Industry," was submitted in partial fulfillment of the requirements for the degree of doctor of business administration Walden University (2016).

**Table 5**

*Thesis information of Lydia Roxborough Smith (2016)*

Source	M. Objectives	Sample	Methodology	M. Findings
Lydia Roxborough Smith (2016)	to examine the relationship between service quality and customers Satisfaction in banking service	203 Customers	Research Design: Descriptive and Causal Population and sample: 203 customers Nature and sources of data: Primary data.	- significant relationship between service quality and customer satisfaction - increase customer satisfaction, and decrease the losing number of

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Instruments:	customers, thus
Likert scale,	increasing
Data Collection:	customer
Structured	Satisfaction
questionnaire	
Data Analysis:	
Mean, Standard	
Deviation,	
Correlation,	
ANOVA	
Types of	
Research:	
Quantitative.	

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This empirical review's primary source is Lydia Roxborough Smith. The 2011 financial services industry in Jamaica's customer satisfaction aspects. The main objective of this study is to look into the relationship between customer satisfaction and the quality of service provided by banks. In this study, 203 customers participated as respondents. The research methodology employed a descriptive and causal approach, with the principal instrument being the Likert scale. Data were collected through a standardized questionnaire, and the data were analyzed using ANOVA, mean, standard deviation, and correlation. The results of this thesis demonstrate a strong correlation between customer contentment and service quality, which can both raise customer satisfaction and lower the rate at which customers leave. Factors Influencing Online Banking Service User Satisfaction Thammasat University's Komwut Unyathanakorn Kasikorn bank PCL Nopadol Rompho in 2014.

**Table 6***Thesis information of Komwut Unyathanakorn (2014)*

Source	M. Objectives	Sample	Methodology	M. Findings
Komwut Unyathanakorn (2014)	To examine the factors that affect customer satisfaction with the use of online banking services provided by commercial banks	400 Customers	Research Design: Descriptive and Causal, Quantitative. Population and sample: 400 customers Nature and sources of data: Primary data. Instruments: Likert scale, Data Collection: Structured questionnaire Data Analysis: Mean, Standard Deviation, Correlation, ANOVA	- Significant relationship between customer satisfaction and online banking service - Additional feature and Availability in every phone, laptop, and computer were comes as suggestion

The main objective of this study was to look into the factors that affect customers' satisfaction when they use online banking services offered by commercial banks. A sample of 400 clients was used for this investigation. Descriptive and causal research design was used. Likert scales were used as primary data instruments; the nature and

sources of the data Structured questionnaires were utilized for data collection, and ANOVA, correlation, mean, and standard deviation were the instruments employed for data analysis. The sort of research used was quantitative. A noteworthy correlation between customer happiness and online banking service was the research's measure finding. It was suggested that every phone, laptop, and computer have more features and be available.

Customer pleasure is a result of employee behavior a Turkay Sakarya University case study on a commercial bank's service interaction (2007).

**Table 7**

*Thesis information of Turkey (2007)*

Source	M. Objectives	Sample	Methodology	M. Findings
Turkey (2007)	to examine customer-employee encounter is significant for the enhancement of customer satisfaction	240 Customers	Research Design: Descriptive and Causal Population and sample: 240 customers Nature and sources of data: Primary data. Instruments: Likert scale, Data Collection: Structured questionnaire Data Analysis: Mean, Standard Deviation, Correlation, ANOVA Types of Research: Qualitative.	- Employee Behavior affect the customer satisfaction - Politeness, helpfulness, eye contact, treating customer as family member and grievance handling are the key factor

Customer pleasure is a result of employee behavior Turkey Sakarya University case study on customer service interaction at a commercial bank, 2007 This study's primary goal is to investigate how important employee-customer interactions are to raising customer satisfaction. There were 240 customers in the sample. The study employed a descriptive research approach, causal primary data, and a Likert scale. Using a structured questionnaire to collect data The means, standard deviations, correlations, and ANOVA were the data analysis tools. The type of research performed was qualitative.

Ghanaian banks' customers' happiness with ATMs is evaluated by Boateng, Amponsah, and Adomako (2014).

**Table 8**

*Thesis information of Boateng, Amponsah and Adomako (2014)*

Source	M. Objectives	Sample	Methodology	M. Findings
Boateng, Amponsah and Adomako (2014)	To examine the customer needs reduced due to Automated Teller Machines (ATM)	200 Customers	Research Design: Descriptive and Causal Population and sample: 200 customers Nature and sources of data: Primary and Secondary data. Instruments: Likert scale, Data Collection: Structured questionnaire	- ATM reduce cash transaction. - It reduce time to with drawl cash by standing in a line. - Any time with drawl feature help to expenses when people need.

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Data Analysis:  
Descriptive  
statistic and chi-  
square test  
Types of  
Research:  
Quantitative.

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Boateng, Amponsah, and Adomako (2014) conducted an impact assessment of ATMs on customer satisfaction of banks in Ghana. The main goal of the study was to determine whether the automated teller machine (ATM) reduced customer needs. A sample of 200 respondents was used, and the research method employed was descriptive and causal. A likert scale structured questionnaire was employed, and tools for data analysis through quantitative research type included chi-square tests and descriptive statistics. The study's key findings included the reduction of cash transactions caused by ATMs. Standing in line to get drawl currency cuts down on time. The drawl function also helps with expenses at times when people need it, and facilities most likely offer additional services.

### **2.3 Research Gap**

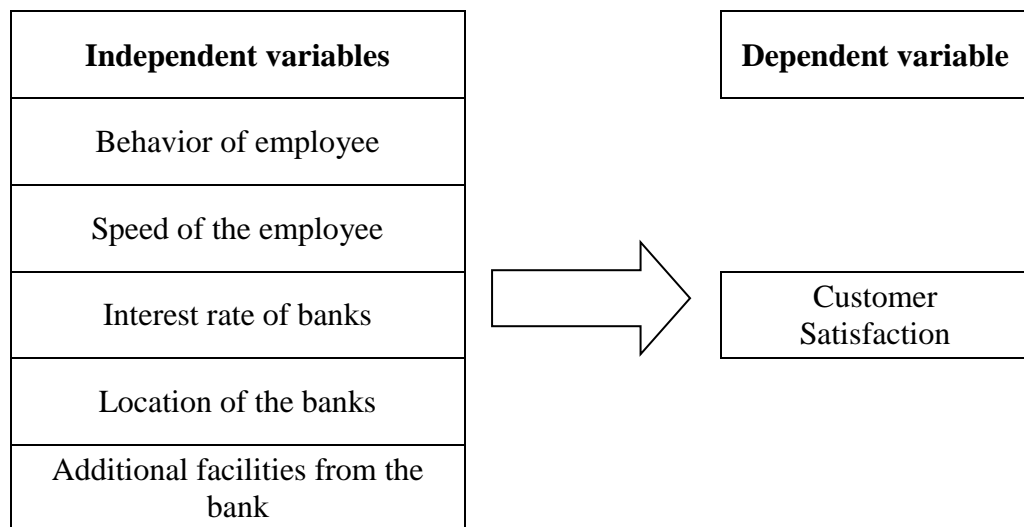
The literature review outlined the several aspects that impact customer satisfaction. Using a similar background, this study examined the characteristics that have the greatest impact on customer satisfaction, taking into account employee behavior, speed, bank interest rates, bank location, and other services offered by banks. Numerous insightful research that addresses these aspects and determine their impact on customer satisfaction have been conducted. But because there have been less studies carried out in the last ten years, there is a research void. This study attempts to close this gap by examining these five variables, which are thought to have a major impact on consumer satisfaction.

## 2.4 Conceptual Framework

The theoretical framework that has been constructed as the basis for this research effort is shown in the image below. Numerous aspects have been determined to have an impact on customers' satisfaction levels based on the research project. Investigating the link between the dependent and independent variables is hence the study's main goal. Customer happiness is a dependent variable, and employee behaviours, employee speed, interest rate, and bank location are independent variables.

**Figure 1**

*Conceptual framework of the study*



## 2.5 Description of the variables

### Behavior of Employee

Employee conduct is one of the most effective ways to gauge service deficiencies, according to Carrasco (2012). Following extensive management interviews with service companies and distribution of simple employee behavior surveys to client focus groups. It was discovered that human perceptions were erratic, and it was advised that in order to comprehend client viewpoints, researchers should utilize an integrated fuzzy employee behavior model. Furthermore, comparing the performance of businesses over time is appropriate when using the combined methodology. The actions of employees have

destroyed numerous companies and cost employers millions of dollars every day. Additionally, it lowers staff morale and increases turnover rates, both of which turn off customers. In a service business, employee behavior is crucial because it establishes a connection between the company and its clients and is a key element in creating productive working relationships (Gronroos 1990).

### **Speed of employee**

From the standpoint of the marketer, employee speed can be seen as the degree of service attributes required to make the offering viable and acceptable in the marketplace, hence meeting the needs of the marketer for financial success and profitability. Customers, on the other hand, see staff speed as being equal to the quality-of-service attributes needed to meet their own demands. In this way, while consumers evaluate services both during and after their use, marketers attempt to define service quality beforehand. Lewis (1993). One may infer that the quicker a customer's issue is fixed, the happier the consumer will be when creating rules for your customer service representatives. Consequently, you might set policies that encourage your agents to conclude calls as quickly as possible. Above all, you monitor the length of each call, the number of transfers, and the speed at which resolutions occur. Our data analysis reveals a substantial correlation between faster resolution times and greater customer satisfaction scores by (Brian Tobal 2017).

### **Interest rate**

The financial status of the borrower is an important consideration. When interest rates decline, more people want bank loans because they become more affordable. It is normal for there to be little demand for loans and little chance that a bank will approve a customer's loan application (Calza, 2003). Customer demand, also known as consumer demand, is the total amount of goods that individuals wish to purchase. Therefore, consumer demand usually increases when interest rates decline. Borrowing is expensive when interest rates are high, which will probably lower demand and overall consumption by (Gregory Hamel 2018.) If you have extra money laying around, investing or saving it will eventually pay off. When choosing between saving money in an interest-bearing

bank account and investing it in stocks or other potentially profitable but interest-bearing assets, interest rates are a crucial factor to take into account. Low interest rates generally encourage investment since they reduce the rewards of saving, whereas high interest rates tend to discourage investment. It is also less expensive for firms to take out loans and invest in new initiatives when interest rates are low.

### **Bank location**

When choosing between saving money in an interest-bearing bank account and investing it in stocks or other potentially profitable but interest-bearing assets, interest rates are a crucial factor to take into account. Low interest rates generally encourage investment since they reduce the rewards of saving, whereas high interest rates tend to discourage investment. It is also less expensive for firms to take out loans in order to recognize factors affecting their decision to select a bank, Results showed once more that suitable location parking close to a bank and the existence of a wide range of loans and mortgages were the main reasons Kaynak & Kucukemiroglu (1992). Olawale & Garwe (2010) define a business environment as all those factors, both internal and external to the business that may influence the survival of the business. The developments and changes that have recently taken place in the business environment, such as globalization increased competitive pressure, information technology and the focus on value creation, have forced businesses to take additional measures to gain a competitive advantage in the market.

### **Additional facilities**

In this study, the impact of ATM and Internet banking services on customer happiness was primarily examined. Additional facilities are those tools that contribute to higher customer satisfaction. An automated teller machine (ATM) is a computerized communications equipment that offers financial transaction services to a financial institution's clients without the need for a bank teller or clerk (Rue 1967). The ability to conduct business online has revolutionized the business world (Shanab 2010).

Every industry view customer service as essential to its success since it determines an organization's future. Technology-based solutions on the internet are developing quickly and fundamentally altering how different companies connect. This also applies to a business's connection with its customers. Since services are intangible by nature, it has been difficult to find a correlation between customer satisfaction and service quality in a variety of industries (Hong, 2004).

## **CHAPTER III**

### **RESEARCH METHODS**

Research methodology refers to the various methods of practices applied in the entire aspect of the study. It facilitates a methodical approach to solving the research problem. The goal outlined in the first chapter is intended to be achieved through the design or planning of this chapter. A study's general plan is outlined in the research methodology. In this chapter, the context of the study is presented, which provides the background against which the findings of the study were assessed from which reliability and dependable conclusions were made. Thus, this chapter provides a description of research plan and design, nature and sources of data, method of analysis and empirical models for the study.

#### **3.1 Research Approach**

According to Churchill (1991), the study's descriptive survey methodology is appropriate when describing the traits of distinct groups, estimating the percentage of individuals possessing particular traits, and making predictions. The researcher was able to respond to inquiries about the what, why, and how of the phenomenon of product innovation and its effect on consumer satisfaction by means of the descriptive survey.

In order to facilitate information gathering, summarization, presentation, and interpretation of data for the goal of clarity, descriptive survey research designs are employed in preliminary and exploratory investigations (Orodho, 2003). The rationality of descriptive research, according to Mugenda & G. Mugenda (1992), is to ascertain and report the state of affairs, and it aids in determining the existing status quo of the population under investigation. The study's design was selected because it maximizes the dependability of the data gathered.

Design for research involves making references to the specified problem (McGriven, 2006). The process of gathering and evaluating data to obtain information is known as

research. It is the process used to gather data for research initiatives by systematic observation or data collection. The descriptive and causal research design was used in this investigation. It is used to gather data from respondents in order to ascertain the cause-and-effect relationship between the variables that can be employed in generalization-based research.

### **3.2 Nature and Source of Data**

This study is based on primary as well on secondary data.

- **Primary data**

Primary data are those that are initially gathered for the first time. These are the unprocessed data that the investigator gathered with certain goals in mind. Customers who use bank services have provided the required information through the standardized questionnaire. A survey was carried to collect the opinion of the bank's customers. The demographic characteristics, bank services and customer satisfaction indicators were incorporated in the questionnaire. A convenience sampling method was used to get highest rate of response from respondents. The questionnaires were sent to friends and relatives through Google doc.

- **Secondary data:**

The data that have previously been gathered and are easily accessible from other sources are known as secondary data. The relevant study data has been gathered from the relevant organizations. The study's secondary data sources are listed below:

- Annual reports, newsletters, brochures, etc. of the selected banks.
- Textbooks, articles published in newspapers, journals magazines, etc.

### **3.3 Subjects**

Subject of the research paper provide information about the population and sampling technique to obtain the primary data. All the commercial banks of Nepal establish their operation in Kathmandu city because it is one of the commercial centers of Nepal. It has

been reported as the power center of business in Nepal. This region has diversified population and number of banks which best suited the purpose of this research. Considering this research is conducted within valley so the sample size can represent population better.

### **3.4 Population and Sample**

The customers of the commercial banks doing transaction in the Kathmandu City are the population of this study. Hence, from the entire population, sample of 200 people were taken. A non-probability sampling, convenience sampling was used in selecting the sample respondents. The respondents were selected non-randomly visiting the banks. This sampling is used for personal convenience and is the most appropriate method.

### **3.5 Instruments**

Questionnaires are main instruments to collect primary data. So, structured questionnaire was used. The questionnaire has been personally administered on a sample of 200. The questionnaire has been distributed to all the respondents. the questionnaires of the research consist of different sections. The first section is about demographic information of the respondents This section helps to accumulate the information such as gender, age group, occupation, income status, bank account type, influencing factor for doing banking transaction and number of years doing banking transaction of the respondents. The questionnaire was designed to collect the fundamental information.

A research tool is considered reliable if the study's conclusions can be repeated using a similar methodology. Reliability is defined as the degree to which results are consistent across time and an accurate representation of the entire population under study (Joppe, 2000). One of the main factors influencing this research's findings on customer satisfaction at the Nepalese commercial bank is its validity and reliability. The theoretical and research methodological theories form the foundation for both the context and the analysis of the findings. Every conclusion is accurate and unbiased.

### **3.6 Procedures**

For the data management, SPSS software is used. Microsoft Excel was used to make a diagram and the table. Data collection from the questionnaire were organized and tabulated in a piece of paper and the data were entered into SPSS to find out the resultant output and the output was accordingly interpreted. The collected data is logically and systematically recorded the SPSS software and analysis is done as per the requirement of the study. Descriptive as well as inferential analysis is done. Frequency distribution is used for descriptive analysis. ANOVA with post-hoc, independent Sample test, one sample t-test, correlation and regression are carried out for inferential analysis.

### **3.7 Statistical Analysis**

This section deals with statistical model used in analysis of primary data. Data obtained from various sources cannot be used directly. It is not possible to present raw data in understandable form. Statistical analysis is important part of study under which the data are logically analyzed and presented in useful format. After the completion of data collection, all information was gathered, edited, coded and recorded in SPSS software. Analysis of the data is taken out with the help of SPSS software. Descriptive analysis, reliability analysis, correlation analysis, regression analysis, ANOVA and t-test are carried out to analyze the data.

The data analysis is analyzed into two sections. The first section deals with the descriptive method used for analysis of primary data. This includes percentage/frequency distribution, cross tabulation, mean and variance of the factors affecting the employee's performance in commercial banks in Nepal. In the second section, statistical tools been used for analyzing of relationships between independent and dependent variable. ANOVA test have been conducted for analysis.

### **3.8 Descriptive analysis**

Descriptive analysis is used to analyze the data taken from respondents in a form that can be understand and interpret easily. Percentage, frequency, mean, standard deviation, charts and figures are used to describe the result of data from the general informatics

questionnaires. In a study, descriptive analysis aids in describing the fundamental characteristics of the data. They offer concise synopses of the measurements and sample.

### **3.9 Inferential Statistical Analysis**

The goal of inferential statistical analysis is to present data that supports or refutes the hypothesis (Vogt, 2007). This study tests the null hypothesis, which states that there is a link between the independent and dependent variables. ANOVA, t-test, regression analysis, and correlation analysis are used to examine the study's hypotheses, evaluate the data, and characterize the relationship between variables.

#### **3.9.1 Correlation Analysis**

One type of inferential statistical analysis used to determine whether there is a significant link between variables is correlation analysis. The link between two variables can be described and measured using Karl Pearson's correlation coefficient. A bivariate study called Pearson correlation quantifies how strongly two variables are associated. Its values range from -1 to +1. A value of +1 gives a perfect degree of positive association between two variables. As the value nears zero, the relationship between variables will be weaker. Generally, the value of Pearson Correlation is considered as 0 to 0.3 weakly correlated, 0.3 to 0.6 moderately correlated and 0.6 to 1 strongly correlated. Coopers and Schindler (2003) advised that when the correlation coefficient ( $r$ ) is  $\pm 1.00$ , there is perfect positive or negative correlation between the variables. When  $r=0.01$  it shows a very weak relationship and  $r=0.9$  indicates a very strong correlation between the variables. The absence of a relationship between the variables is indicated when  $r=0$ .

#### **3.9.2 Multiple Regression Analysis**

Regression analysis is one statistical technique for figuring out the relationship between variables. Regression refers to the process of estimating a dependent variable's unknown value using an independent variable that is known. Several regressions are used in studies when there are several independent variables. The degree to which independent variables and customer satisfaction are related is determined by the value of regression

coefficients. In addition, multiple regressions show which variables make up the strongest predictors among a group of variables and show the relative contributions of each variable.

Prior to performing a regression analysis, the regression assumptions were examined and verified to be met. According to Janson, Osborne, and Elaine (2002), the majority of statistical tests depend on specific hypotheses regarding the variables that are utilized, which can lead to Type I or Type II errors, or an over- or underestimation of the significance of the effect size(s). Four assumptions of linear regression—normality, linearity, homoscedasticity, and multicollinearity—are verified as part of the pretest requirement.

### **Regression Model**

The estimated multiple linear regression models are defined as:

$$CS = \beta_0 + \beta_1EB + \beta_2SE + \beta_3IR + \beta_4BL + \beta_5AF + \epsilon_i \dots\dots\dots (1)$$

Where,

$\beta_0$  is constant associated with the regression model

$\beta_1, \beta_2, \beta_3, \beta_4$  and  $\beta_5$  are Coefficient of independent variables

EB is Employee behavior

SE is Speed of Employee

IR is Interest Rate

BL is Bank location

AF is Additional Facilities

CS is Customer Satisfaction

$\epsilon$  is the error term associated with the regression analysis p-value is compared with 5% level of significance. If p-value is less than or equal to 0.05, hypothesis is accepted.

### **3.9.3 Independent sample T-Test**

To test the relationship of gender with employee performance as influencing factor, independent-sample t-test is used. The t-test is useful for comparing the average values of two groups to see if they differ. A t-test's statistical significance indicates whether or not the difference between two groups average most likely reflects a "real" difference in the population from which the groups were sampled.

To test the significance, in most social research, the "rule of thumb" is set the alpha level at 0.05. this means that five times out of a hundred would find a statistically significant difference between the means. If P-value is found less then alpha level, this is called statistically insignificant.

### **3.9.4 One-way Analysis of variance (ANOVA)**

One-way One way to compare the means of two or more samples is with an ANOVA. Since a t-test can cover the two-group scenario, it is typically employed to test for differences across at least three groups (Gusset, 1908). One-way ANOVA is used to test the relationship of Gender, Age group, Income level, Types of bank account, factor influence to do transaction as influencing factors on customer satisfaction. To test the significance, in the most social research, the 'rule of thumb' is to set the alpha at 0.05. if P-value is found less then alpha level, this is called statically significant.

## CHAPTER IV

### DATA PRESENTATION AND ANALYSIS

The Chapter presents the analysis of the data collected using different statistical analysis. This chapter consists of analysis of demographic variable like gender, age group, occupation, income, bank account type and their relationship with independent variables and dependent variables. Similarly, this chapter describes the quantitative measurement of the level of customer satisfaction in Nepalese commercial bank. Hypothesis testing is also major part of this chapter.

#### 4.1 Respondent's Profile

##### 4.1.1 Respondent's Profile by Gender

**Table 9**

*Frequency Distribution Based on Gender*

Gender	Frequency	Percent
Male	108	54.0
Female	92	46.0
Total	200	100.0

Table 9 shows the frequency of respondents in terms of gender where out of 200 respondents, 108(54.0%) are male and 92(46.0%) are female.

#### 4.1.2 Respondent's profile by Age group

**Table 10**

*Frequency Distribution Based on Age Group*

Age Group	Frequency	Percent
Below 20	22	11.0
20-30	88	44.0
30-40	50	25.0
40-50	30	15.0
50 and Above	10	5.0
Total	200	100.0

Table 10 highlights that out of total 200 respondents, largest percentages (44.0% and 25.0%) of respondents are between 20 to 30 and 30 to 40 age group respectively. Whereas 15% respondents are at the age of 40 to 50, Likewise 11% respondents are belonging in at the age of below 20 and only 5% respondents are at the age of 50 and above.

#### 4.1.3 Respondent's Profile by Income

**Table 11**

*Frequency Distribution Based on Income*

Income	Frequency	Percent
Below 20000	58	29.0
20000-40000	78	39.0
40000-60000	32	16.0
60000 and Above	32	16.0
Total	200	100.0

Table 11 illustrates that out of total 200 respondents; largest percentages (39.0%) of respondents are between Rs. 20000 to 40000 incomes per month. Whereas (29.0%) respondent's income is below Rs. 20000 per month. Likewise, 16% respondents are belonging in Rs. 40000 to 60000 and above 60000 per month respectively.

#### 4.1.4 Respondent's Profile by Bank Account Type

**Table 12**

*Frequency Distribution Based on Bank Account Type*

Type of Account	Frequency	Percent
Current Account	40	20.0
Saving	120	60.0
Fixed Saving	34	17.0
Foreign Currency	6	3.0
Total	200	100.0

Table 12 presents that out of total 200 respondents; largest percentages (60.0%) of respondents have saving bank account. Whereas (20.0%) respondents have current account. Likewise, (17%) respondents have fixed saving and (3%) have foreign currency account respectively.

#### 4.1.5 Respondent's profile by using bank account

**Table 13**

*Frequency Distribution Based on Using Bank Account*

No of Year	Frequency	Percent
Less than 5	60	30.0
5-10	96	48.0
More than 10	44	22.0
Total	200	100.0

Table 13 shows that out of total 200 respondents; maximum respondent 96 respondents (48.0%) of respondents are using bank account between 5 years to 10 years. Whereas 60 respondents (20.0%) are using bank account below 5 years and 44 respondents (22.0%) are using more than 10 years.

#### 4.2 Reliability Test

Reliability test is important as it is the test of how consistently a measuring instrument measures whatever concept it is measuring. Cronbach's alpha coefficient is a tool to examine the internal consistency of scales. To assess internal consistency of the items for each factor assessing that the items were measuring the same concept. Reliability test is important as it is the test of how consistently a measuring instrument measures whatever concept it is measuring. Cronbach (1951) introduced that is a common measure in reliability analysis. Focus reliability in the study is the accuracy and precision of research methods and design (Cooper & Schindler, 2008). The Research gets reliable when the results would be the same if the replica is under the same conditions (Neumn, 2006). According to Creswell (2008), regarding as a Cronbach's alpha of 0.60 or higher to be acceptable. A reliability study was conducted for this study. The reliability analysis for the current study is presented in the Table 14.

**Table 14**

*Reliability Test using Cronbach's Alpha Coefficient*

Code	Variables	No of items	Cronbach's Alpha
EB	Employee Behavior	5	0.79
SE	Speed of Employee	5	0.69
IR	Interest Rate	6	0.72
BL	Bank Location	6	0.87
AF	Additional Facilities	9	0.83
CS	Customer Satisfaction	5	0.77

Table 14 shows that all the values of Cronbach's Alpha Coefficient are above acceptable level 0.6. Scale items of constructs in questionnaires are varied from 0.69 to 0.87 that is

consistent in the study and are reliable as well as acceptable for further statistical analysis. These show that all constructs have acceptable internal consistency.

### 4.3 Descriptive Statistics

Descriptive statistics is done representing mean and standard deviation individual scale items and overall variables too. It shows the summarization of the data.

#### 4.3.1 Descriptive Analysis of Employee Behavior

**Table 15**

*Descriptive analysis of Employee Behavior*

Code	Variables	Mean	Std. Deviation
EB1	Employees of bank are knowledgeable to answer customer questions.	2.34	0.876
EB2	The bank staff behavior is trustworthy.	2.47	0.795
EB3	Employees are polite.	2.48	0.967
EB4	Staffs are friendly.	2.54	0.945
EB5	Staff behavior makes me impressive.	2.54	0.966
	Overall average	2.47	0.91

Table 15 shows that the responses for Employee behavior are designed in 5-point likert-scale, where 1 indicates strongly disagree, 2 indicates disagree, 3 indicates neutral, 4 indicate agree and 5 indicates strongly agree. According to the above table mean value of all variables of employee behavior are above 2. It indicates that all five constructs are important and agreed by respondent. Staffs are friendly and staff behavior makes me impressive is mostly agreed by all respondents with mean value 2.54. Similarly, employees of bank are knowledgeable to answer customer questions is less agreed with mean value 2.34.

### 4.3.2. Descriptive Analysis of Speed of Employee

**Table 16**

*Descriptive Analysis of Speed of Employee*

Code	Variables	Mean	Std. Deviation
SE1	Employee handle customer very efficiently	2.47	.987
SE2	Employee takes little transaction time to provide service.	2.54	.976
SE3	Employee provides reliable services.	2.43	.811
SE4	Employee takes my task personally.	2.53	1.065
SE5	Employee handles my grievances very easily.	2.44	.933
	Overall average	2.48	.95

Table 16 shows that the responses for Speed of Employee are designed in 5-point likert-scale, where 1 indicates strongly disagree, 2 indicates disagree, 3 indicates neutral, 4 indicate agree and 5 indicates strongly agree. According to the above table mean value of all variables of employee behavior are above 2. It indicates that all five constructs are important and agreed by respondent. Employee takes little transaction time to provide service is mostly agreed by all respondents with mean value 2.54. Similarly, Employee provides a reliable service is less agreed with mean value 2.43.

### 4.3.3 Descriptive Analysis of Interest Rate

**Table 17**

*Descriptive Analysis of Interest Rate*

Code	Variables	Mean	Std. deviation
IR1	The interest rate provided by the bank is higher as compared to the other bank.	2.60	.930
IR2	The changing interest rate creates the problem to shift the money from one bank to other	2.42	.953
IR3	Higher the competition among the banks seems to be more on the fluctuation in interest rate.	2.27	.939
IR4	The interest rate is an important factor that attracts deposit of the customer.	2.30	.987
IR5	The Interest rate is an important factor that attracts investors to take loan.	2.23	.928
IR6	The bank provides attractive interest rates on several bank accounts.	2.39	.971
	Overall Average	2.37	.951

Table 17 shows that the responses for Interest Rate are designed in 5-point Likert-scale, where 1 indicates strongly disagree, 2 indicates disagree, 3 indicates neutral, 4 indicate agree and 5 indicates strongly agree. According to the above table mean value of all variables of interest rate are above 2. It indicates that all six constructs are important and agreed by respondent. The interest rate provided by the bank is higher as compared to the other bank is mostly agreed by all respondents with mean value 2.60. Similarly, The Interest rate is an important factor that attracts investors to take loan is less agreed with mean value 2.23.

#### 4.3.4 Descriptive analysis of Bank location

**Table 18**

*Descriptive analysis of Bank Location*

Code	Variables	Mean	Std. Deviation
BL1	My bank is located at Centre market location.	2.18	.996
BL2	Bank is near to my home.	2.36	1.047
BL3	Bank is near to my office.	2.36	1.037
BL4	Bank location is convenient for me.	2.39	.861
BL5	Bank's ATM is located everywhere	2.33	.930
BL6	Banks have many Branches in KTM city	2.16	.894
	Overall Average	2.30	.961

Table 18 shows that the responses for Bank Location are designed in 5-point likert-scale, where 1 indicates strongly disagree, 2 indicates disagree, 3 indicates neutral, 4 indicate agree and 5 indicates strongly agree. According to the above table mean value of all variables of bank location are above 2. It indicates that all six constructs are important and agreed by respondent. Bank location is convenient for me is higher as compared to the other bank is mostly agreed by all respondents with mean value 2.39. Similarly, Banks have many Branches in KTM city is less agreed with mean value 2.1

### 4.3.5 Descriptive analysis of Additional Facilities

**Table 19**

*Descriptive of Additional Facilities*

Code	Variables	Mean	Std. Deviation
AF1	Banks provide Internet Banking services.	2.17	.851
AF2	Banks provide Mobile Banking.	2.35	1.750
AF3	Banks provide Credit Card Facility.	2.28	.941
AF4	Banks provide C-ASBA facility.	2.23	.872
AF5	Banks provide Easy fund transfer facility within Country.	2.36	1.022
AF6	Banks provides bancassurance facility.	2.40	.972
AF7	Banks provide travel insurance facility.	2.56	1.066
AF8	I will get discount to other entity (hotel, hospital etc.) showing bank debit/credit card.	2.30	.950
AF9	I can use my card beyond the country	2.25	1.026
	Overall Average	2.32	1.050

Table 19 shows that the responses for Additional Facilities are designed in 5-point likert-scale, where 1 indicates strongly disagree, 2 indicates disagree, 3 indicates neutral, 4 indicate agree and 5 indicates strongly agree. According to the above table mean value of all variables of additional facilities are above 2. It indicates that all nine constructs are important and agreed by respondent. Banks provide travel insurance facility is mostly agreed by all respondents with mean value 2.56. Similarly, banks provide Internet banking services is less agreed with mean value 2.17.

### 4.3.6 Descriptive analysis of Customer Satisfaction

**Table 20**

*Descriptive analysis of Customer Satisfaction*

Code	Variables	Mean	Std. Deviation
CS1	I will recommend this bank to a friends and relatives.	2.37	.893
CS2	I will remain a customer of this bank in future too.	2.30	.796
CS3	I will buy another product or services from this bank.	2.33	.897
CS4	I will not switch to other banks for taking same services.	2.44	1.006
CS5	Overall, I am satisfied with the bank.	2.29	.866
	Overall Average	2.35	.891

Table 20 shows that the responses for Customer Satisfaction are designed in 5-point Likert-scale, where 1 indicates strongly disagree, 2 indicates disagree, 3 indicates neutral, 4 indicate agree and 5 indicates strongly agree. According to the above table mean value of all variables of customer satisfaction are above 2. It indicates that all five constructs are important and agreed by respondent. Banks I will not switch to other banks for taking same services is mostly agreed by all respondents with mean value 2.44. Similarly, Overall, I am satisfied with the bank is less agreed with mean value 2.29.

### 4.3.7 Summary of study variables

**Table 21**

*Descriptive Analysis of Study Variables*

Code	Variables	Mean	Std. Deviation
EB	Employee Behavior (Independent variable)	2.47	0.91
SE	Speed of Employee (Independent variable)	2.48	0.95
IR	Interest Rate (Independent variable)	2.37	0.95
BL	Bank Location (Independent variable)	2.3	0.96
AF	Additional Facilities (Independent variable)	2.32	1.05
CS	Customer Satisfaction (Dependent variable)	2.35	0.89
	Overall average	2.38	0.95

Table 21 shows that the all-independent variable: employee behavior, speed of employee, interest rate, bank location and additional facilities have mean value above 2, it means factor of customer satisfaction influence customer satisfaction of Nepalese commercial banks liked by respondents. Among independent variable speed of employee has highest mean value with 2.48 and bank location has lowest mean value 2.3. It indicates that bank promotion is major component of customer satisfaction in Nepalese commercial banks. Similarly, dependent variable customer satisfaction has mean value 2.35 indicates customer satisfaction is increased with bank promotional activities.

### 4.4 Correlation Analysis

Correlation analysis is a kind of inferential statistical analysis that is used to measure existence of significant association between variables (Coopers & Schindler, 2003). Correlation coefficient is used to describe and quantify the relationship between two variables.

**Table 22***Pearson Correlations Matrix*

	EB	SE	IR	BL	AF	CS
EB	1	0.107	.292**	.264**	.260**	.335**
SE		1	.460**	0.152	.447**	.517**
IR			1	.485**	.548**	.593**
BL				1	.330**	.368**
AF					1	.573**
CS						1

Where is EB is employee behavior, SE is speed of employee, IR is interest rate, BL is bank's location, AF is additional facilities and CS is customer satisfaction

Table 22 shows the correlation analysis between different variables used in this study. The correlation coefficient between the employee behavior and customer satisfaction is 0.335 indicating that there is positive correlation between these variables. The corresponding P- value is 0.000 indicating that there is significant relationship between employee behavior and customer satisfaction.

The correlation coefficient between the speed of employee and customer satisfaction is 0.517 indicating that there is positive correlation between these variables. The corresponding P- value is 0.000 indicating that there is significant relationship between speed of employee and customer satisfaction.

The correlation coefficient between the interest rate and customer satisfaction is 0.593 indicating that there is positive correlation between these variables. The corresponding P-value is 0.000 indicating that there is significant relationship between interest rate and customer satisfaction.

The correlation coefficient between the bank's location and customer satisfaction is 0.368 indicating that there is positive correlation between these variables. The corresponding P-value is 0.000 indicating that there is significant relationship between bank's location and customer satisfaction.

The correlation coefficient between the additional facilities and customer satisfaction is 0.573 indicating that there is positive correlation between these variables. The corresponding P-value is 0.000 indicating that there is significant relationship between additional facilities and customer satisfaction.

#### **4.5 Multiple Regression Analysis**

Regression analysis is performed to identify the influences of different factors on the customer satisfaction.

##### **Model Summary**

The model summary is used to summarize the relationship between different factors and customer satisfaction by determining correlation and coefficient of determination of the regression model.

**Table 23**

*Model Summary*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.712	.508	.484	.706

Table 23 shows R square for the model is 0.508, which indicates that independent variables like employee behavior, speed of the employee, interest rate, bank's location

and additional facilities explains only 50.8% variation in customer satisfaction. The remaining 49.2% of variation is not explained by this regression model. This implies that there are so many other factors that determine the customer satisfaction level.

The R column represents the multiple correlation coefficients which measures the quality of the prediction of dependent variable. The table presents the value of R is 0.712 which shows a strong level of prediction customer satisfaction. In other words, there is a positive correlation between independent variables and dependent variable i.e. customer satisfaction.

### **ANOVA**

ANOVA (Analysis of variance) portion of output is designed to evaluate the general validity of a multiple regression model.

**Table 24**

*ANOVA*

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	53.427	5	10.685	21.435	.000 <sup>b</sup>
Residual	51.845	104	.499		
Total	105.273	109			

Table 24 shows F-value is 21.435 and P-value is 0.00 which is less than 0.05. This indicates that the regression relationship between different factors like employee behavior, speed of the employee, interest rate, bank's location and additional facilities and customer satisfaction are statistically significant at 5 percent level of significance.

### **Test of Coefficient**

Multiple regression analysis is conducted to determine the effects of mentioned factors on customer satisfaction. The multiple regressions take the form of equations that contains the coefficient (b) for each predictor and "b" values indicate the individual contribution

of each predictor to the model. The b value shows the relationship between customer satisfaction and each factor. Positive coefficients indicate positive relationship and negative coefficients indicate negative relationship. B values also indicate what degree each predictor affects the outcome if the effects of all other predictors are held constant.

**Table 25**

*Test of Coefficient*

Code	Independent Variable	Unstandardized Coefficients		Standardized Coefficients		t- Value	Significance
		B	Std. Error	Beta			
	(Constant)	0.320	0.156			2.047	.042
EB	Employee Behavior	0.261	0.059	0.273		4.451	0.000
SE	Speed of Employee	0.131	0.061	0.130		2.145	0.033
IR	Interest rate	0.752	0.062	0.124		2.987	0.001
BL	Bank Location	0.164	0.057	0.191		2.864	0.005
AF	Additional Facilities	0.292	0.063	0.318		4.654	0.000

Coefficient of Employee Behavior is 0.261 it implies that an increase in one unit of Employee Behavior leads to increase of 0.261 units in customer satisfaction and vice-versa. Similarly, p-value is 0.000 which is less than level of significance 0.05 which shows that there is significant relationship between Employee Behavior and customer satisfaction.

Coefficient of Speed of Employees is 0.131 it implies that an increase in one unit of Speed of Employees leads to increase of 0.131 units in customer satisfaction and vice-versa. Similarly, p-value is 0.033 which is less than level of significance 0.05 which shows that there is significant relationship between Speed of Employees and customer satisfaction.

Coefficient of Interest rate is 0.752 it implies that an increase in one unit of Interest rate leads to increase of 0.752 units in customer satisfaction and vice-versa. Similarly, p-value is 0.001 which is less than level of significance 0.05 which shows that there is significant relationship between Interest rate and customer satisfaction.

Coefficient of Bank Location is 0.164 it implies that an increase in one unit of Bank Location leads to increase of 0.164 units in customer satisfaction and vice-versa. Similarly, p-value is 0.005 which is less than level of significance 0.05 which shows that there is significant relationship between Bank Location and customer satisfaction.

Coefficient of Additional Facilities is 0.292 it implies that an increase in one unit of Additional Facilities leads to increase of 0.292 units in customer satisfaction and vice-versa. Similarly, p-value is 0.000 which is less than level of significance 0.05 which shows that there is significant relationship between Bank Location and customer satisfaction.

Hence the estimated regression equation on the proposed predictive mode shall be as follows:

### **Regression Model**

From the equation (1), a regression model can be developed as below:

$$CS = -0.32 + 0.261EB + 0.131SE + 0.752IR + 0.164BL + 0.292AF + e$$

### **Testing of Hypothesis**

Significance of all the five components of customer satisfaction are evaluated with customer satisfaction at the level  $p < 0.05$ .

#### **H<sub>1</sub>: Employee behavior is positively associated with customer satisfaction.**

P-value of Employee behavior is 0.00, which is significant at 5% level of significance. So, the Hypothesis 1 (H1) is accepted.

#### **H<sub>2</sub>: Speed of Employee is positively associated with customer satisfaction.**

P-value of Speed of employee is 0.033, which is significant at 5% level of significance. So, the Hypothesis 2(H2) is accepted.

#### **H<sub>3</sub>: Interest rate is positively associated with customer satisfaction.**

P-value of Interest rate is 0.001, which is significant at 5% level of significance. So, the Hypothesis 3(H3) is accepted.

#### **H<sub>4</sub>: Bank location is positively associated with customer satisfaction.**

P-value of Bank location is 0.005, which is significant at 5% level of significance. So, the Hypothesis 3(H3) is accepted.

#### **H<sub>5</sub>: Additional facilities are positively associated with customer satisfaction.**

P-value of Additional facilities is 0.00, which is significant at 5% level of significance. So, the Hypothesis 4(H4) is accepted.

**Table 26***Summary of Hypothesis testing*

	<b>Hypothesis</b>	<b>Results</b>
<b>H1</b>	Employee behavior is positively associated with customer satisfaction.	Accepted
<b>H2</b>	Speed of Employee is positively associated with customer satisfaction.	Accepted
<b>H3</b>	Interest rate is positively associated with customer satisfaction.	Accepted
<b>H4</b>	Bank location is positively associated with customer satisfaction.	Accepted
<b>H5</b>	Additional facilities are positively associated with customer satisfaction	Accepted

**4.7 Findings**

This research is based on the customer satisfaction in Nepalese commercial banks in Nepal. For this purpose, research is carried out with the sample size of 200 respondents with in Kathmandu city who have bank account and doing transaction in commercial banks. It has shown the analysis of demographic variables namely gender, age group, income, bank account type, and duration doing transaction in Nepalese commercial banks and their relationship with independent variable and dependent variables. Similarly, research has described the quantitative measurement of customer satisfaction in Nepalese commercial banks.

Regarding the various demographical profiles as a moderate variable of the study, the study focused on four major demographical components as age, gender, educational background and experience of an employee. Out of 200 respondents, 53% were male and remaining 47% were female. Regarding age group largest percentages (44.0% and 25.0%) of respondents are between 20 to 30 and 30 to 40 age group respectively, whereas 15% respondents are at the age of 40 to 50. Likewise, 11% respondents are belonging in at the age of below 20 and only 5% respondents are at the age of 50 and above. Similarly,

based on income level, the respondents were categorized into four categories as below Rs. 20000, Rs. 20000 to 40000, Rs. 40000 to 60000 and Rs. 60000 and above. Among them largest percentages (39.0%) of respondents are between Rs. 20000 to 40000 incomes per month. Whereas, (29.0%) respondent's income is below Rs. 20000 per month. Likewise, 16% respondents are belonging in Rs. 40000 to 60000 and above 60000 per month respectively.

Likewise, largest percentages (60.0%) of respondents have saving bank account, whereas (20.0%) respondents have current account. Likewise, (17%) respondents have fixed saving and (3%) have foreign currency account respectively and maximum respondent 96 respondents (48.0%) of respondents are using bank account between 5 years to 10 years. Whereas 60 respondents (20.0%) are using bank account below 5 years and 44 respondents (22.0%) are using more than 10 years.

Majority of the respondents preferred that employee behavior, speed of employee, interest rate, bank location and additional facilities affect the customer satisfaction. Reliability analysis was done using Cronbach's Alpha. Descriptive analysis of all the independent variable and dependent variable was done. Correlation analysis was done and Regression assumption was tested and multiple regressions were done. ANOVA Test was done. T test was also done and multiple regression analysis was performed for data analysis.

Based on above result regarding employee behavior staff are friendly and Staff behavior makes me impressive has highest mean value 2.54, likewise on speed of employee, employee takes few transaction times to provide service has highest mean value 2.54, similarly regarding interest rate The interest rate provided by the bank is higher as compared to the other bank has highest mean value 2.60, similarly on bank location Bank location is convenient for me has highest mean value 2.39 and regarding additional facilities, Banks provide travel insurance facility has highest mean value 2.56.

It is found a statistically significant correlation with positive leaner association among the five independent variables with customer satisfaction in Nepalese commercial banks. Similarly, employee behavior and bank's location are least correlated with customer satisfaction.

The value of regression coefficients determines the degree of relationship of independent variables with customer satisfaction. Furthermore, multiple regressions identify the relative contribution of each variable and determine the best predictor variables among the set of variables. Most strong variable for customer satisfaction is interest rate since it has highest regression coefficient value 0.752. Whereas, weakest variable for customer satisfaction is that of speed of employee which is 0.131. According to this study, change in employee behavior, interest rate bank location and additional facilities lead the positive significance change in customer satisfaction. Regression analysis is carried out to test the hypothesis.

## **CHAPTER V**

### **SUMMARY CONCLUSION AND RECOMMENDATIONS**

This chapter presents a summary, conclusion and recommendations of the study findings, evaluates how the results position in the context of prevailing theories as specified in the research objectives. The chapter draws implications of the study research limitations are and areas of further studies identified. The main purpose of conducting this research was to identify the important factors of customer satisfaction in the context of Nepalese commercial banks. Many similar researches have been conducted in different setting like European, America, African countries and in few Asian countries, but only few data are available for Nepal. Furthermore, banking sector in Nepal is emerging. It plays vital role in the economic development of the country. This research observed prior literature and established a base for examining customer loyalty and customer satisfaction. The hypotheses presented in this research are tested and findings are presented. The study incorporates different factors like employee's behavior, work speed of the employees, location of the banks, interest rates of bank's products and additional facilities that impact on the customer satisfaction level. Additionally, study also indicates that situational factors have also impact on customer satisfaction. Likewise, customer satisfaction mediates among the Nepalese commercial bank. All in all, the objective of this research was to identify the major factors that have an impact in customer satisfactions.

#### **5.1 Summary**

The aim of this study was to understand the customer satisfaction with reference to commercial bank in Nepal. In order to evaluate and test the data, the researcher first reviewed multiple sources of literature in order to review the information on the research topic. Similarly, to collect the information researcher also used primary data collection method for data collection. Primary data were collected through survey in the form of Questionnaire (distributed among 200 customers). The literature review was carried out

to identify the various factors as employee behavior, speed of the employee, interest rate, bank location and the additional facilities.

The findings reported in this study have depicted that customer satisfaction have greater importance for Nepalese commercial bank. This result is broadly consistent with the prior management literature on customer satisfaction. On the basis of banking demographic details, the descriptive analysis part shows that 60 percent of the respondents have savings bank account, 48 percent of the respondents are using the bank account for 5 – 10 years. Under the criteria of employee behavior, good employee behavior and their politeness greatly effect on customer satisfaction. On the basis of speed of the employee response, customers are greatly satisfied if their queries are solving through little transactions time. Customers also rated higher mean for the interest rate, provided by the bank in which they have opened account, being more than other banks provides the higher level of customer satisfaction. On the basis of bank's location, customers feel more satisfied by the location of the bank in which they have opened account. For additional facilities, customer has rated higher mean for the banks providing travel insurance facilities whereas internet banking has been least rates. The reason behind least rating for internet banking as additional facilities may be due to inconvenience to use such banking application. By summing up, almost all the respondent's feels that the mention factors like employee behavior speed of the employee, interest rate, bank location and the additional facilities possess the greater customer satisfaction.

Likewise, the findings from the research also determine that customer satisfaction is a greater concern for the banking sector that depicts the service excellence. The result shows that the interest rate provided by the bank as compared to the other bank, Staffs friendly and impressive behavior, speed of the employee to perform the work, location of the bank and other several additional facilities are the factors that affects the customer satisfaction in Nepalese commercial bank.

## **5.2 Recommendations**

The previous data analysis, discussion and findings pointed at theoretical and practical implications. These implications focus on academic contribution and contributions to the preparing the customer satisfaction plan in Nepalese commercial banks.

### **5.2.1 Theoretical Recommendations**

Employee behavior, speed of employee, interest rate, bank location and additional facilities indicate that the customer satisfaction. Customer satisfaction is the key to increase organizational productivity and efficiency. The organization with high customer satisfaction can able to compete in the competitive market. This study theoretically helps the quantitative measurement of customer satisfaction practices and customer satisfaction in context of Nepalese commercial banks. This helps to find out the strongest component of customer satisfaction and gives clear understanding about relative importance customer satisfaction.

The primary contribution has been made to enrich the existing theories. Extensive researches have been performed to investigate the impacts of the customer satisfaction on Nepalese commercial banks. However, research on the measurement of the customer satisfaction practiced of commercial banks and its impact to satisfying customer. In other words, this research has contributed in the measurement of customer satisfaction on Nepalese commercial bank.

### **5.2.2 Practical Recommendations**

Basically, this research is descriptive research to fulfill academic requirement. However, it can be used to build customer satisfaction strategy. This research measures the employee behavior speed of employee interest rate, bank location and additional facilities with customer satisfaction in Nepalese commercial bank which is in top priority in banking sector nowadays.

This research identifies the important variables of customer satisfaction in Nepalese commercial bank. The research will serve as a guide for banking sector to make strategy

regarding customer satisfaction which helps to find out actual status of customer satisfaction and expected level of customer satisfaction.

This research will be a guideline for academicians who want to do further research in customer satisfaction. In context of Nepal, available literature and research work for the measurement of customer satisfaction of Nepalese commercial banks is very limited. Probably, this is the first research work contributing to measure the customer satisfaction in Nepalese commercial banks. So, this research will be contributed as a reference for academicians and professionals of same field.

### **5.2.3 Recommendations for Future Research**

Some areas which are not covered in this study are interesting and need to explore. In addition, the limitation and shortcoming of this study also provide implications for further research could make several extensions of the current research.

This study is conducted considering to commercial banks only. Further research can be undertaken in the development banks and other financial institution and also other non-banking sectors. This study also limited Kathmandu city only. Therefore, further research can be undertaken out of Kathmandu city of all over the Nepal. Similarly, this study based on certain independent variables namely employee behavior, speed of employee, interest rate, bank location and additional facilities. So, further research can add many other independent variables of customer satisfaction in Nepalese commercial banks.

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## **APPENDIX**

### **QUESTIONNAIRE**

#### **Field Survey 2022**

Sir/ Madam,

I am MBS student of Shanker Dev Campus, Putalisadak, Kathmandu, presently conducting research on" Customer Satisfaction Survey of Nepalese Commercial Banks".

I would be thankful to you to have your views on some of the questions given below. I assure you that all responses would be used only for research purpose and treated confidentially.

1. Gender
  - a. Male
  - b. Female
2. Age group
  - a. Below 20 years
  - b. 20-30 years
  - c. 30-40 years
  - d. 40-50
  - e. 50 and above
3. Monthly income (in Rs)
  - a. Below 20,000
  - b. 20000-40000
  - c. 40000-60000
  - d. 60000 and above
4. Which type of account you have maintained in commercial bank?
  - a. Current Account
  - b. Savings Account
  - c. Fixed Savings
  - d. Foreign currency

5. How long have you maintained account in commercial bank?
- Less than 5 years
  - 5-10 years
  - More than 10 years
6. Please state your level of agreement for following statements. (SD-Strongly Disagree, D-Disagree, N-Neutral, A-Agree, SA-Strongly Agree)

<b>Criteria</b>	<b>Statements</b>	<b>S</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>S</b>
		<b>D</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>A</b>
<b>Employee Behavior</b>	Employees of bank are knowledgeable to answer customer questions.					
	The bank staff behavior is trustworthy.					
	Employees are polite.					
	Staffs are friendly.					
	Staff behavior makes me impressive.					
<b>Speed of Employee</b>	Employee handle customer very efficiently					
	Employee takes little transaction time to provide service.					
	Employee provides reliable services.					
	Employee takes my task personally.					
	Employee handles my grievances very easily.					
<b>Interest rate</b>	The interest rate provided by the bank is higher as compared to the other bank.					
	The changing interest rate creates the problem to shift the money from one bank to other					
	Higher the competition among the banks seems to be more on the fluctuation in interest rate.					
	The interest rate is an important factor that attracts deposit of the customer.					
	The Interest rate is an important factor that attracts					

	investors to take loan.					
<b>Location of the banks</b>	My bank is located at centre market location.					
	Bank is near to my home.					
	Bank is near to my office.					
	Bank location is convenient for me.					
	Bank's ATM is located everywhere					
<b>Additional Facilities</b>	Banks provide Internet Banking services.					
	Banks provide Mobile Banking.					
	Banks provide Credit Card Facility.					
	Banks provide C-ASBA facility.					
	Banks provide Easy fund transfer facility within Country.					
	Banks provides bancassurance facility.					
	Banks provide travel insurance facility.					
	I will get discount to other entity (hotel, hospital etc) showing bank debit/credit card.					
	I can use my card beyond the country.					

7. Please state your satisfaction for following statements. (VD-Very Dissatisfied, Dissatisfied, N-Neutral, S\_ Satisfied, VS- Very Satisfied)

<b>Statements</b>	<b>VD</b>	<b>D</b>	<b>N</b>	<b>S</b>	<b>VS</b>
I will recommend this bank to a friends and relatives.					
I will remain a customer of this bank in future too.					
I will buy another product or services from this bank.					
I will not switch to other banks for taking same services.					
Overall, I am satisfied with the bank.					

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i CHAPTER I INTRODUCTION 1.1 Background of the Study Since customer happiness is a long-term, sustainable competitive advantage, corporate organizations today are more customer-focused than ever (Schnaars 1991). The establishment of positive client relationships by corporate enterprises should always put the wants, complaints, and expectations of the client first. The best ways to keep them around for a long time are to make kind recommendations, keep your word, and go above and beyond by assembling a capable customer support team. Satisfied customer mean a long-term profitable business since they stay loyal to the business (Gumesson, 2002). The banking sector is one of the largest and most established in the world, and it plays a crucial role in the global economy. Therefore, its expansion and stability are critical to each nation's economic performance, including Kenya's (Bank of International Settlements, 2010). The word "bank" originates from the Italian word banque, which means "desk/bench." Florentine bankers used this phrase during the Regeneration period to refer to the area above a desk that was covered in a green tablecloth for conducting business (Martin, 1855). A commercial bank, sometimes referred to as a business bank, is a type of bank that offers services like deposit taking, business lending, and basic investment products. Another way to define a commercial bank is as a financial institution or branch of a bank that primarily accepts deposits and loans from corporations or big firms rather than from private citizens. (Matyszak, 2007). As a service-based company, customer satisfaction in the banking sector is essential to maintaining a positive business position. Customer service is the most important factor in any industry that provides services. A well-trained individual can deliver customer service in a planned, methodical manner, or they can use well-thought-out self-service. In the